



AFRICA OIL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2024

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.
	"Amalgamation Agreement"	means the definitive agreement between the Company, BTG Oil & Gas and BTG Holding the entity which holds the interests of BTG Oil & Gas in Prime, to reorganize and consolidate their respective 50:50 shareholdings in Prime.
	"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.
	"Blocks"	means blocks 2912 and 2913B.
	"boepd"	means barrels of oil equivalent per day.
	"BTG Holding"	means BTG Pactual Holding S.a.r.l.
C	"BTG Oil & Gas"	means BTG Pactual Oil & Gas S.a.r.l.
	"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.
D	"Corporate Facility"	means the \$200.0 million facility dated October 20, 2022, with a three-year term, as amended from time to time.
	"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 oil, profit oil, tax oil and royalty oil.
	"ESG"	means Environmental, Social and Governance.
	"ESHS"	means Environmental, Social, Health and Safety.
	"ESIA"	means Environmental and Social Impact Assessment.
F	"FCCPC"	means Nigeria's Federal Competition & Consumer Protection Commission.
	"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.
G	"GHG"	means Greenhouse Gas.
I	"IFRS Accounting Standards"	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	"LTI"	means loss time injury.
	"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	"Petrovida"	means PetroVida Holding B.V.
	"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.
	"Proposed Reorganization"	means the proposed reorganization and consolidation of the 50:50 shareholdings of the Company and BTG Holding in Prime announced by the Company on June 24, 2024.
	"PSA"	means Petroleum Sharing Agreement.
"PSU"	means Performance Share Unit.	
"PXF Facility"	means Pre-Export Finance Facility.	
R	"RBL"	means Reserves Based Lending.
	"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.
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 year ended December 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 audited consolidated financial statements for the years ended December 31, 2024, and 2023, 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 February 27, 2025.

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 development and exploration assets in West and South of Africa.

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 objective is to implement a steady and predictable total shareholder returns model underpinned by an enhanced base dividend policy, whilst delivering organic growth from its core assets and pursuing disciplined inorganic growth opportunities focused on producing assets. This plan is supported by the Company's high netback production assets in Nigeria that are included in its interests in PMLs 2, 3, 4 (previously part of OML 130) and PML 52 (previously part of OML 127). These PMLs provide the Company with a long-life cash flowing asset base, to support its business objectives over the long term, and also present development opportunities for supporting future production.

The Company's other core assets are comprised of its Orange Basin opportunity set including Blocks 2912 and 2913B offshore Namibia and Block 3B/4B, offshore South Africa, as well as Equatorial Guinean exploration blocks (EG-18 and EG-31).

The Company is a unique investment opportunity, amongst its publicly-listed independent E&P peer group, for its Orange Basin opportunity set that includes an effective interest in the Venus light oil and associated gas discovery offshore Namibia. 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.

HIGHLIGHTS AND OUTLOOK

Full-Year 2024, Q4 2024 and Post Period Highlights

- The completion of the Proposed Reorganization is expected on or about March 7, 2025, a strategic milestone to double the Company's reserves and production and allowing it to take direct control of Prime's cash flows and balance sheet.
- The Proposed Reorganization will position the Company to significantly increase its annual dividend distribution to at least \$100 million or approximately \$0.15 per share (assuming pro-forma issued and outstanding share count of ~675 million), which is approximately 3x the current annual base distribution of \$0.05 per share, subject to customary board approval and consents.
- The Company intends to declare the first quarterly dividend of \$25 million or approximately \$0.037 per share on the closing of the Proposed Reorganisation, subject to customary board approval and consents.
- During 2024, the Company returned \$67.9 million to its shareholders through the base dividend policy and share buybacks.
- During 2024, the Company materially increased its shareholding in Impact to 39.5% from 31.1% at a total cost of approximately \$88.6 million, enhancing the Company's influence and control over a core strategic asset and value driver in the Namibian Orange Basin, containing the Venus light oil field.
- Significant year-end 2024 combined Africa Oil and Prime cash balance of \$460.9 million.
- Post year-end 2024 received a \$31.6 million dividend from Impact.
- **Prime's highlights and results net to Africa Oil's 50% shareholding:**
 - » Recorded full-year average daily WI production of approximately 17,000 barrels of oil equivalent per day ("boepd") and average daily entitlement production of approximately 19,400 boepd. These compare with mid-range 2024 Management Guidance of 17,500 boepd and 19,500 boepd for WI and entitlement production, respectively.
 - » Recorded full-year 2024 cashflow from operations of \$267.8 million which compares with mid-range 2024 Management Guidance of \$275.0 million.
 - » Prime's cash position of \$199.7 million and debt balance of \$375.0 million resulting in a Prime net debt position of \$175.3 million at December 31, 2024.

HIGHLIGHTS AND OUTLOOK - CONTINUED**FINANCIAL SUMMARY ⁽¹⁾**

	Unit	Three months ended		Years ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
AOC highlights					
Net income/ (loss)	\$'m	6.2	(88.8)	(279.1)	87.1
Net income/ (loss) per share - basic	\$/ share	0.02	(0.19)	(0.62)	0.19
Cash position	\$'m	61.4	232.0	61.4	232.0
Prime highlights, net to AOC's 50% shareholding					
WI production	boepd	17,200	18,500	17,000	19,800
Entitlement production	boepd	19,500	21,700	19,400	22,400
Cash flow from operations ⁽²⁾	\$'m	52.9	64.1	267.8	300.4
EBITDAX	\$'m	242.3	112.3	519.5	460.3
Free Cash Flow	\$'m	8.8	16.7	197.2	149.1
Net debt	\$'m	175.3	298.9	175.3	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.

OUTLOOK**Consolidation of the Ownership in Prime**

On June 23, 2024, the Company entered into a definitive agreement (the "Amalgamation Agreement") with BTG Pactual Oil & Gas S.a.r.l. ("BTG Oil & Gas") and BTG Pactual Holding S.a.r.l. ("BTG Holding"), the entity which holds the interests of BTG Oil & Gas in Prime, to reorganize and consolidate their respective 50:50 shareholdings in Prime (the "Proposed Reorganization"). On completion of the Proposed Reorganization, which is expected on or about March 7, 2025, Africa Oil will hold 100% of Prime with BTG Oil & Gas receiving 239,828,655 newly issued common shares in Africa Oil, representing approximately 35.5% of the outstanding share capital of the enlarged Africa Oil as of February 26, 2025.

The Proposed Reorganization provides the enlarged Africa Oil with a number of strategic and financial benefits, including:

- 100% increase in working interest Proved plus Probable ("2P") reserves and production on a pro-forma basis, for BTG receiving approximately 35.5% of the shares in the enlarged Africa Oil.
- Increased scale and balance sheet strength along with the potential to benefit from lower borrowing costs.
- The introduction of a long-term cornerstone shareholder that is strategically aligned with Africa Oil and committed to growing a sustainable upstream oil and gas business, will, after completion, deliver superior value creation and shareholder capital returns.
- BTG Oil & Gas' support has the potential to increase Africa Oil's access to business opportunities and potentially unlock new sources of growth capital, while complementing Africa Oil's disciplined capital allocation and financial decision making through BTG Oil & Gas' participation on the Board.
- Enabling direct control of Prime's cash flows and balance sheet through the consolidation of Africa Oil and BTG Oil & Gas' respective interests in Prime versus the equity accounting method that is followed by Africa Oil today for its investment in Prime. This in turn will facilitate greater transparency and visibility of Prime's financial performance for Africa Oil's shareholders.
- Significant scope to streamline the business processes and decision making to achieve cost savings.

HIGHLIGHTS AND OUTLOOK - CONTINUED

The enlarged Africa Oil is expected to have significant scale with robust long-term free cash flows and a low leverage balance sheet, driven by large-scale and high netback assets in deepwater Nigeria. This will be complemented by funded development and exploration projects in the prolific Orange Basin.

These pillars will provide a strong platform for the enlarged Africa Oil to implement steady and predictable shareholder returns underpinned by an enhanced base dividend policy, whilst delivering organic growth from its core assets and pursuing inorganic growth opportunities supported by a long-term and committed strategic shareholder. The enlarged Africa Oil's objective is to deliver a superior investment case relative to its peer group through a combination of financial discipline, sustainable total shareholder returns, and funded growth.

Namibia Orange Basin Appraisal and Exploration Campaign

Block 2913B, offshore Namibia, contains the Venus light oil field, discovered by the Venus-1X well, drilled in 2022 and subsequently successfully appraised with three further wells and four drill stem tests. The Joint Venture is continuing to progress the proposed development of the Venus Field, with development studies ongoing. The Venus Field is expected to be the first development in Block 2913B, producing 150kbopd (gross field) of ~45° API oil, with final investment decision expected by the end of H1 2026.

During 2024, two additional 3D seismic acquisition programs were completed to facilitate further exploration over the southern and northern parts of the Blocks. This has resulted in most of the licensed area now being covered by 3D seismic. This data is currently being processed and interpreted and will help further evaluate prospects and leads in the far northern and southern parts of the Blocks.

