AFRICA ENERGY CORP.

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NON-OFFERING COMPANY DESCRIPTION

April 27, 2018

TABLE OF CONTENTS

Financial calendar

Quarter	Period Ending	Reporting date
Annual	December 31, 2017	February 28, 2018
Q1	March 31, 2018	May 11, 2018
Q2	June 30, 2018	August 14, 2018
Q3	September 30, 2018	November 8, 2018

Annual general meeting

Thursday, July 5, 2018, 09:00 am

Suite 2000 – 885 West Georgia Street, Vancouver, British Columbia, Canada

IMPORTANT INFORMATION TO INVESTORS

This company description (the "Company Description") has been prepared solely on a "for information purposes" basis in connection with the application of Africa Energy Corp. for the listing of its common shares (the "Shares") on Nasdaq First North Stockholm ("First North").

References to "Africa Energy", "Africa Energy Corp.", or the "Company", "us", "our" or "we" in this Company Description refers to Africa Energy Corp. (incorporation number C0920635) and its subsidiaries. References to "Pareto Securities" or the "Manager" refer to Pareto Securities AB.

This Company Description is not a prospectus for the purpose of the Prospectus Directive (2003/71/EC) and the Company Description may not be distributed other than in compliance with applicable securities laws and regulations. A prospectus relating to the Company or any contemplated investment has not been and will not be registered under any law or regulation, including the Swedish Financial Instruments Trading Act (1991:980).

No person has been authorized to give any information or to make any representation not contained in this Company Description and, if given or made, such information or representation not contained herein must not be relied upon as having been authorized by the Company. In the event of any material changes to the Company Description during the period from the date of the announcement to the first day of trading of the Shares, such changes will be announced pursuant to Nasdaq First North's rules.

This Company Description does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Shares nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor. The Company Description may not be distributed, directly or indirectly, in any other country where such distribution requires additional registration or other measures than those provided for under Swedish law or that contravene applicable regulations in such country. The Shares have not been and will not be registered under the United States Securities Act of 1933 ("Securities Act"), as amended, or under any equivalent statute in any individual state or province of the United States of America (the "U.S.").

An investment in the Shares is subject to certain risks that should be considered by investors. In particular, the Company's business is subject to the risks normally encountered by a company in the oil and gas exploration, production and infrastructure business. See "*Risk Factors*".

Information about Nasdaq First North

Nasdaq First North is an alternative marketplace operated by an exchange within the Nasdaq group. Companies on Nasdaq First North are not subject to the same rules as companies on the regulated main market. Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on Nasdaq First North may therefore be higher than investing in a company on the main market. All companies with shares traded on Nasdaq First North have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading.

Pareto Securities acts as the Company's Certified Adviser on Nasdaq First North.

Industry and market information

The Company Description includes industry and market information pertaining to the Company's business and the market in which the Company operates. If not stated otherwise, such information is based on the Company's analysis of different sources. Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in the Company Description that were extracted or derived from such industry publications or reports. Industry and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such information is based on market research, which itself is based on a sampling of and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in

the relevant market. Information provided by third parties has been accurately reproduced and, as far as the Company is aware and has been able to ascertain by comparison with other information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Presentation of financial information

Figures accounted for in the Company Description have, in some cases, been rounded off and, thus, the figures in the Company Description do not necessarily sum up. If not otherwise stated, all financial amounts are stated in United States dollar ("USD" or "$"). If not otherwise explicitly stated, no financial information in the Company Description has been audited or reviewed by the Company's auditor. Financial information in the Company Description pertaining to the Company not included in the audited information or reviewed by the Company's auditor in accordance with what is stated here, pertains from the Company's internal management accounting and reporting system.

Forward looking statements

Certain statements in the Company Description constitute forward-looking information or forward-looking statements under applicable securities law (collectively, "forward-looking statements"). Forward-looking statements are statements that relate to future events or the Company's future performance or business prospects. Any statements that express or involve discussions with respect to expectations, beliefs, projections, plans, future events or performance (often but not always identified by words such as "believes", "anticipates", "expects", "estimates", "pending", "intends", "plans", "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, which could cause actual results to be materially different from those expressed by these forward-looking statements. Risks and uncertainties include, but are not limited to, risk with respect to general economic conditions, regulations and taxes, civil unrest, corporate restructuring and related costs, capital and operating expenses, pricing and availability of financing and currency exchange rate fluctuations. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

The Company does not undertake to update or re-issue the forward-looking statements and information that may be contained herein, whether as a result of new information, future events or otherwise.

