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## Press release

# Africa Energy Announces Third Quarter 2024 Results

**November 14, 2024 – Africa Energy Corp. (TSX Venture: AFE) (Nasdaq First North: AEC)** (“Africa Energy” or the “Company”), an oil and gas exploration company, announces corporate update and financial and operating results for the three and nine months ended September 30, 2024.

## FINANCIAL AND OPERATIONAL UPDATE

The Company’s financial results for the nine months ended September 30, 2024 have been negatively impacted by a US\$97.4 million non-cash loss on revaluation of our investment in Block 11B/12B, which was due to changes in base assumptions for discount rates applied in the discounted cash flow model for valuing our interest in Block 11B/12B.

At the end of June 2024, CNR International (South Africa) Limited (“CNR”) provided notice to the joint venture partners that it will withdraw from its 20% interest in accordance with the joint operating agreement in respect of Block 11B/12B, Offshore the Republic of South Africa (“JOA”). The Company was also advised that TotalEnergies EP South Africa B.V. (“TotalEnergies”) was contemplating withdrawing from its 45% interest and contemplating resigning as operator in accordance with the JOA.

At the end of July 2024, TotalEnergies provided a notification that it was resigning as operator of Block 11B/12B. In addition, TotalEnergies and QatarEnergy International E&P LLC provided notice to the joint venture partners that they were withdrawing from their 45% and 25%, respectively, in accordance with the JOA. Under the JOA, the withdrawing parties assign their interest free of charge to each of the non-withdrawing partners in proportion to the interest of non-withdrawing partners. The withdrawal of the joint venture partners from Block 11B/12B is subject to all relevant regulatory approvals by South African authorities.

The Upstream Petroleum Resources Development Bill (now the Upstream Petroleum Resources Development Act, No. 23 of 2024) (the “Act”) was signed by the President on October 25, 2024, and published in the Government Gazette October 29, 2024. The Act will, however, only come into effect on a date fixed by the President by further proclamation in the Government Gazette. We anticipate that the proclamation on the effective date of the Act will likely be made after the new regulations (“Petroleum Regulations”) are published by the Minister of Mineral and Petroleum Resources. Once published, the Petroleum Regulations will be subject to a customary thirty-day public consultation period during which time the industry may make comments and propose amendments to the Petroleum Regulations. The Petroleum Regulations will aim to provide clarity and certainty as to the practical implementation of the Act by the Minister of Mineral and Petroleum Resources and the Petroleum Agency of South Africa.

The Government of the Republic of South Africa is forming a new petroleum company, South Africa National Petroleum Company (“SANPC”) by merging three subsidiaries of the Central Energy Fund; iGas, the Strategic Fuel Fund and PetroSA, with operations focused on oil and gas exploration expected to commence in 2026. SANPC’s key goal will be to improve local refining capacity by reviving the gas-to-liquids plant in Mossel Bay and the SAPREF refineries.

## **OUTLOOK**

The Company, through its investment in Main Street 1549 Pty. Ltd. (“Main Street 1549”), which currently holds 10% interest in Block 11B/12B, does not intend to withdraw from the block. Subject to all relevant regulatory approvals by South African authorities in respect to the withdrawal of the joint venture partners in Block 11B/12B, Main Street 1549 expects to hold 100% interest in Block 11B/12B. Main Street 1549 will take over as operator of Block 11B/12B on November 25, 2024, and is currently working on the handover of all important information from previous operator, TotalEnergies. Despite the challenges and delays encountered so far, the Company remains confident that the Block 11B/12B resources can be commercially developed. The Brulpadda and Luiperd discoveries are the largest discoveries of natural gas resources in South Africa and if developed could supply a significant portion of the country’s energy needs as it seeks to transition to lower carbon energy sources. The Company will be focused on obtaining the Block 11B/12B Production Right approval and securing offtake customers.

## **HIGHLIGHTS**

- The Company incurred a US\$27.2 million non-cash loss on revaluation of its financial asset during the third quarter of 2024. The non-cash loss on revaluation of the financial asset relates to the Company’s investment in Block 11B/12B and was due to changes in base assumptions for discount rate.
- At September 30, 2024, the Company had US\$2.3 million in cash.
- The joint venture partnership submitted an application for a Production Right on September 7, 2022. As part of the Production Right application process, the Block 11B/12B joint venture also prepared a draft Environmental and Social Impact Report (“ESIR”). On August 29, 2024, the joint ventures partners in respect of Block 11B/12B received an extension to submit the final ESIR until May 19, 2025. Main Street 1549, as the operator, expects to submit the final ESIR in the first quarter of 2025. The approval of the Production Right application will not occur until after the Block 11B/12B joint venture receives environmental authorization in respect of the ESIR.