On February 3, 2025, the Deepsea Mira drilling rig spud the Marula-1X exploration well within the southern part of Block 2913B. This well will target Albian-aged sandstones, within the Marula fan complex and has the potential to unlock further exploration targets across the south, which is an area lying at the heart of the prolific Kudu source-rock kitchen. Deepsea Mira is also expected to drill the Olympe prospect, targeting Albian sands within a structural closure on Block 2912.

On January 10, 2024, the Company announced a strategic farm down 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 campaign on the Blocks with no upfront costs. This transaction frees up the Company's balance sheet for the pursuit of other growth opportunities and shareholder capital returns. As announced on November 1, 2024, this farm down deal closed following the receipt of the final approval from Government of Namibia.

At the date hereof, AOC has an interest in this program through its 39.5% shareholding in Impact, which in turn has a 9.5% WI in each of Block 2913B (PEL 56) and Block 2912 (PEL 91).

Nigeria

Agbami field performed in line with expectations throughout 2024. Planned maintenance on one of the three compressors commenced at the end of Q4 2024 and continued into Q1 2025. The remaining two compressors will also be overhauled over the coming 2 years to maintain high equipment uptime. Processing of the 4D-M3 seismic acquired in Q3 2024 is underway and other preparations for the next drilling campaign, scheduled for 2026, are continuing as planned. A planned full-field shut down for maintenance activities is scheduled for Q4 2025.

The Egina field completed the year above the production plan thanks to its high production efficiency and successful well interventions during Q3 2024 and Q4 2024. Well planning for a 2025 drilling program based on the 4D-M2 acquired in Q2 2024 is ongoing with drilling commencing in Q1 2025.

The Akpo field ended the year with production rates in line with those at the start of 2024, primarily due to the Akpo West wells performing above expectation and the infill well on Akpo main offsetting natural decline in the field. A total of 3 new producers and 1 new injector were completed and tied back to the Akpo FPSO in 2024. Overall, for 2024, production was below the production plan due to drilling delays pushing the expected production gains from drilling to the second half of the year. Well planning for additional infill drilling, based on the 4D-M4 seismic acquired in Q1 2024, and potential near field exploration are underway.

The 2023 and 2024 Egina and Akpo drilling campaign was paused in November 2024 to allow time to mature drilling opportunities from the 2024 seismic acquisition campaigns. The 2025 campaign kicked off in January 2025 as planned.

Progress on phase 2 of the Preowei Field front end engineering design ("FEED") is now subject to further cost optimization and the results of ongoing field development studies on the basis of the 4D baseline seismic acquisition acquired in Q2 2024. These work streams are aimed at supporting an FID decision on the project and enabling Engineering, Procurement, Construction and Installation ("EPCI").

HIGHLIGHTS AND OUTLOOK - CONTINUED**South Africa Orange Basin, Block 3B/4B**

Block 3B/4B lies to the southeast and on trend with a number of Orange Basin oil discoveries including Venus. There is approximately 14,000 km of 2D seismic and 10,800 km² of 3D seismic over the block, identifying a large opportunity set of exploration prospects.

On August 28, 2024, the Company announced the completion of the farm down agreement with TotalEnergies and QatarEnergy for the Orange Basin Block 3B/4B. The Company retained a 17.0% interest in Block 3B/4B and transferred the operatorship of the block to TotalEnergies, for a maximum consideration of \$46.8 million, including the exploration carry of its retained interest.

On January 10, 2025, the Company completed a separate transaction with Azinam, a subsidiary of Eco for the transfer of a 1.0% (one percent) interest to the Company, increasing the group's direct interest in Block 3B/4B to 18.0%. The Company will have the benefit of exploration carry for the additional 1.0% interest assigned to it by Azinam.

An Environmental Authorization for exploration activities (drilling of up to 5 exploration wells) was granted by the Department of Mineral Resources and Energy for the Republic of South Africa on September 16, 2024. The legislative notification and appeals process is in progress with the relevant regulatory agencies.

Equatorial Guinea

On December 23, 2024, the Company was granted a 1 year extension to the first exploration sub period on both two exploration licenses (EG-18 and EG-31), offshore Equatorial Guinea. The Company also received approval of the first amendment to the EG-31 Production Sharing Contract (PSC). The amendment expanded the block boundary to ensure that the full extent of the two main exploration prospects were captured fully within the block boundary.

The Company is continuing with the farm down process for Blocks EG-18 and EG-31 as well as 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.

SUMMARY OF 2024 MANAGEMENT GUIDANCE AND ACTUALS

Prime, net to AOC's 50% shareholding:	2024 Actuals	2024 Updated Guidance
WI production (boepd) ⁽¹⁾	17,000	16,500 - 18,500
Entitlement production (boepd) ⁽¹⁾	19,400	18,000 - 21,000
Cash flow from operations (million) ^(2, 3)	\$267.8	\$260.0 - \$290.0
Capital investment (million)	\$76.3	\$80.0 - \$110.0

(1) All of the Company's production is contributed solely by its shareholding in Prime. Entitlement production is calculated using the economic interest methodology and includes cost oil, profit oil, tax oil and royalty oil and is different from WI production that is calculated based on project volumes multiplied by Prime's effective WI.

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

(3) 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.

Africa Oil will announce its 2025 Management Guidance on the closing of the Proposed Reorganization, which is expected on or about March 7, 2025.

THE COMPANY'S SHAREHOLDING AND WORKING INTERESTS

The Company's material interests and material exploration partnership interests as at December 31, 2024, are summarized in the following table:

Africa Oil's Shareholding in Prime Oil & Gas Coöperatief U.A. (50%) ⁽¹⁾

Country	Concession	License renewal	Working Interests
NIGERIA	PML 52	November 24, 2044 ⁽²⁾	Prime 8% Chevron Corporation 32% Famfa Oil 60% (carried)
	PML 2, 3, 4 and PPL 261 - PSA	May 24, 2043(2)	Prime 32% TotalEnergies 48% SAPETRO 20% (carried)

Africa Oil's Shareholding in Impact Oil & Gas Limited (39.5%)

Country	Concession	License renewal	Working Interests
NAMIBIA	PEL 56 (Block 2913B)	April 1, 2025	Impact 9.5% TotalEnergies 50.5% QatarEnergy 30% NAMCOR 10% (carried)
	PEL 91 (Block 2912)	October 1, 2027	Impact 9.5% TotalEnergies 47.2% QatarEnergy 28.3% NAMCOR 15% (carried)

Africa Oil's Direct Working Interests ^(3,4)

Country	Concession	License renewal	Working Interests
SOUTH AFRICA	Block 3B/4B	October 26, 2024 ⁽⁵⁾	AOC 17% ⁽⁶⁾ TotalEnergies (Operator) 33% QatarEnergy 24% Azinam 5.25% Ricochre (Pty) Ltd 19.75%
			EQUATORIAL GUINEA

(1) At December 31, 2024, the Company had a 50% shareholding in Prime. On completion of the Proposed Reorganization, the Company will hold a 100% interest in Prime. Completion of the Proposed Reorganization is targeted to occur on or about March 7, 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%. Conversion of OML 127 to the new PIA earlier this year also resulted in the new designation of PML 52 for the license area that contains part of the Agbami oil field.

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

(4) The 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.

(5) The operator has submitted an application for license renewal. This is currently awaiting Government approval.

(6) As at December 31, 2024, the Company held a non-operated WI of 17%. On January 13, 2025, the Company announced the completion of the agreement with Eco for the acquisition of an additional 1% from Azinam, as a result of which the Company increased its interest to 18%.

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

Q4 2024 was the most subdued quarterly period during 2024 for international oil price decks. Average Bloomberg Dated Brent price of \$74.7/bbl compared to an average of \$80.3/bbl for Q3 2024, and full-year 2024 average of \$80.7/bbl. During Q4 2024 Bloomberg Date Brent traded at a high of \$81.2/bbl and a low of \$71.3/bbl.

Full-year 2024 average price of \$80.7/bbl was approximately 2% lower than full-year 2023 average of \$82.6/bbl and approximately 5% lower than the preceding 3-year average of \$84.8/bbl.

The overall price weakness during 2024 was driven by the negative outlook for Chinese economic activity, above-average OPEC spare capacity and the outlook of growing supplies from non-OPEC countries. These factors were countered by geopolitical tension in the Middle East and concerns over a widening conflict in the region.

The conflict in the Middle East impacted maritime traffic through the Red Sea, including the flow of oil tankers, during 2024 and highlighted the risks to oil supplies from the region, which remains a key production area for the global markets. These challenges reiterated the strategic advantage of West African oil production for the Atlantic basin markets.

Nigeria economic environment

Nigeria's year-on-year headline inflation rate reached a new record of 34.8% in December 2024 driven by higher transport costs and consumer spending during the holiday season. This followed an upward trend in inflationary pressure from August 2024, after a brief reversal with inflation falling from 34.2% in June to 32.2% in August. Inflationary pressures, exacerbated by the devaluation of the country's currency, Naira, have resulted in significant economic hardship leading to social unrest in the country. The Central Bank of Nigeria raised interest rates six times last year in an attempt to control inflation, and the government of Nigeria expects headline inflation to drop to 15% during 2025, in part helped by lower imports of petroleum products. However, the outlook for Nigerian economic activity, productivity gains and in turn inflationary direction remains highly uncertain.