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

- expected closing dates for the completion of proposed transactions;
- planned exploration activity including both expected drilling and geological and geophysical related activities;
- anticipated future financing requirements;
- future crude oil, natural gas or chemical prices;
- future sources of funding for the Company's capital program;
- availability of potential farmout partners;
- government or other regulatory consent for exploration, development, farmout, or acquisition activities;
- future production levels;
- future capital expenditures and their allocation to exploration and development activities;
- future earnings;
- future asset acquisitions or dispositions;
- future debt levels;
- availability of committed credit facilities;
- possible commerciality;
- development plans or capacity expansions;
- future ability to execute dispositions of assets or businesses;
- future sources of liquidity, cash flows and their uses;

- future drilling of new wells;
- interpretation of drill results and other technical data;
- timing of completion of drilling programs;
- ultimate recoverability of current and long-term assets;
- ultimate recoverability of reserves or resources;
- expected finding and development costs;
- expected operating costs;
- the tax and royalty regime in the countries where the Company operates;
- estimates on a per share basis;
- future foreign currency exchange rates;
- future market interest rates;
- future expenditures and future allowances relating to environmental matters;
- dates by which certain areas will be explored or developed or will come on stream or reach expected operating capacity;
- the Company's ability to comply with future legislation or regulations;
- relations with local communities;
- future staffing levels or requirements; and
- changes in any of the foregoing.

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

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

- market prices for oil and gas and chemical products;
- changes in oil prices, results of exploration, appraisal and development activities, uninsured risks, regulatory changes, defects in title, availability of material and equipment and timelines of government or other regulatory bodies;
- our ability to explore, develop, produce and transport crude oil and natural gas to markets;
- ultimate effectiveness of design or design modification to facilities;
- the results of exploration 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;
- volatility in energy trading markets;
- foreign-currency exchange rates;
- economic conditions in the countries and regions in which we carry on business;
- governmental actions, including changes to taxes or royalties, changes in environmental and other laws and regulations;
- 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 our assessment of all information at that time. Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given that these expectations will prove to be correct, and such forward-looking statements included in, or incorporated by reference into, this Company Description 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 Company Description, as the case may be, and except as required by law, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

Conversion table

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic meters	28.174
Cubic meters	Cubic feet	35.315
Bbls	Cubic meters	0.159
Cubic meters	Bbls	6.289
Feet	Meters	0.305
Meters	Feet	3.281
Miles	Kilometers	1.609
Kilometers	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Gigajoules	MMbtu	0.950
MMbtu	Gigajoules	1.0526

Abbreviations

Oil and Natural Gas Liquids		Natural Gas	
Bbls	Barrels of crude oil	Mcf	Thousand cubic feet of natural gas
Bbls/d	Barrels of crude oil per day	MMcf	Million cubic feet of natural gas
Boe	Barrels of oil equivalent	Bcf	Billion cubic feet of natural gas
Boe/d	Barrels of oil equivalent per day	Mcfd	Thousand cubic feet of natural gas per day
Mbbl	Thousands of barrels of crude oil	Mcfe	Thousand cubic feet of gas equivalent
NGLs	Natural gas liquids	MMbtu	Million British Thermal Units

Note: *The calculations of barrels of oil equivalent (boe) and thousand cubic feet of gas equivalent (Mcfe) are based on the standard of 6 Mcf: 1 bbl when converting natural gas to oil and 1 bbl: 6 Mcf when converting oil to natural gas. Boe and Mcfe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl or a Mcfe conversion ratio of 1 bbl: 6 Mcf is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

Presentation of oil and gas information

All oil and gas information contained in this Company Description has been prepared and presented in accordance with NI 51-101. The actual oil and gas resources may be greater or less than any estimates provided herein.

RISK FACTORS

The Company's operations are subject to various risks and uncertainties, including, but not limited to, those listed below. Investors in Shares should carefully consider the following risk factors in addition to the other information contained in this Company Description. The risks and uncertainties below are not the only ones that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business and operations of the Company and cause the price of the Shares to decline. If any of the following risks actually occur, the Company's business may be harmed, and the financial condition and results of operations may suffer significantly. In that event, the trading price of the Shares could decline, and holders of the Shares may lose all or part of their investment.

International operation risk

Oil and gas exploration, development and production activities in emerging markets are subject to significant political and economic uncertainties which may adversely affect the Company's operations. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, civil unrest, nationalization, renegotiation or nullification of existing or future concessions and contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change to laws and regulations, a change in taxation policies, 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, the Company 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.

Uncertainty of title

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

Financial statements prepared on a going concern basis

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

Different legal system and litigation

The legal system within the countries in which the Company operates differs in various degrees from that of Canada. Rules, regulations and legal principles may differ both relating to matters of substantive law and in respect of such matters as court procedure and enforcement. Almost all material production and exploration rights and related contracts of the Company will be subject to the national or local laws of South Africa and Namibia. This means that the Company's ability to

exercise or enforce its rights and obligations will differ 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 were to become involved in legal disputes in order to defend or enforce any of its rights or obligations under such concessions, licenses, agreements or otherwise, such disputes or related litigation may be costly and time consuming and the outcome may be highly uncertain. Even if the Company would ultimately prevail, such disputes and litigation may still have a substantially negative effect on the Company and its operations.