## FINANCIAL INFORMATION

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

	<b>Three Months Ended Sept. 30, 2024</b>	<b>Three Months Ended Sept. 30, 2023</b>	<b>Nine Months Ended Sept. 30, 2024</b>	<b>Nine Months Ended Sept. 30, 2023</b>
Operating expenses	27,549	740	98,971	4,105
Net loss	(27,836)	(867)	(99,770)	(4,425)
Net loss per share (basic and diluted)	(0.02)	(0.00)	(0.07)	(0.00)
Weighted average number of shares outstanding (basic and diluted)	1,407,812	1,407,812	1,407,812	1,407,812
Number of shares outstanding	1,407,812	1,407,812	1,407,812	1,407,812
Cash flows provided by (used in) operations	(456)	(344)	(745)	(1,911)
Cash flows provided by (used in) investing	(75)	(13)	(333)	(3,927)
Cash flows provided by (used in) financing	783	-	1,672	-
Total change in cash and cash equivalents	265	(361)	610	(5,855)
Change in share capital	-	-	-	-
Change in contributed surplus	97	474	583	2,121
Change in deficit	27,836	867	99,770	4,425
Total change in equity	(27,739)	(393)	(99,187)	(2,304)
		<b>Sept. 30, 2024</b>	<b>December 31, 2023</b>	
Cash and cash equivalents		2,318	1,708	
Total assets		42,314	138,833	
Total liabilities		9,655	6,987	
Total equity		32,659	131,846	
Net working capital		(7,239)	1,671	

The financial information in this table was selected from the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2024 (the "Financial Statements"), which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.africaenergycorp.com](http://www.africaenergycorp.com).

## EARNINGS TREND AND FINANCIAL POSITION

(Unaudited; US dollars)

The Company recorded \$27.5 million of operating expenses for the three months ended September 30, 2024, compared to \$0.7 million for the same period in 2023. The Company recorded a \$27.2 million non-cash loss on revaluation of the financial asset during the third quarter of 2024. The non-cash loss on revaluation of the financial asset relates to the Company's investment in Block 11B/12B and was due to changes in base assumptions for discount rate.

The Company recorded \$99.0 million of operating expenses for the nine months ended September 30, 2024, compared to \$4.1 million for the same period in 2023. The Company recorded a \$97.4 million non-cash loss on revaluation of the financial asset during the first nine months of 2024. The non-cash loss on revaluation of the financial asset relates to the Company's investment in Block 11B/12B and was due to changes in base assumptions for discount rate.

At September 30, 2024, the Company had cash of \$2.3 million and working capital deficiency of \$7.2 million compared to cash and working capital of \$1.7 million at December 31, 2023. The reduction in working capital since December 31, 2023, can be mainly attributed to the amount due on the promissory note becoming a current liability, as it is due March 31, 2025. On December 19, 2022, the Company entered into a promissory

note for \$5.0 million. On November 7, 2023, amendments were made to increase the total amount available under the promissory note to \$8.3 million, with a maturity date of March 31, 2025. At September 30, 2024, the Company had \$0.6 million remaining available on the promissory note.

## **CORPORATE UPDATE**

On November 14, 2024, the Board of Directors approved the grant of up to 39,100,000 incentive stock options to certain directors, officers, and other eligible persons of the Company. The options will be granted on November 18, 2024, at an exercise price per share that will be equal to the higher of the closing trading price of the Company's shares on the TSX Venture Exchange on November 15, 2024 and \$0.05 Canadian dollars. The options will be exercisable, subject to vesting provisions, over a period of four and a half years.

## **NEXT EARNINGS REPORT RELEASE**

The Company plans to report its results for the year ended December 31, 2024, on March 27, 2025.

## **About Africa Energy Corp.**

Africa Energy Corp. is a Canadian oil and gas exploration company focused on South Africa. The Company is listed in Toronto on TSX Venture Exchange (ticker "AFE") and in Stockholm on Nasdaq First North Growth Market (ticker "AEC").

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## Important information

*This is information that Africa Energy is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons set out above on November 14, 2024, at 5:30 p.m. ET.*

*The Company's certified advisor on Nasdaq First North Growth Market is Bergs Securities AB, +46 739 49 62 50, [rutger.ahlerup@bergsecurities.se](mailto:rutger.ahlerup@bergsecurities.se).*

## Forward looking statements

*Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or the Company's future performance, business prospects and opportunities, which are based on assumptions of management.*

*The use of any of the words "will", "expected", "planned" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of certain future events. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in oil prices, results of exploration and development activities, including results, timing and costs of seismic, drilling and development related activity in the Company's area of operations and, uninsured risks, regulatory changes, defects in title, availability of funds required to participate in the exploration activities, or of financing on reasonable terms, availability of materials and equipment on satisfactory terms, outcome of commercial negotiations with government and other regulatory authorities, timeliness of government or other regulatory approvals, actual performance of facilities, availability of third party service providers,*

*equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual future results may differ materially. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. The forward-looking information contained in this release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information.*

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*