Prime's business in Nigeria has 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

On completion of the Proposed Reorganisation, subject to the customary consents and approvals, including Africa Oil's board approval, the Company plans to implement an enlarged annual base dividend of \$100 million, to be distributed to its shareholders on a quarterly basis. The Company also intends to distribute 50% free cashflows net of the base dividend of \$100 million in supplementary special dividends and/or share buybacks, subject to the customary consents and approvals.

On February 27, 2025, the Company announced its intention to declare the first quarterly dividend of \$25 million or approximately \$0.037 per share, on the closing of the Proposed Reorganisation. This and other future dividend distributions are subject to customary board approval and consents.

During 2024 the Company returned \$67.9 million to shareholders through its base dividend policy and share buybacks executed under its Normal Course Issuer Bid ("NCIB").

The Company distributed two semi-annual dividends for a total of \$0.05 per share (approximately \$22.6 million) during 2024. The Company views the 2024 distributions to have been 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 repurchased its shares under a NCIB program that was launched on December 6, 2023, and which expired on December 5, 2024, as well as a new program that was launched on December 6, 2024. In total, during 2024, the Company repurchased a total of 26,519,932 at an average price of C\$2.34 per share with an aggregate amount of \$45.3 million.

During Q4 2024, the Company repurchased a total of 4,587,700 shares at an average price of C\$1.90 per share.

Pursuant to the current NCIB (launched on December 6, 2024) 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 18,362,364 Common Shares of the Company, which represented 5% of its "public float" of 367,247,289 Common Shares as at November 22, 2024.

Purchases of Common Shares may occur over a period of up to twelve months commencing December 6, 2024, and ending on the earlier of December 5, 2025, 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.

In Canada, Bill C-59 sets out taxes on repurchases of equity, with a 2% tax applying to the net value of shares repurchased by any corporation resident in Canada whose shares are listed on a designated stock exchange. Bill C-59, was enacted on June 20, 2024, and the Company has accrued for the tax payable on shares purchased during 2024.

BUSINESS UPDATE - CONTINUED**EQUITY INVESTMENT IN PRIME - NIGERIA**

The Company's 50% equity interest in Prime as at December 31, 2024, is accounted for as an investment in joint venture under the equity method on the Balance Sheet. During the period the Company recorded 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 (Loss)/ Income and Comprehensive (Loss)/ 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 as at December 31, 2024, unless otherwise noted.

Production and Operations**Production Metrics - rounded**

	Unit	Three months ended		Years ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Total gross field production	boepd	270,300	296,700	273,600	314,200
Net to AOC's 50% shareholding:					
Average daily WI production ⁽¹⁾	boepd	17,200	18,500	17,000	19,800
Average daily entitlement production	boepd	19,500	21,700	19,400	22,400
Oil volumes sold	MMbbl	-	2.0	4.5	6.4
Gas volumes sold	bcf	2.5	2.4	8.7	9.5
Oil/gas percentage split	%	74%/26%	80%/20%	77%/23%	81%/19%

(1) Production allocation occurs periodically and can result in a change in production numbers previously reported.

The total gross field production in Q4 2024 was lower than Q4 2023, primarily due to the expected natural reservoir decline across all assets.

The total gross field production in 2024 was lower than 2023 primarily due to a planned maintenance shutdown at the Akpo FPSO and the expected natural reservoir decline across all assets. The Agbami and Egina fields production was in line with the plan for 2024. The Akpo field underwent a full field shutdown in mid-March to perform maintenance on equipment with production resuming in mid-April. New wells drilled and completed in Akpo continue to exceed expectations and assist offsetting the natural production decline of the field.

Entitlement production is calculated using the economic interest methodology and includes cost oil, profit oil, tax oil and royalty 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, 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 Q4 2024, Prime was allocated no oil liftings. Cargos initially scheduled for Q4 2024 have been pushed into Q1 2025 resulting in a large underlift position at the end of Q4 2024. Up to 5 cargoes are scheduled to be lifted in Q1 2025 unwinding this large underlift position. In Q4 2023, Prime was allocated 4 oil liftings with total sales volume of approximately 3.9 million barrels or 2.0 million barrels net to the Company's 50% shareholding at an average realized oil price of \$86.6/bbl.

In 2024, Prime was allocated 9 oil liftings with total sales volume of approximately 9.0 million barrels or 4.5 million barrels net to the Company's 50% shareholding at an average realized oil price of \$84.6/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 Q4 2024 and full year 2024, the result from the 50% investment in Prime was an income of \$159.3 million and \$226.0 million respectively (Q4 2023 and full year 2023 - loss of \$79.3 million and a profit of \$228.0 million respectively). As at December 31, 2024, the Company's investment in Prime was \$328.4 million (as at December 31, 2023 - \$572.5 million) following the recognition of a non-cash impairment charge of \$436.7 million as a result of the significant decrease in the Africa Oil share price between June 24, 2024, when the Company announced the Proposed Reorganization and December 31, 2024. The fair value of the existing 50% shareholding in Prime decreased as the fair value considers the number of Africa Oil shares that were agreed in relation to the purchase of the additional interest in Prime and the trading value of Africa Oil shares as this is an observable fair value input under IFRS Accounting Standards. As at December 31, 2024, the fair value of the Company's existing shareholding in Prime was calculated to be \$328.4 million based on the Africa Oil share price of CAD 1.97 as of December 31, 2024, and the USD/CAD exchange rate of 1.4384 as of December 31, 2024.

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		Years ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Total revenues	\$'m	2.2	173.6	391.4	581.1
Cost of Sales ⁽²⁾	\$'m	(34.0)	103.1	208.6	299.0
Gross profit	\$'m	36.2	70.5	182.8	282.1
Opex/boe ^(3,4)	\$/boe	9.9	12.0	10.3	9.2
Cash flow from operations before working capital	\$'m	52.9	64.1	267.8	300.4
Cash flow from operations	\$'m	29.3	43.9	273.6	237.9
Free cash flow	\$'m	8.8	16.7	197.2	149.1
Free cash flow/boe ⁽⁴⁾	\$/boe	4.4	8.4	27.8	18.2
Tax	\$'m	23.3	5.9	60.3	(122.7)
Capex ⁽⁵⁾	\$'m	20.5	27.2	76.3	88.8
Dividends paid	\$'m	11.0	50.0	36.0	175.0
Net Debt	\$'m	175.3	298.9	175.3	298.9
EBITDAX	\$'m	242.3	112.3	519.5	460.3
Net Debt/EBITDAX ⁽⁶⁾	ratio	0.3	0.7	0.3	0.7
AOC Net Cash/ (Debt) inclusive of 50% Prime Net Debt	\$'m	(113.9)	(66.9)	(113.9)	(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 2024 amount includes the PML 52 license renewal fee and 2023 amount includes the PMLs 2, 3 and 4 and PPL 261 license renewal fee both of which have been capitalized to oil and gas interests.

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

BUSINESS UPDATE - CONTINUED**Total Revenues**

	Unit	Three months ended		Years ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Per Prime's financial statements					
Total revenue	\$'m	4.4	347.2	782.7	1,162.2
Net to AOC's 50% shareholding:					
Oil revenue	\$'m	-	170.7	381.1	545.3
Gas revenue	\$'m	2.2	2.9	10.3	8.1
PPT revenue	\$'m	-	-	-	19.8
Royalty revenue	\$'m	-	-	-	7.9
Total revenue	\$'m	2.2	173.6	391.4	581.1
Realized oil prices ⁽¹⁾	\$/bbl	-	86.6	84.6	84.6
Oil volumes sold	MMbbl	-	2.0	4.5	6.4
Realized gas prices	\$/bcf	1.0	1.2	1.2	0.9
Gas volumes sold	Bcf	2.5	2.4	8.7	9.5

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

There were no oil liftings in Q4 2024 and therefore no oil revenue was recognized compared to Q4 2023. Cargos initially scheduled for Q4 2024 have been pushed into Q1 2025 with up to 5 cargos scheduled to be lifted in Q1 2025.

The decrease in oil revenue in 2024 was lower due to lower liftings in 2024 compared to 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. Prime has no longer reported PPT revenue since August 2023 following conversion to PIA as PPT is no longer due under the act 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		Years ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Per Prime's financial statements					
Total cost of sales		(68.0)	206.3	417.2	598.0
Net to AOC's 50% shareholding:					
DD&A		43.5	43.7	186.0	180.9
Production costs		17.9	24.0	73.1	75.5
Movements on overlift/underlift balances		(102.4)	31.5	(85.6)	11.8
Royalties - oil and gas		7.0	3.9	35.1	30.8
Total cost of sales		(34.0)	103.1	208.6	299.0

Cost of sales decreased in Q4 2024 and 2024 compared to Q4 2023 and 2023 primarily due to a large underlift movement in Q4 2024 and 2024 compared to an overlift movement in Q4 2023 and 2023. Cargos initially scheduled for Q4 2024 have been pushed into Q1 2025 resulting in a large underlift position at the end of Q4 2024 which is a credit to cost of sales. Up to 5 cargos are scheduled to be lifted in Q1 2025 unwinding this large underlift position.