Competition

The petroleum industry is intensely competitive in all aspects including the acquisition of oil and gas interests, the marketing of oil and natural gas, and acquiring or gaining access to necessary drilling and other equipment and supplies. The Company competes with numerous other companies in the search for and acquisition of such prospects and in attracting skilled personnel. The Company's competitors include oil companies which have greater financial resources, staff and facilities than those of the Company and its partners. The Company's ability to discover reserves in the future will depend on its ability to successfully explore its present properties, to select and acquire suitable producing properties or prospects on which to conduct future exploration and to respond in a cost-effective manner to economic and competitive factors that affect the distribution and marketing of oil and natural gas. The Company's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Oil and natural gas producers are also facing increased competition from alternative forms of energy, fuel and related products that could have a material adverse effect on the Company's business, prospects and results of operations.

Risks inherent in oil and gas exploration and development

Oil and gas operations involve many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that expenditures made on future exploration by the Company will result in discoveries of oil or natural gas in commercial quantities or that commercial quantities of oil and natural gas will be discovered or acquired by the Company. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

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

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

Capital requirements

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 exploration agreements. Availability of capital will also directly impact the Company's ability to take advantage of acquisition opportunities.

Shared ownership and dependency on partners

The Company's operations may, to varying degrees, be conducted together with one or more partners through contractual arrangements. In such instances, the Company may be dependent on, or affected by, the due performance of its partners. If a partner fails to perform, the Company may, among other things, risk losing rights or revenues or incur additional obligations or costs in order to itself perform in place of its partners. The Company and its partners may also, from time to time, have different opinions on how to conduct certain operations or on what their respective rights and obligations are under a certain agreement. If a dispute were to arise with one or more partners relating to a project, such dispute may have significant negative effects on the Company's operations relating to such project.

Main Street 1549, an entity held 49% by the Company, has financial obligations in respect of the farmin to Block 11B/12B. In the event that the shareholders of Main Street 1549 cannot fund obligations due at close or in the future, the Company may, among other things, risk closing the farmin for Block 11B/12B or losing its participating interest in Block 11B/12B.

Pancontinental Namibia, an entity held one-third by the Company, has financial obligations in respect of PEL 37. In the event that the shareholders of Pancontinental Namibia cannot fund obligations in the future, as require by the PEL 37 joint operating agreement, the Company may, among other things, risk losing its participating interest in PEL 37.

Risks relating to concessions, licenses and contracts

The Company's operations are based on a relatively small number of concession agreements, licenses and contracts. The rights and obligations under such concessions, licenses and contracts may be subject to interpretation and could also be affected by, among other things, matters outside the control of the Company. In case of a dispute, it cannot be certain that the view of the Company would prevail or that the Company otherwise could effectively enforce its rights which, in turn, could have significantly negative effects on the Company. Also, if the Company or any of its partners were deemed not to have complied with their duties or obligations under a concession, license or contract, the Company's rights under such concessions, licenses or contracts may be relinquished in whole or in part.

Risks relating to South African regulations

Many of the Company's holdings are in South Africa and are subject to South African laws and regulations, such as the Liquid Fuels Charter made November 2, 2000 and the Mineral and Petroleum Resources Development Act. The Liquid Fuels

Charter requires the holder of certain exploration rights and licenses to make sincere attempts to find a suitable partner who is a Historically Disadvantaged South African and to make available to such partner not more than a 1/10th undivided interest share in the right or license at fair market value. The terms of, and application of, these black empowerment policies and other laws and regulations in South Africa are subject to change and may impact the Company's holdings in South Africa. In addition, the primary legislation governing the upstream hydrocarbons sector in South Africa, the Mineral and Petroleum Resources Development Act, 2002 (the MPRDA), is currently being revised to amend the current fiscal parameters as well as the general administration right/concessions and may also impact the Company's holdings in South Africa.

Climate change legislation

The oil and natural gas industry is subject to environmental regulation pursuant to the local, provincial (or state) and federal legislation, as applicable, within each of the Company's countries of operation. A breach of such legislation may result in the imposition of fines or issuance of clean up orders in respect of the Company or the oil and gas assets, some of which may be material. Furthermore, management of the Company believes the political climate appears to favor new programs for environmental laws and regulation, particularly in relation to the reduction of emissions or emissions intensity, and there is a risk that any such programs, laws or regulations, if proposed and enacted, will contain emission reduction targets which the Company cannot meet, and financial penalties or charges could be incurred as a result of the failure to meet such targets.

Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. Implementation of strategies by any level of government within the countries in which the Company operates, and decisions of whether to meet international agreed limits, or as otherwise determined, for reducing greenhouse gases could have a material impact on the operations and financial condition of the Company. In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Company and its operations and financial condition.