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. Entitlement production is calculated using the economic interest methodology and includes cost recovery oil, tax oil, profit oil and royalty oil 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		Years ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Per Prime's financial statements					
Production costs	\$'m	35.6	48.0	146.1	151.0
Net to AOC's 50% shareholding:					
Production costs	\$'m	17.9	24.0	73.1	75.5
Entitlement production	MMboe	1.8	2.0	7.1	8.2
Opex/boe	\$/boe	9.9	12.0	10.3	9.2

Production costs have decreased in 2024 compared to 2023 because of planned shutdown maintenance costs during H1 2024.

Opex/boe decreased in Q4 2024 compared to Q4 2023 primarily from the lower production costs.

Opex/boe increased in 2024 compared to 2023 as a result lower entitlement production despite a decrease in production costs.

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		Years ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Per Prime's financial statements					
Cash flow from operations		58.6	87.8	547.2	475.8
Net to AOC's 50% shareholding:					
Cash flow from operations		29.3	43.9	273.6	237.9
Working capital adjustments included in cash flow from operations					
<i>Changes in trade and other receivables</i>		(67.2)	56.0	(78.4)	16.0
<i>Changes in over/underlift balances</i>		102.4	(31.4)	85.6	(11.8)
<i>Changes in other working capital balances</i>		(11.6)	(4.4)	(13.0)	58.3
Total working capital adjustments		23.6	20.2	(5.8)	62.5
Cash flow from operations before working capital		52.9	64.1	267.8	300.4

BUSINESS UPDATE - CONTINUED

Cash flow from operations before working capital decreased in Q4 2024 compared to Q4 2023. This is primarily from lower oil prices and lower tax payments in Q4 2024.

Cash flow from operations before working capital decreased in 2024 compared to 2023. This is primarily from lower production volumes in 2024 compared to 2023 and lower other operating income partly offset by lower tax payments in 2024. Other operating income recognized in 2023 consisted of investment tax credits which could be offset against PPT which is no longer applicable since Prime operates under the PIA terms.

Cash flow from operations decreased in Q4 2024 compared to Q4 2023 primarily as there were no liftings in Q4 2024 compared to Q3 2023 with working capital adjustments being relatively consistent.

Cash flow from operations has increased in 2024 compared to 2023 as there were lower liftings in 2024 compared to 2023 and there was a working capital release in the 2024 compared to a working capital build in 2023.

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		Years ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Per Prime's financial statements					
Total cash flow	\$'m	(21.2)	(85.6)	247.3	(179.5)
Add back dividends	\$'m	22.0	100.0	72.0	350.0
Add back debt service costs ⁽¹⁾	\$'m	16.8	18.9	71.9	122.3
Add back derivatives	\$'m	-	-	3.2	5.3
FCF	\$'m	17.6	33.3	394.4	298.1
Net to AOC's 50% shareholding:					
FCF	\$'m	8.8	16.7	197.2	149.1
Entitlement production	MMboe	1.8	2.0	7.1	8.2
FCF/boe	\$/boe	4.4	8.4	27.8	18.2

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

FCF and FCF/boe in Q4 2024 has decreased compared to Q4 2023 primarily from the lower cash flow from operations.

FCF and FCF/boe has increased in 2024 compared to 2023 primarily from the higher cash flow from operations and lower tax payments.

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. Entitlement production is calculated using the economic interest methodology and includes cost oil, profit oil, tax oil and royalty 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		Years ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Per Prime's financial statements					
Petroleum Profit Tax		-	-	(2.3)	138.1
Deferred tax income		(24.5)	(87.3)	(80.9)	(570.9)
Education tax		2.1	7.9	14.2	21.9
Corporate income tax		17.1	74.9	130.1	134.3
Withholding tax on dividends		15.0	13.0	22.5	28.0
Capital gains tax		33.0	-	33.0	-
Other taxes		3.9	3.2	3.9	3.2
Total tax		46.6	11.7	120.5	(245.4)
Net to AOC's 50% shareholding:					
Total tax		23.3	5.9	60.3	(122.7)

BUSINESS UPDATE - CONTINUED

The tax charge was higher in Q4 2024 compared to Q4 2023. Deferred income tax was higher in Q4 2023 compared to Q4 2024 following an impairment recognized in Prime in Q4 2023 which resulted in a deferred tax release. Corporate income tax was lower in Q4 2024 compared to Q4 2023 from lower revenues in Q4 2024 compared to Q4 2023 and lower corporate income tax rates. Capital gains tax in Q4 2024 relates to the income recognized by Prime under the Securitization Agreement at a Capital Gains Tax rate in Nigeria of 10 percent.

There was a tax charge in 2024 compared to an income in 2023. In 2023, Prime renewed the OML 130 license resulting in OML 130 operating under the terms of the new Petroleum Industry Act as from June 1, 2023, and Prime voluntarily converted the OML 127 license. The renewal of the OML 130 license 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). The conversion of the OML 127 license resulted in the award of PML 52. Under these terms, PML 2, 3, 4 and 52 and PPL 261 are subject to a 30% Corporate Income Tax regime compared to the previous 50% PPT regime which resulted in the release of \$62.0 million of deferred tax liabilities for PML 52 and \$346.0 million of deferred income tax liabilities PML 2, 3 and 4 and PPL 261 during 2023. Capital gains tax in 2024 relates to the income recognized by Prime under the Securitization Agreement at a Capital Gains Tax rate in Nigeria of 10 percent.

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 leases and 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 Q4 2024 and 2024 amounted to \$20.5 million and \$76.3 million, respectively, net to the Company's 50% shareholding in Prime. Capital expenditure in Q4 2024 mainly related to Prime's share of the PML 52 renewal fee. In 2024, capital expenditure mainly related to the infill drilling campaign on PML 2, with the drilling and completion of two Akpo West wells, and the drilling of a third Akpo West well that completed during April 2024 as well as the PML 52 license fee renewal.

Expenditures in Q4 2023 and 2023 of \$27.2 million and \$88.8 million mainly related to the OML 130 drilling campaign with the drilling of two production wells on the Akpo West Field. Capital expenditure in 2023 also included the share of the OML 130 renewal fee.

Dividends paid

In Q4 2024, Prime made one dividend payment with a net payment to the Company of \$11.0 million (Q4 2023 - one dividend payment with a net payment to the Company of \$50.0 million). In 2024, Prime made two dividend payments with a net payment to the company of \$36.0 million (2023 - three dividend payments with a net payment to the Company of \$175.0 million).

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	December 31, 2024	December 31, 2023
Per Prime's financial statements		
Loans and borrowings	750.0	750.0
Cash and cash equivalents	(399.5)	(152.2)
Net Debt	350.5	597.8
Net to AOC's 50% shareholding:		
Net Debt	175.3	298.9

Net to AOC's 50% shareholding, Prime has \$199.7 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).

During 2024, \$250.0 million of the commitments under Prime's RBL facility were cancelled, reducing the principal amount from \$1,050.0 million to \$800.0 million. \$750.0 million remains drawn and outstanding at December 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	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Per Prime's financial statements				
Total profit/ (loss)	318.7	(158.6)	452.0	456.0
<i>Add back:</i>				
Tax	46.6	11.7	120.5	(245.4)
Finance costs	22.7	22.7	97.8	89.5
Finance income	8.1	(2.1)	(6.4)	(6.8)
DD&A and Impairment	87.0	350.6	372.0	625.0
Exploration expenses	1.5	0.3	3.1	2.3
EBITDAX	484.6	224.6	1,039.0	920.6
Net Debt			(350.5)	(597.8)
Net Debt/EBITDAX			0.3	0.7
Net to AOC's 50% shareholding:				
Net Debt			(175.3)	(298.9)
EBITDAX			519.5	460.3
Net Debt/ EBITDAX			0.3	0.7
AOC Net Cash			61.4	232.0
AOC Net Cash/(Debt) inclusive of 50% Prime Net Debt			(113.9)	(66.9)

EBITDAX has increased in Q4 2024 compared to Q4 2023. The increase is mainly relating to other operating income recognized by Prime in Q4 2024 under the Securitization Agreement as no comprehensive resolution was reached among all unit parties in respect of the tract participation in the Agbami field by December 27, 2024. This is offset against lower production volumes.

EBITDAX has increased in 2024 compared to 2023. The increase is mainly relating to other operating income recognized by Prime in Q4 2024 under the Securitization Agreement as no comprehensive resolution was reached among all unit parties in respect of the tract participation in the Agbami field by December 27, 2024. This is offset against lower production volumes and the fact that no other operating income related to tax credits is recognized in 2024 as Prime operates now under the PIA terms.

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 oil 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.