Environmental regulation

Drilling for and production, handling, transporting and disposing of oil and gas and petroleum by-products are subject to extensive regulation under national and local environmental laws. Environmental regulations may impose, among other things, restrictions, liabilities and obligations in connection with water and air pollution control, waste management, permitting requirements and restrictions on operations in environmentally sensitive areas. Environmental protection requirements have not, to date, had a significant effect on the capital expenditures, results of operations and competitive position of the Company. However, environmental regulations are expected to become more stringent in the future and costs associated with compliance are expected to increase. Any penalties or other sanctions imposed on the Company for non-compliance with environmental regulations could have a material adverse effect on the Company's business, prospects and results of operations.

Availability of equipment and personnel

The Company's oil and natural gas exploration and development activities will be dependent on the availability of drilling and related equipment and qualified staff in the particular areas where such activities are or will be conducted. The Company and its partners propose to lease all the drilling rigs required for its exploration and development activities. There are significant logistical obstacles associated with transporting such drilling rigs. Shortages of such equipment or personnel may affect the availability of such equipment to the Company and may delay the Company's exploration and development activities and result in lower production.

Reliance on operators or key personnel

There are significant logistical and safety obstacles associated with placing key personnel in certain countries in Africa, where the Company is focused. The loss of the services of such key personnel could have a material adverse effect on the Company's business, prospects and results of operations. The Company does not propose to obtain key person insurance in respect of the lives of any key personnel. In addition, competition for qualified personnel in the oil and gas industry is intense and there can be no assurance that the Company will be able to attract and retain the skilled personnel necessary for operation and development of its business. Success of the Company is largely dependent upon the performance of its management and key personnel.

Prices, markets and marketing of crude oil and natural gas

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could have an adverse effect on the Company's business and prospects.

Early stage of development

The Company has conducted oil and gas exploration activities for a relatively short period. There is limited financial, operational and other information available with which to evaluate the prospects of the Company. There can be no assurance that the Company's operations will be profitable in the future or will generate sufficient cash flow to satisfy its working capital requirements.

Current global financial conditions

Global financial conditions have always been subject to volatility. Access to public financing has been negatively impacted by sovereign debt concerns in Europe and the United States, as well as concerns over global growth rates and conditions. 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 price of the 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. Africa Energy had no forward exchange contracts in place as at December 31, 2017.

Liquidity risk

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

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

Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The majority of the Company's credit exposure relates to amounts due from its joint venture partners. The risk of the Company's joint venture partners defaulting on their obligations per their respective joint operating and farmout agreements is mitigated as there are contractual provisions allowing the Company to default joint venture partners who are non-performing and reacquire any previous farmed out working interests.

Conflict of interests

Certain of the proposed directors of the Company are also directors or officers of other companies, including oil and gas companies, the interests of which may, in certain circumstances, come into conflict with those of the Company. Those officers and directors will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest.

The British Columbia *Business Corporations Act* ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Anti-bribery and anti-corruption laws

The Company is subject to anti-bribery and anti-corruption laws, including the Corruption of Foreign Public Officials Act (Canada). Failure to comply with these laws could subject the Company to, among other things, reputational damage, civil or criminal penalties, other remedial measures and legal expenses which could adversely affect the Company's business, results in operations, and financial condition. It may not be possible for the Company to ensure compliance with anti-bribery and anti-corruption laws in every jurisdiction in which its employees, agents, sub-contractors or joint venture partners are located or may be located in the future.

Information Systems

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

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

Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to the Company's business

activities or its competitive position. Further, disruption of critical IT services, or breaches of information security, could have a negative effect on the Company's operational performance and its reputation.

The Company applies technical and process controls in line with industry-accepted standards to protect information, assets and systems; however, these controls may not adequately prevent cyber-security breaches. There is no assurance that the Company will not suffer losses associated with cyber-security breaches in the future and may be required to expend significant additional resources to investigate, mitigate and remediate any potential vulnerabilities.

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 judgments obtained in courts in Canada predicated on the purchaser's statutory rights and on other civil liability provisions of Canadian securities legislation.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Company's then-existing debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the indebtedness that the Company may have from time to time could impair the Company's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Industry regulatory

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

Environmental Considerations and Social Policies

Environmental Considerations

The Company's oil and gas operations are located in regions where there are numerous environmental regulations including restrictions on where and when oil and gas operations can occur, regulations on the release of substances into groundwater, atmosphere and surface land and the potential routing of pipelines or location of production facilities. All such regulations are strictly followed. The Company could potentially be liable for contamination on properties acquired and it attempts to mitigate the risk of inheriting environmental liabilities when conducting due diligence on these acquisition opportunities. Breach of environmental regulations in any of the regions in which the Company operates could result in restrictions or cessation of operations and the imposition of fines and penalties.