In Q3 2024, Prime purchased an Asian put option for one million barrels of oil. This option protects Prime against price movements below \$75.0/bbl in the period between January 2 and March 31, 2025. If the average spot price in the period between January 2 and March 31, 2025, falls below \$75.0/bbl then Prime is compensated in cash for the difference with the strike price of \$75.0/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.

BUSINESS UPDATE - CONTINUED

In Q3 2024, Prime also entered into a zero-premium Asian Dated Brent Collar transaction for one million barrels of oil. This contract protects Prime against price movements below \$75.0/bbl with a cap of \$90.85/bbl in the period between December 1, 2024, and February 28, 2025. If the average spot price in the period between December 1, 2024, and February 28, 2025, falls below \$75.0/bbl then Prime is compensated in cash for the difference with the strike price of \$75.0/bbl. If the average spot price in the period is above \$90.85/bbl then Prime has to compensate in cash for the difference with the strike price of \$90.85/bbl. Based on the average spot price to the date of release of this MD&A, Prime expects no actual cash settlement for this Asian Dated Brent Collar.

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

Oil sales were comprised of the following:

Oil Sales	Unit	Three months ended		Years ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Number of cargo liftings		-	4	9	13
Of which:					
Sold forward with the trigger price mechanism activated		-	-	2	2
Sold at spot		-	4	7	11
		-	4	9	13
Gross crude oil sales					
Quantity in Mboe	Mboe	-	3,943.3	9,012.8	12,891.7
Average sales price	\$/bbl	-	86.6	84.6	84.6
Average Bloomberg Dated Brent for the period	\$/bbl	-	84.3	82.7	82.6

Subsequent to the period-end, Prime sold three cargoes with an average Dated Brent price of \$81.6/bbl. Prime is expected to lift 2 more cargoes before the end of Q1 2025. Of the 7 cargoes expected for the remainder of the year post Q1 2025, 5 cargoes are hedged with an average trigger price of \$65.2/bbl. As of the date of this report none of the trigger prices have been triggered.

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 Accounting Standards 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

On August 28, 2024, the Company announced the completion of the strategic farm down agreement with TotalEnergies and QatarEnergy. The Company retained a direct 17.0% non-operated interest in the block and operatorship was transferred to TotalEnergies.

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 was received at completion with the remaining balance to be received in two successive payments conditional upon achieving 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 1-2 wells on the license.

On January 13, 2025, the Company announced the completion of the agreement with Eco to acquire an additional 1.0% (one percent) interest from Azinam Limited, Eco's wholly owned subsidiary, in exchange for all common shares and warrants held by the Company in Eco. The Company now holds 18.0% in Block 3B/4B and is no longer a shareholder in Eco. Africa Oil will benefit from the carry agreed between Eco, TotalEnergies and QatarEnergy for this incremental interest

The Company expects that the first exploration well on Block 3B/4B can be drilled during 2026.

BUSINESS UPDATE - CONTINUED**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 sub period. A 1-year extension of the first Exploration sub-period was granted on December 23, 2024, extending the renewal period to March 1, 2026. At the end of 2024, all financial commitments for the initial exploration period have been met, the 1 year extension should enable the required technical work to be completed.

EQUITY INVESTMENTS IN ASSOCIATES AND INVESTMENT HELD FOR SALE

As at December 31, 2024, the Company held 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 and investment held for sale as of December 31, 2024:

	Africa Energy	Eco	Impact ⁽¹⁾
Issued and Outstanding	1,407,812,249	370,173,680	1,139,147,442
Shares held by AOC at January 1, 2024	276,982,414	54,941,744	343,545,659
Shares acquired in the period	-	-	105,918,737
Shares held by AOC at December 31, 2024	276,982,414	54,941,744	449,464,396
AOC's holding (%) - December 31 2024	19.67%	14.84%	39.46%
AOC's holding (%) - December 31 2023	19.67%	14.84%	31.09%
Share price (CAD) on December 31, 2024	0.03	0.21	-
Exchange rate to USD on December 31, 2024	0.70	0.70	-

(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 and South Africa.

In the year ended December 31, 2024, the Company acquired an additional 105,918,737 shares from various parties. The total cost for these purchases was approximately \$88.6 million.

Through these transactions, the Company has materially increased its interest from 31.1% at start of 2024 to 39.5% at end of 2024, enhancing its rights and influence over a core strategic asset and value driver for Africa Oil.

On February 24, 2022, Impact announced that the Venus-1X exploration well in Block 2913B, offshore Namibia, had discovered hydrocarbons. 4 subsequent wells, Venus-1X side track, Venus-1A, Venus-2A and Mangetti-1X have been drilled and tested to appraise the Venus discovery. The Joint Venture is continuing to progress the proposed development of the Venus Field, with development studies ongoing. The Venus Field is expected to be the first development in Block 2913B, producing 150 kbopd (gross field) of ~45° API oil, with final investment decision expected by the end of first half of 2026.

During Q1 2025, the joint venture completed the drilling of Tamboti-1X exploration well in Block 2913B. Tamboti-1X was safely and successfully drilled to a total depth of 6450mMD on Block 2913B, approximately 12km northeast of the Mangetti-1X well and approximately 25km north-northwest of the Venus-2A well, using the Deepsea Mira semi-submersible drilling rig. Black oil was encountered within 85m of net reservoir of lower quality Upper Cretaceous sandstones, belonging to the Mangetti fan system. A DST program was completed at the Tamboti-1X location, and results from the acquired log, core and DST data are currently under analysis.

During 2024, two additional 3D seismic acquisition programs were completed to facilitate further exploration over the southern and northern parts of the combined blocks. This has resulted in most of the licensed area now being covered by 3D seismic. This data is currently being processed and interpreted and will help further evaluate prospects and leads in the far northern and southern parts of the Blocks.

On February 3, 2025, the Deepsea Mira drilling rig spud the Marula-1X exploration well within the southern part of Block 2913B. This well will target Albian-aged sandstones, within the Marula fan complex and has the potential to unlock further exploration targets across the south, which is an area lying at the heart of the prolific Kudu source-rock kitchen. Deepsea Mira is also expected to drill the Olympe prospect, targeting Albian sands within a structural closure on Block 2912.

On November 1, 2024, the Company announced the completion of a strategic farm-down agreement between its investee company, Impact, and TotalEnergies. Following the closing of this deal, Impact retains a 9.5% interest in the Blocks that is fully carried for all joint venture costs, with no cap, through to first commercial production. Impact also received a cash reimbursement of approximately \$99.0 million for its share of the past costs incurred on the Blocks net to the farmout interests.

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.

BUSINESS UPDATE - CONTINUED

Africa Energy

Africa Energy is a TSX-Venture (Toronto) and Nasdaq First North Growth Market (Stockholm) listed international oil and gas exploration company with an interest in Block 11B/12B offshore South Africa. There are two gas condensate discoveries (Brulpada and Luiperd) on this block in proximity to offshore gas infrastructure and onshore gas market in Mossel Bay, South Africa.

On July 1, 2024, Africa Energy announced that CNR International (South Africa) Limited, a partner in Block 11B/12B, has provided notice to the joint venture partners that it will withdraw from its 20% interest in the Block. On July 29, 2024, TotalEnergies EP South Africa B.V., the operating partner on the Block, and QatarEnergy International E&P LLC announced that they will withdraw from their 45% and 25% operated interests in the Block, respectively. Under the joint operating agreement, the withdrawing parties will assign their interest free of charge to Main Street 1549 Proprietary Ltd. ("Main Street"), the non-withdrawing partner, which currently has a direct 10% participating interest in Block 11B/12B.

The Company owns 49% of the common shares and 100% of the Class B shares of Main Street. The remaining 51% of the common shares of Main Street are held by Arostyle. In light of the withdrawal of the joint venture partners in Block 11B/12B, and subject to all relevant regulatory approvals, Main Street expects to hold a 100% participating interest in Block 11B/12B.

On December 20, 2024, Africa Energy announced that it has entered into a non-binding agreement with Arostyle Investments (RF) Proprietary Ltd. ("Arostyle"), to restructure their joint investment in Main Street. Under the non-binding agreement, Africa Energy and Arostyle agreed that subject to all relevant regulatory approvals, the Parties will restructure Main Street resulting in the Company holding a direct 75% participating interest and Arostyle holding a direct 25% participating interest in Block 11B/12B, with the relationship between the Parties being governed by the existing Joint Operating Agreement in respect to Block 11B/12B.

Africa Energy and Arostyle believe that natural gas will play a critical role in South Africa's energy transition, and the use of indigenous gas from Block 11B/12B discoveries are currently the most material domestic supply option in South Africa

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 December 31, 2024.

On July 26, 2024, the Company signed an agreement with Eco to acquire an additional 1.0% interest in Block 3B/4B from Azinam Limited, Eco's wholly owned subsidiary, in exchange for all common shares and warrants over common shares held by the Company in Eco. On January 13, 2025, the Company announced the closing of this transaction. The Company is no longer a shareholder in Eco and its representative on Eco's Board of Directors has resigned from this position.

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, to the extent that it is reasonably able to 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 minimize risks and deliver our sustainability goals.

As part of those governance systems, the Company receives operator ESG performance data from Prime on a quarterly basis, which allows it to monitor alignment with agreed ESG targets and objectives. Prime developed an updated ESG Strategy and GHG Roadmap in 2024, focused on compliance with IFC Performance Standards, a long term plan for net zero Scope 1 and 2 GHG emissions by 2050 and zero routine flaring by 2030.

Prime has reported good flare performance during 2024 despite flare events on Agbami and Egina related to operational and maintenance issues.

Reductions in flaring and fugitive emissions 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.

Additionally, Prime commissions independent Environmental, Social, Health and Safety ("ESHS") monitoring reviews conducted annually to support its reserves-based lending facility. The 2024 Monitoring Review found that overall, Prime is managing the ESHS aspects of its business, in its non-operated role, "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. The Company submitted an ESIA application for proposed drilling activities on Block 3B/4B during Q2 2024. An Environmental Authorization was issued by the regulator in September 2024 and that is being followed by a stakeholder consultation and appeals process which concluded in December 2024. The regulator is then expected to provide its final decision on the appeals during mid-2025.

As part of its compliance with its PSC requirements in Equatorial Guinea and in line with the Company's Social Investment Framework, the Company has funded the renovation of a school at Ayene in mainland Equatorial Guinea. In addition to the PSC requirements, Africa Oil funded school supplies for all student and classrooms at the recently renovated school.

BUSINESS UPDATE - CONTINUED

The Company's environmental and social management system, which is overseen by the Board-level Sustainability Committee (previously the ESGHS Committee), aims effectively and appropriately to 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 undertakes annual independent HSEC audits and engages with a range of ESG ratings assessments in support of investor and broader stakeholder engagement, as well as to identify opportunities for performance improvement.

Africa Oil is committed to regular review and update of its sustainability strategy to ensure continued alignment with both the Company's evolving business and the broader global context.

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.

To the extent possible given its non-Operator role on assets, the Company endeavors to undertake 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 2024. This found that Company management systems were fit for purpose to manage ESG risks. The report is published, along with all other Independent Monitoring Group reports, on Africa Oil's website.

The Company's 2024 Sustainability Report is under preparation and will be disclosed on the Company website, as in previous reports it will contain information on our performance and strategy.

On an ongoing basis, the Company monitors the development of applicable legislation to ensure compliance with evolving policy and associated regulatory requirements. As the Company has a primary listing in Canada on the Toronto Stock Exchange and a secondary listing in Sweden on the Oslo Stock Exchange, this includes sustainability disclosure requirements in both Canada and the EU, including the EU Corporate Sustainability Reporting Directive.

SELECTED ANNUAL INFORMATION

For the years ended	December 31, 2024	December 31, 2023	December 31, 2022
Statement of Net (Loss)/ Income and Comprehensive (Loss)/ Income:			
Net (loss)/ income attributable to common shareholders (\$'m)	(279.1)	87.1	(60.3)
Data per Common Share:			
Basic (loss)/ income per share (\$/share)	(0.62)	0.19	(0.13)
Diluted (loss)/ income per share (\$/share)	(0.62)	0.18	(0.13)
Balance Sheet:			
Working capital (\$'m)	62.1	214.7	158.6
Total assets (\$'m)	615.2	966.2	917.7

In 2024, the Company recorded a net loss attributable to common shareholders of \$279.1 million which is a decrease from the net income of \$87.1 million recorded in 2023. In 2024, this is primarily made up of income from the Company's investment in Prime of \$226.0 million offset against losses from the Company's investment in associates of \$38.7 million and an impairment in the Company's investment in Prime of \$436.7 million as the fair value of the Company's existing shareholding in Prime was calculated based on the implied value of the Proposed Reorganization, which was in excess of the carrying value resulting in a non-cash impairment loss on the investment in Prime.

In 2023, the Company recorded a net income attributable to common shareholders of \$87.1 million which is an increase from the loss recorded in 2022 of \$60.3 million. In 2023, this is primarily made up of income from the Company's investment in Prime of \$228.0 million offset against losses from the Company's investment in associates of \$47.0 million and impairment recognized to its Kenyan intangible exploration assets of \$62.2 million writing these assets down to nil. The net income attributable to common shareholders in 2023 of \$87.1 million has increased from a loss of \$60.3 million in 2022 as the income from Prime has increased by \$81.4 million and the impairment recognized in relation to the Company's intangible exploration assets in Kenya has decreased by \$108.4 million. This is offset by an increase in the share of loss from investments in associates of \$38.8 million.

In 2024, the basic and diluted loss per share was \$0.62 (2023 - the basic income per share was \$0.19 and the diluted income per share was \$0.18). The loss per share has arisen primarily from the impairment recognized to the Company's investment in Prime.

In 2023, the basic income per share was \$0.19 and the diluted income per share was \$0.18 (2022 - the basic loss and diluted loss per share was \$0.13). The net basic and diluted income per share has increased from 2022 as the income from Prime is higher and the impairment in Kenya is lower.

In 2024, the decrease in working capital was driven by a decrease in cash balances following the acquisition of additional shares in Impact and shareholder returns. In 2024 the decrease in total assets is primarily due to the decrease in cash balances and the decrease to the Company's investment in Prime from the impairment recognized.

In 2023, the increase in working capital was driven by an increase in cash balances and lower payables following settlement of a provision for joint venture matters and joint venture payables in Kenya. In 2023, the increase in total assets is primarily due to increases in cash balances and the Company's investment in Prime.

SUMMARY OF QUARTERLY INFORMATION

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

For the three months ended	31-Dec 2024	30-Sep 2024	30-Jun 2024	31-Mar 2024	31-Dec 2023	30-Sep 2023	30-Jun 2023	31-Mar 2023
Share of profit/ (loss) from equity investments in joint venture and associates (\$'m)	152.1	18.3	9.7	7.2	(80.8)	51.3	178.0	32.5
Net income/ (loss) attributable to common shareholders (\$'m)	6.2	(289.2)	0.4	3.5	(88.8)	47.1	106.9	21.9
Weighted average shares - Basic '000	442,690	442,960	451,231	460,991	462,231	462,340	456,229	461,199
Weighted average shares - Diluted '000	449,667	442,960	464,890	474,746	472,942	473,959	467,839	473,846
Basic income / (loss) per share (\$)	0.02	(0.65)	0.00	0.01	(0.19)	0.10	0.23	0.05
Diluted income/ (loss) per share (\$)	0.02	(0.65)	0.00	0.01	(0.19)	0.10	0.23	0.05

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

	Three months ended		Years ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Share of profit/ (loss) from investment in joint venture	159.3	(80.8)	226.0	181.0
General and administrative expenses	(13.3)	(9.0)	(32.4)	(31.9)
Net income/ (loss)	6.2	(88.8)	(279.1)	87.1
Adjusted net (loss)/ income	(3.2)	4.9	48.0	84.5

Share of profit from investment in joint venture

In Q4 2024 and 2024, the Company's share in the result of its 50% equity investment in Prime was \$159.3 million and \$226.0 million respectively (Q4 2023 and 2023 - loss of \$80.8 million and a profit of \$181.0 million respectively).

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

Prime revenues decreased by \$342.8 million in Q4 2024 compared to Q4 2023, driven by no liftings in Q4 2024 compared to four liftings in Q4 2023. There was a decrease in costs of sales of \$274.3 million, primarily driven by an underlift movement during Q4 2024 of \$204.8 million compared to an overlift movement in Q4 2023 of \$63.0 million. This resulted in a decrease in gross profit to \$72.4 million in Q4 2024 from \$140.9 million in Q4 2023. In Q4 2023 there was an impairment recognized of \$263.3 million and no impairment recognized in Q4 2024. Other operating income increased by \$329.7 million in Q4 2024 compared to Q4 2023 relating to other operating income recognized by Prime in Q4 2024 under the Securitization Agreement as no comprehensive resolution was reached among all unit parties in respect of the tract participation in the Agbami field by December 27, 2024. Finance income decreased by \$10.2 million in Q4 2024 compared to Q4 2023, mainly driven by an accounting loss on derivatives in Q4 2024. There was a tax charge in Q4 2024 of \$46.6 million compared to \$11.7 million in Q4 2023. The increase was mainly driven by capital gains tax in Q4 2024 in relation to the income recognized by Prime under the Securitization Agreement at a Capital Gains Tax rate in Nigeria of 10 percent. This has resulted in Prime's profit increasing from a loss of \$158.6 million in Q4 2023 to a profit of \$318.7 million in Q4 2024, an increase of \$477.3 million.