Social Policies

The objective of Africa Energy's corporate responsibility strategy is to address the challenge of sustainability – delivering value to its shareholders, providing economic and social benefits to communities while concurrently minimizing its environmental footprint. The Company views its commitment to corporate responsibility as a strategic advantage that enables it to access and effectively manage new business opportunities. Africa Energy is committed to providing a safe,

healthy, and transparent environment for employment, production, and sharing of the economic benefits that flow from its regional presence.

Africa Energy is committed to building a legitimate 'social license to operate' in the communities and countries in which it operates. The Company sees this as an essential foundation for its business activity. Africa Energy will therefore enter into dialogue and engagement with key stakeholders, conducted in the spirit of transparency and good faith, at all stages of company activities. Through ongoing stakeholder engagement led by country teams in each of its exploration theatres, community development initiatives reflecting local priorities would be identified and supported across three key areas: community infrastructure, sustainable livelihoods and economic development.

Risks Relating to the Shares

Significant shareholder

Africa Oil is expected to own 236,052,414 Shares (immediately following the Private Placement) and control approximately 34.6% of the aggregated voting shares of the Company. The Common Shareholdings of Africa Oil will allow Africa Oil to significantly affect substantially all the actions taken by the shareholders of the Company, including the election of directors. As long as Africa Oil maintains a significant interest in the Company, it is likely that Africa Oil will exercise significant influence on the ability of the Company to, among other things, amend the articles of the Company, enter into a change in control transaction that might otherwise be beneficial to its shareholders and may also discourage acquisition bids for the Company. There is a risk that the interests of Africa Oil will not be aligned with the interests of other shareholders.

Share Price Volatility

The market price for the Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- the loss of executive officers and other key personnel of the Company;
- sales or perceived sales of large volume of Shares;
- significant acquisitions or business combinations, strategic partnerships or joint ventures;
- commitments by or involving the Company or its competitors; and trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's business segments or target markets.

Financial markets can experience significant price and volume fluctuations that may particularly affect the market prices of equity securities of companies and that may be unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. These factors, as well as other related factors, may cause decreases in asset values, which may result in impairment losses.

Selling off of Shares

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

Dilution

Issuances of additional shares (for example in the event the Company requires additional funds to finance further exploration, development and production activities, or to take advantage of unanticipated opportunities) including, but not limited to, its Shares or some form of convertible debentures, will result in a dilution of the equity and voting interests of any persons who are shareholders of the Company. Since the Company's capital needs depend on market conditions and other factors beyond its control, it cannot predict or estimate the amount, timing or nature of any such future offering of securities. Furthermore, on December 16, 2015, The Company executed a share purchase agreement to acquire all of the shares of Thombo, holding 34.5% participating interest and operatorship in Block 2B. The transaction closed on October 21, 2016, whereby the Company paid $2.0 million less obligations outstanding at the effective date and issued 14.8 million new common shares of the Company to acquire all the shares of Thombo. The Company may be required to issue up to an additional 20 million shares of Africa Energy and to pay up to $1.5 million in additional contingent cash and/or shares of Africa Energy, at the option of the Company, if certain milestones associated with the commercialization of Block 2B are achieved. Thus, holders of Shares of the Company bear the risk of any future issuance of additional shares reducing the market price of the Shares and diluting their shareholdings in the Company.

Risks related to dividends

The exploration industry is capital intensive and the Company's profits may need to be accumulated and used to reinvest in the Company's operations. Hence, the Company may not pay dividends to its shareholders in the future.

Exchange rate fluctuations

Should the Company pay dividends in respect of the Shares, such dividends will be paid in CAD. However, holders of Shares registered with Euroclear will receive dividend distributions in SEK. Any depreciation of CAD in relation to SEK could reduce the value of the investment or of any dividends.

Risks related to illiquid trading and the listing on First North

Africa Energy Shares are already listed on the TSX Venture Exchange ("TSX-V"). Africa Energy Shares have been approved for listing on Nasdaq First North and the first day of trading is expected to be on or about May 4, 2018. There can be no assurance that an active trading market will develop for the Company's Shares, or if developed, that such a market will be sustained at the trading price of the Company's Shares on Nasdaq First North immediately after the Effective Date. Should active and liquid trading not be sustained, holders of Shares may experience difficulties in selling Shares, either momentarily, or completely. If there is not a sufficient number of holders of Shares traded on Nasdaq First North (and TSX-V), the Company may not be able to comply with the listing requirements of Nasdaq First North (and TSX-V), requiring that there shall be sufficient liquidity in order to facilitate orderly trading and an efficient price formation process. In the event that the Board would consider the Listing as inappropriate based on, for example, economic, financial or political terms, the Listing application may be withdrawn by the Company.