Prime revenues decreased by \$379.5 million in 2024 compared to 2023, mainly driven by lower liftings and no PPT and royalty revenue recognized in relation to the Agbami field. PPT revenue has no longer been reported in gross revenues since August 2023 with Prime lifting its own entitlement production and paying its tax in cash and no royalty revenue has been reported since August 2023 with PML 52 royalties being paid in cash and presented in cost of sales. There was a decrease in costs of sales of \$180.8 million, primarily driven by an underlift movement during 2024 of \$171.2 million compared to an overlift movement of \$23.6 million in 2023. This resulted in a decrease in gross profit to \$365.5 million in 2024 from \$564.2 million in 2023. Other operating income increased by \$305.0 million compared to 2023, mainly relating to \$329.7 million of other operating income recognized by Prime in 2024 under the Securitization Agreement as no comprehensive resolution was reached among all unit parties in respect of the tract participation in the Agbami field by December 27, 2024. Other operating income in 2023 related to investment tax credits that offset PPT that Prime no longer receives under the PIA. In 2023 there was an impairment recognized of \$263.3 million and no impairment recognized in 2024. There was a tax charge in 2024 of \$120.5 million compared to an income of \$245.4 million in 2023. Prime renewed the OML 130 license resulting in OML 130 operating under the terms of the new Petroleum Industry Act as from June 1, 2023, and Prime voluntarily converted the OML 127 license to operate under the new Petroleum Industry Act from March 1, 2023, with all key conditions precedent fulfilled during

SUMMARY OF QUARTERLY INFORMATION - CONTINUED

2023. Under these terms, OML 127 and OML 130 are subject to a 30% Corporate Income Tax regime compared to the previous 50% PPT regime which resulted in the release of \$62.0 million and \$346.0 million of deferred income tax liabilities during 2023 for OML 127 and OML 130 respectively. Prime recognized a capital gains tax charge in 2024 of \$33.0 million in relation to the income recognized by Prime under the Securitization Agreement at a Capital Gains Tax rate in Nigeria of 10 percent. This has resulted in Prime's profit decreasing from \$456.0 million in 2023 to \$452.0 million in 2024, a decrease of \$4.0 million.

General and administrative costs

On June 24, 2024, the Company announced that it had reached an agreement with BTG to acquire the remaining 50% interest in Prime in exchange for newly to be issued common shares in Africa Oil. Completion of this transaction is subject to customary closing conditions and is expected on or about March 7, 2025. This transaction falls under IFRS 3 Business Combinations under which acquisition related costs are expensed in the periods in which the costs are incurred, and the services are received.

The table below shows adjusted general and administrative expenses, which is a non-GAAP measure, by excluding the BTG transaction related expenses and is meant to improve comparability between periods.

	Three months ended		Years ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
General and administrative expenses	13.3	9.0	32.4	31.9
BTG transaction related expenses	(0.7)	-	(6.9)	-
Adjusted general and administrative expenses	12.6	9.0	25.5	31.9

Adjusted general and administrative expenses, including share-based compensation charges relating to the LTIP and Stock Option Plan, amounted to \$12.6 million and \$25.5 million, respectively, in Q4 2024 and 2024 (Q4 2023 and 2023 - \$9.0 million and \$31.9 million respectively). Share-based compensation charges amounting to \$0.2 million and \$1.5 million, respectively, in Q4 2024 and 2024 (Q4 2023 and 2023 - \$1.9 million and \$11.3 million respectively) are impacted by movements in the share price of the Company.

Adjusted general and administrative expenses excluding share-based compensation charges amounted to \$12.4 million in Q4 2024 compared to \$7.1 million in Q4 2023 with the increase primarily driven by business development costs and an increase in the number of employees.

Adjusted general and administrative expenses excluding share-based compensation charges amounted to \$24.0 million in 2024 compared to \$20.6 million in 2023 with the increase primarily driven by business development costs and an increase in the number of employees.

Net (loss) / income and Adjusted net (loss)/ income

Net (loss) / income as reported by the Company in its Consolidated Statement of Net (Loss) / Income and Comprehensive (Loss) / Income can be impacted by items that are not reflective of the Company's underlying performance for the period. This might impact the comparability of the results of the Company between periods.

Adjusted net (loss)/ income is a non-GAAP measure. This measure adjusts for the following items and is meant to improve comparability between periods:

- Impairment and reversal of impairment is adjusted since this affects the economics of an asset for the lifetime of that asset, not only the period in which it is impaired, or the impairment is reversed.
- Share of loss from investments in associates is adjusted since the associated companies are in the exploration phase with the results not being reflective of the Company's underlying performance for the period.
- Other items of income and expenses are adjusted when the impact on net income in the period is not reflective of the Company's underlying performance for the period.
- Tax effects of the above-mentioned adjustments to net income.

SUMMARY OF QUARTERLY INFORMATION - CONTINUED

A reconciliation from net (loss) / income to adjusted net (loss)/ income is shown below:

	Unit	Three months ended		Years ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net income/ (loss)	\$'m	6.2	(88.8)	(279.1)	87.1
Adjusted for:					
Impairment recognized by Prime - net to AOC's 50% shareholding	\$'m	-	131.7	-	131.7
Tax effect of impairment recognized by Prime - net to AOC's 50% shareholding	\$'m	-	(39.5)	-	(39.5)
Deferred tax release recognized by Prime following PIA conversion - net to AOC's 50% shareholding	\$'m	-	-	-	(204.0)
Income recognized by Prime under Securitization Agreement - net to AOC's 50% shareholding	\$m	(164.8)	-	(164.8)	-
Tax effect of income recognized by Prime under Securitization Agreement - net to AOC's 50% shareholding	\$m	16.5	-	16.5	-
Impairment investment in Prime	\$'m	131.7	-	436.7	-
Share of loss from investments in associates	\$'m	7.2	1.5	38.7	47.0
Impairment intangible exploration assets	\$'m	-	-	-	62.2
Adjusted net (loss)/ income	\$'m	(3.2)	4.9	48.0	84.5
Adjusted net (loss)/ income attributable to common shareholders per share					
Basic		(0.00)	0.01	0.11	0.18
Diluted		(0.00)	0.01	0.11	0.18
Weighted average number of shares outstanding for the purpose of calculating adjusted net income per share					
Basic		442,690,041	463,020,104	449,431,803	462,231,061
Diluted		442,690,041	473,772,143	456,462,277	472,942,487

Adjusted net (loss)/ income amounted to \$(3.3) million and \$48.0 million, respectively, in Q4 2024 and 2024 (Q4 2023 and 2023 - \$4.9 million and \$84.5 million respectively).

Adjusted net result in Q4 2024 is a loss compared to an adjusted net income in Q4 2023. This is primarily from higher general and administrative expenses in Q4 2024.

Adjusted net income in 2024 is lower than 2023. This is primarily from a lower profit from the investment in Prime in 2024 mainly driven by lower production volumes.

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

As at	December 31, 2024	December 31, 2023
Assets		
Equity investment in joint venture	328.4	572.5
Equity investments in associates	177.6	134.7
Intangible exploration assets	29.3	19.1
Cash and cash equivalents	61.4	232.0

Equity investment in joint venture

As at December 31, 2024, the Company's investment in Prime was \$328.4 million compared to \$572.5 million as at December 31, 2023. The carrying value of the investment mainly decreased from impairment recognized of \$436.7 million and dividends received of \$36.0 million offset by the Company's share of Prime's profit of \$226.0 million in 2024.

As a result of the significant decrease in the Africa Oil share price between June 24, 2024, when the Company announced the Proposed Reorganization and December 31, 2024, the fair value of the existing 50% shareholding in Prime decreased as the fair value considers the number of Africa Oil shares that were agreed in relation to the purchase of the additional interest in Prime and the trading value of Africa Oil shares as this is an observable fair value input under IFRS Accounting Standards. As at December 31, 2024, the fair value of the Company's existing shareholding in Prime was calculated to be \$328.4 million based on the implied value of the Proposed Reorganization, resulting in a non-cash impairment loss on the investment in Prime of \$436.7 million in 2024. The fair value has been calculated based on the Africa Oil share price of CAD 1.97 as of December 31, 2024, and the USD/CAD exchange rate of 1.4384 as of December 31, 2024. The consideration under the Proposed Reorganization will be based on the share price and exchange rate as of the date of completion of the Proposed Reorganization and may therefore change materially compared to the fair value of \$328.4 million as at December 31, 2024. This might therefore result in the recognition of additional impairment charges or the reversal of previously recognized impairment charges in future reporting periods based on the movements in the Africa Oil share price and the USD/CAD exchange rate between December 31, 2024, and the closing date of the transaction.

Equity investments in associates

As at December 31, 2024, the Company's investment in associates was \$177.6 million compared to an investment value of \$134.7 million as at December 31, 2023. The carrying value of the investments increased by \$42.9 million in 2024 from the acquisition of shares in Impact for \$88.6 million and the reversal of an impairment in relation to the Company's investment in Africa Energy Corp, partly offset by the Company's share of the associate's losses and the reclassification of the investment in Eco from equity investments in associates to an investment held for sale of \$7.0 million. The investment in Impact Oil and Gas Ltd, holding the working interests in the Namibia Orange Basin Blocks 2913B and 2912, makes up \$174.8 million of the total equity investments in associates.

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.