Furthermore, Nasdaq First North is an alternative marketplace, operated by Nasdaq Stockholm. Companies whose shares are traded on Nasdaq First North are covered by a less extensive regulatory framework than companies that are traded on the main market operated by Nasdaq Stockholm. Nasdaq First North is not a regulated market and is not obliged to implement the same rules or procedures as a regulated market to comply with existing EU-directives and requirements, including directives and requirements regarding listings and offerings. Shareholders may suffer actual or perceived prejudice to the extent the Company takes advantage of the increased flexibility that is allowed through a listing on Nasdaq First North. It is possible that the market for the Shares will be subject to disruptions, and any such disruption may have a negative effect on investors, regardless of the Company's prospects and financial performance. An investment in the Company's Shares therefore carries a higher degree of risk than an investment in a company listed on a regulated market, such as the main market operated by Nasdaq Stockholm. Although the Shares are planned to be listed on Nasdaq First North, it is possible that the Shares will not remain listed or that future success and liquidity in the market will not be achieved. Although no assurances can be made as to the liquidity of the Shares as a result of admission to trading on

Nasdaq First North, failure to be approved for listing or delisting of the Shares from Nasdaq First North may have a material effect on investors' ability to resell the Shares in the secondary market.

Background and reasons

Africa Energy is a Canadian oil and gas company with exploration assets in South Africa and Namibia. The long-term goal of the Company is to increase shareholder value by building an attractive portfolio of exploration and production assets. Focused on high-impact exploration in Africa, the Company will look to acquire producing assets to fund its ongoing exploration program.

Africa Energy is part of the Lundin Group of Companies, and the Company's shares have been listed on the TSX Venture Exchange in Canada since September 2011. The board of directors and management team of the Company are comprised of individuals with extensive experience from the oil and gas and broader natural resources industry that have a proven track record of creating value for shareholders, both organically and through mergers and acquisitions. A majority of the individuals have direct experience from other publicly-traded companies within the Lundin Group. For more information regarding the board of directors and management team, see section "*Board of directors, management and auditor*".

Africa Energy currently holds interests in two exploration assets; one asset in South Africa (Block 2B) and one asset in Namibia (PEL 37).

The Company's 90% participating interest in Block 2B is the result of three transactions closed on October 21, 2016. Crown Energy indirectly holds the remaining 10% participating interest. Africa Energy is the operator of Block 2B, which covers 3,604 square kilometers of the South African Western offshore about 300 kilometers north of Cape Town. Block 2B contains numerous prospects identified by 3D seismic and limited work is now required to recommence drilling activities in the area. The Company is currently running a farmout process to share costs of drilling an exploration well on this block, planned to be drilled in 2019.

On September 13, 2017, the Company acquired one-third of the shares of Pancontinental Namibia, which holds a 30% participating interest in PEL 37 offshore the Republic of Namibia. The Company's proportionate share of interest in PEL 37 is 10%. PEL 37 is operated by a subsidiary Tullow Oil plc, which holds a 35% participating interest, with partners ONGC Videsh Ltd. and Paragon Oil and Gas (Pty) Ltd., holding 30% and 5%, respectively. PEL 37 covers an area of 17,295 square kilometers of the northern Namibian offshore region located about 420 kilometers south of the Angolan/Namibian border. The joint venture partnership intends to drill an exploration well, with spud of the Cormorant-1 well planned for September 1, 2018.

In addition, the Company is in the process[1] of closing two farmin transactions for an effective 4.9% participating interest in the Exploration Right for Block 11B/12B offshore South Africa. Block 11B/12B is operated by Total, which holds a 45% participating interest, with partners Qatar Petroleum and CNRI holding 25% and 20%, respectively. The block is located in the Outeniqua Basin approximately 175 kilometers off the southern coast of South Africa. The joint venture partnership plans to spud the Brulpadda-1AX re-entry well in December 2018.

The Company is expecting 2018 to be a transformational year with the Cormorant-1 exploration well on PEL 37 planned for September 2018 and the Brulpadda-1AX re-entry exploration well on Block 11B/12B planned for December 2018. Both of these wells are listed in Wood Mackenzie's "Top 20 exploration wells for 2018".

In order to finance the near-term acquisition and exploration activities planned on Block 11B/12B and PEL 37, as well as securing financing for the company's next stage of development, the Company announced on April 25, 2018 that it had successfully completed the book build for the equity issue announced on April 24, 2018 (the "Private Placement"). The Private Placement will result in the issuance of 362,390,625 Shares for gross proceeds of approximately $45 million. Closing of the Private Placement is expected to occur on or about May 4, 2018.

The net proceeds from the Private Placement will be used for:

- Acquisition, drilling and other joint venture costs related to Block 11B/12B in South Africa. These payments are subject to close and conditional upon, among other standard conditions, TSX Venture Exchange and South African

[1] Closing of the Block 11B/12B farmin transactions is subject to standard conditions for a transaction of this type, including approval of the South African government and the TSX Venture Exchange.

governmental approval, which is expected by July 2018. For the avoidance of doubt, the closing of the Private Placement is not conditional on closing the Block 11B/12B transactions. If closing of the transactions does not occur, the Company will use the funds for general corporate purposes, where the intention is to fund new assets and/or drilling activities (approximately $23.6 million);

- Drilling on PEL 37 in Namibia – expected September 1, 2018 (approximately $5.5 million);
- General and administrative expenses for the coming twelve months (approximately $4.0 million);
- Extra cash buffer and general corporate purposes, including listing and transaction costs (approximately $11.9 million)

The Private Placement attracted strong interest from European and Nordic investors, and the Company believes that access to the Nordic capital market through a listing in Stockholm will provide the Company with additional flexibility in financing its operations in the future.

The Lundin Group of Companies, of which Africa Energy is a part, has a significant presence in the Swedish capital market and is well known by Nordic investors. Out of the 13 companies comprising the Lundin Group, 11 are listed on Nasdaq Stockholm[2]. Africa Oil, the Company's largest shareholder, has been listed in Sweden since 2010, and the Lundin family, also a significant shareholder in the Company, has close connections to Sweden.

A listing of the Company's Shares on Nasdaq First North is expected to increase the awareness of Africa Energy with investors in the Nordic markets, to benefit the liquidity in the Company's Shares and diversify and strengthen the shareholder base of the Company.

Therefore, it is the opinion of the Board of Directors that now is an appropriate time to pursue a secondary listing of the Company's shares on Nasdaq First North Stockholm.

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.

Vancouver, British Columbia, April 27, 2018

Africa Energy Corp
The Board of Directors

[2] Including both the main board of Nasdaq Stockholm as well as First North Stockholm

INFORMATION ABOUT THE SECURITY TO BE LISTED

Security to be listed:	**Security:** Common shares in Africa Energy Corp. **ISIN:** CA00830W1059 **CUSIP:** 00830W105
Denomination:	The Shares are denominated in CAD and issued in accordance with the BCBCA. The shares will be traded in SEK after the intended listing on First North.
Total of number of Shares in the Company:	As of the date of this Company Description, the Company had an aggregate of 319,195,469 Shares issued and outstanding. The Company has unlimited authorized capital of Shares without par value. All Shares are issued and outstanding as fully paid and non-assessable. The Private Placement will result in the issuance of 362,390,625 Shares. Following the closing of the Private Placement, the number of Shares will be 681,586,094. Closing of the Private Placement is expected to occur on or about May 4, 2018.
Rights pertaining to the Shares:	***Voting rights*** The Company's Shares entitle the holders thereof to receive notice of and to attend at all meetings of shareholders, with each share entitling the holder to one vote on any resolution to be passed at such shareholders' meeting. ***Preferential rights to new shares*** The articles of incorporation of the Company are not required to and do not contain any pre-emption rights. ***Rights to dividends and balances in case of liquidation*** The holders of Shares are also entitled to dividends if, as and when declared by the Board of Directors of the Company. Upon the liquidation, dissolution or winding up of the Company, the holders of the Shares are entitled to receive the remaining assets of the Company available for distribution to the shareholders.
Limitations of the free transferability:	Not applicable; the Shares are not subject to any restrictions on transferability.
Trading in the shares:	The Shares of the Company trade on the TSX Venture Exchange under the trading symbol "AFE". Nasdaq First North has conditionally approved the listing of the Shares under the trading symbol "AEC". The listing on Nasdaq First North is subject to the Company fulfilling the requirements of the Venture Exchange and Nasdaq First North. First day of trading on Nasdaq First North is expected to occur on or about May 4, 2018.
Dividend policy:	The Company's articles of incorporation do not impose restrictions which would prevent the Company from declaring dividends. However, pursuant to the BCBCA, a company may not pay a dividend if there are reasonable grounds to believe that the company is insolvent or that payment of the proposed dividend would render the company insolvent. Africa Energy has not paid dividends to date on its Shares and has no plans to pay dividends in

	the near future. Any decision to pay dividends in the future will be based on the Company's earnings and financial requirements and other factors which its Board of Directors may consider appropriate in the circumstances.

INDUSTRY OVERVIEW

The following industry overview describes the Company's market in terms of size, development and prospects for future growth. The information contained in the section below originates from the Company, unless expressly stated otherwise.