	December 31, 2024	December 31, 2023
Equatorial Guinea	17.9	13.4
South Africa	11.4	5.7
Net carrying amount, end of the period	29.3	19.1

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 2024, expenditure of \$4.5 million was incurred (2023 - \$13.4 million).

SUMMARY OF QUARTERLY INFORMATION - CONTINUED

South Africa

At December 31, 2024, the Company held a 17.0% participating interest in the Block 3B/4B Exploration Right. In the year ended December 31, 2024, expenditure of \$5.7 million was incurred (years ended December 31, 2023 - \$0.6 million) which included \$9.0 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 and a farm down deal with a third party was completed on August 28, 2024, resulting in the payment of the third tranche of \$4.0 million. The first tranche of \$2.5 million was paid during 2023 and was reclassified from prepayments to intangible exploration assets following government approval.

On August 28, 2024, the Company announced the completion of the strategic farm down agreement with TotalEnergies and QatarEnergy for the Block 3B/4B Exploration Right, located in South Africa. The Company retained a 17.0% interest in Block 3B/4B and operatorship was transferred 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 was received at closing of the transaction with the remaining balance to be received in two successive payments conditional upon achieving key operational and regulatory milestones.

On July 26, 2024, the Company signed an agreement with Eco to acquire an additional 1.0% interest in Block 3B/4B from Azinam Limited, Eco's wholly owned subsidiary, in exchange for all common shares and warrants over common shares held by the Company in Eco. On January 13, 2025, the Company announced the completion of the transaction and the Company's interest in Block 3B/4B increased by 1.0% to 18.0% and the Company ceased to be a shareholder in Eco. Africa Oil will benefit from the carry agreed between Eco, TotalEnergies and QatarEnergy for this incremental interest.

Cash and cash equivalents

As at December 31, 2024, the Company had \$61.4 million cash on hand, compared with a cash balance of \$232.0 million as at December 31, 2023. The Company received a dividend from Prime of \$36.0 million, returned \$67.9 million to shareholders by way of share buybacks and dividends, paid \$87.8 million to increase its shareholding in Impact, paid the second and third tranches totaling \$6.5 million to Azinam in relation to the increased working interest in Block 3B/4B, received \$3.3 million as part of the farm out deal in Block 3B/4B, incurred capital expenditure in respect of the licenses in Equatorial Guinea and South Africa, settled working capital balances and incurred general and administrative costs.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2024, the Company had cash of \$61.4 million and working capital of \$62.1 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

On May 21, 2024, the Company amended its existing Corporate Facility. At any point before Prime refinances its debt, the availability under the Corporate Facility will now be \$65.0 million until June 30, 2025, \$43.0 million from July 1, 2025, until June 30, 2026, and \$22.0 million from July 1, 2026, to May 21, 2027, i.e. its new final maturity date. After Prime refinances its debt, the availability under the Corporate Facility will be \$125.0 million until June 30, 2026, and \$63.0 million from July 1, 2026, until May 21, 2027. Commitment fees of 40% of the margin are payable on the undrawn available portion of the Corporate Facility and commitment fees of 15% of the margin are payable on the unavailable 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 May 21, 2024, 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 and years ended December 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	436,602,570
Outstanding share purchase options	457,616
Outstanding performance share units	8,605,860
Outstanding restricted share units	1,672,515
Full dilution impact on Common Shares outstanding	447,338,561

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 \$1.0 million was provided in the year ended December 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 year ended December 31, 2024, interest on the note amounted to \$0.5 million (year ended December 31, 2023 - \$0.3 million).

The Company has technical and administrative cost sharing agreements with Africa Energy totaling \$0.5 million in the year ended December 31, 2024 (year ended December 31, 2023 - \$0.6 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, the second and third tranches were paid during 2024.

On July 26, 2024, the Company signed an agreement with Eco to acquire an additional 1.0% interest in Block 3B/4B from Azinam Limited, Eco's wholly owned subsidiary, in exchange for all common shares and warrants over common shares held by the Company in Eco. On January 13, 2025, the Company announced that it had completed this transaction. The Company's interest in Block 3B/4B increased by 1.0% to 18.0% and the Company ceased to be a shareholder in Eco. Africa Oil will benefit from the carry agreed between Eco, TotalEnergies and QatarEnergy for this incremental interest.

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.

Remuneration of Directors and Senior Management:

Remuneration of Non-Executive Directors and Senior Management includes all amounts earned and awarded to the Company's Board of Directors and Senior Management. Senior Management includes the Company's President and Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer, Chief Operating Officer, Chief Technical Officer and the Chief Legal Officer.

Directors' fees include Board and Committee Chair retainers. Management's short-term wages and benefits include salary, benefits, bonuses and any other cash-based compensation earned or awarded during the year. Share-based compensation includes expenses related to the Company's share purchase option plan as well as the Long-Term Incentive Plan.

For the years ended	December 31, 2024	December 31, 2023
Non-Executive Directors' fees	0.5	0.5
Non-Executive Directors' share-based compensation	0.6	1.1
Managements' short-term wages and benefits	7.3	5.4
Managements' share-based compensation	0.5	6.5
	8.9	13.5

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 the year ended December 31, 2023, and to \$40.4 million in the years ended December 31, 2024, increasing the Company's investment in Prime.

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. Government consent to the transfer remained outstanding as at December 31, 2024. 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 continues to monitor the claim made against the operator by local communities in relation to past operations which may relate to the period prior to June 30, 2023. No provision has been recognized for this as at December 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 Accounting Standards. Judgements, assumptions and estimates are based on historical experience and other factors that management believes to be reasonable under current conditions. As events occur and additional information is obtained, these judgements, assumptions and estimates may be subject to change.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates include unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from these estimated amounts as future confirming events occur. Significant estimates used in the preparation of the consolidated financial statements include, but are not limited to, recovery of exploration costs capitalized in accordance with IFRS Accounting Standards, 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, 2024.

CRITICAL ACCOUNTING ESTIMATES - CONTINUED

INTANGIBLE EXPLORATION ASSETS

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

Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are recognized in the Consolidated Statement of Net (Loss)/ Income and Comprehensive (Loss)/ 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.

EQUITY METHOD

Investments in joint ventures and investments in associates are accounted for using the equity method. Investments of this nature are recorded at original cost. Investments in joint ventures or associates which arise from a loss in control of a subsidiary are recorded at fair value on the date of the loss of control. The investment is adjusted periodically for the Company's share of the profit or loss of the investment after the date of acquisition. The investor's share of the profit or loss of the investee is also recognized in the Company's Consolidated Statement of Net (Loss)/ Income and Comprehensive (Loss)/ 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 an objective evidence of impairment considering changes in circumstances or events which indicate that the carrying value may not be recoverable. The process of determining whether there is an objective evidence of 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 have been any objective evidence of impairment the Company has considered the implied value of its investment in Prime derived from the Proposed Reorganization. The consideration for the Proposed Reorganization consists of a fixed number of shares in the Company and the implied value of the transaction has been calculated using the Company's share price as per the end of the reporting period and the USD/CAD exchange rate as per the end of the reporting period as this is considered a Level 1 valuation method under IFRS Accounting Standards.

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 December 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 Accounting Standards. 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 Accounting Standards.

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 Accounting Standards 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 December 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.

RISKS RELATING TO THE PROPOSED REORGANIZATION

There are a number of risks and uncertainties associated with the Proposed Reorganization. These include risks associated with the completion of the Proposed Reorganization and the expected timeframe to achieve completion as well as the additional obligations assumed by the Company in connection with the Proposed Reorganization and the restrictions imposed on the Company while the Proposed Reorganization is pending. These risks are described in more detail in the Risk Factors section of the Company's Management Information Circular dated September 13, 2024.

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.

RISK FACTORS - CONTINUED

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 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.

PRIME DIVIDENDS

The Company periodically receives dividends from Prime related to the Company's 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 assurances that the Company will be successful in completing additional financings, achieving profitability or completing future transactions. The consolidated financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should Africa Oil be unable to continue as a going concern.

RISK FACTORS - CONTINUED

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.

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 December 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.

RISK FACTORS - CONTINUED

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.

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.

RISK FACTORS - CONTINUED

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.

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.

BRIBERY, CORRUPTION AND FRAUD

The Company is subject to various laws which aim to combat bribery, corruption and fraud, including the Corruption of Foreign Public Officials Act (Canada) and the Bribery Act 2010 (United Kingdom) and the Economic Crime and Corporate Transparency Act 2023 (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 and fraud. 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, corruption or fraud 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.

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. 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 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 such 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 macro-economic conditions and their impact on operations, 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 completion and timing 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 funding 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;
- The Company's ability to deliver further growth and expectations regarding free-cash flow;
- Future asset acquisitions or dispositions and the anticipated strategic and financial benefits of those transactions;
- 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;
- The sustainability of the Company across oil and gas price cycles;
- 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;

FORWARD-LOOKING STATEMENTS - CONTINUED

- The Company's ability to comply with future legislation or regulations;
- Future staffing level requirements; and
- Changes in any of the foregoing.

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

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

- Market prices for oil and gas;
- 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.