This Company Description contains forward-looking statements which reflect the Board of Directors' current view of future events and the Company's operational and financial performance. Although the Board of Directors believes that the expectations reflected in such forward-looking statements are reasonable, there can be no guarantees that these expectations will prove to be correct. Forward-looking statements only express the Board of Directors' assessments and assumptions at the time of the Company Description. The Board of Directors makes no commitment to publish updates or revisions of forward-looking statements as a result of new information, future events or similar circumstances other than as required under applicable securities laws or regulations or applicable stock exchange rules. Prospective investors are encouraged to study the overall information contained in this Company Description and take into consideration that the Company's future results, performance or success may differ materially from the Board of Directors' expectations. The Section "Risk factors" contains a description, which should not be regarded as exhaustive, of factors that may cause actual results or presentations to differ materially from forward-looking statements.

This Company Description contains historical market data and industry forecasts relating to the market in which the Company operates. The Company has obtained this information from several sources, including industry publications and market surveys from third parties as well as publicly available information. Although the industry publications state that they are based on information obtained from several different sources and using various methods that may be deemed reliable, there can be no guarantee that the information is correct and complete. Industry forecasts are by their nature subject to considerable uncertainty, and there can be no guarantee that such forecasts will prove to be correct. Information from third parties has been correctly reproduced and, as far as the Board of Directors is aware and is able to warrant through comparisons with other information published by the third party concerned, no information has been omitted in a way that would make the reproduced information incorrect or misleading.

The oil and natural gas market

As the Company's business activities are focused on exploration and production of oil and natural gas resources, this section contains an overview of the global crude oil and natural gas markets.

Introduction to crude oil

Crude oil was formed by geological processes millions of years ago and is typically found in underground reservoirs of different sizes, at varying depths and with varying characteristics. Since oil is usually found deep below the surface and since oil reservoirs normally do not have an obvious surface indication, oil has proven difficult to find. Advancing technology has improved the discovery process and reduced exploration failures; nevertheless, oil exploration is still inexact and expensive. Once oil has been discovered via an exploratory well, full-scale production requires many wells across the reservoir to provide multiple paths that facilitate the flow of oil to the surface. This multitude of wells also helps to define the total recoverable oil in a reservoir, its so-called reserves. Reserves are defined as an estimate of the amount of oil in a reservoir that can be extracted at an assumed cost.

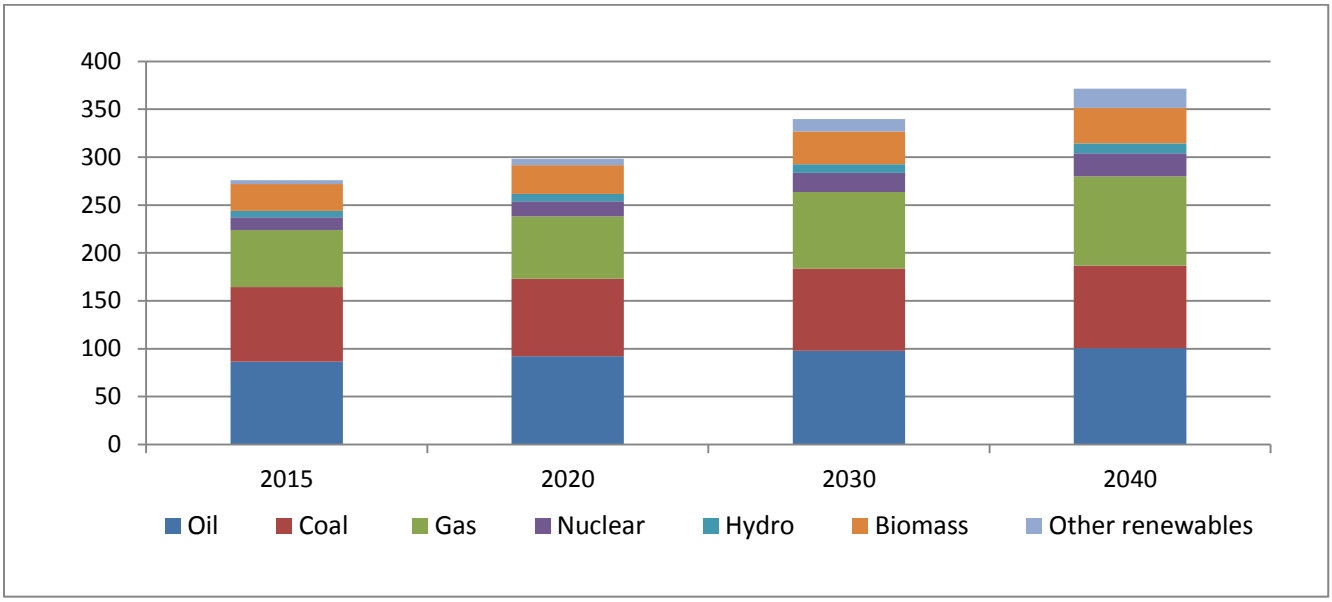
The global oil market

The global energy market

Global energy consumption is driven by world population, economic growth and availability of resources. Overall consumption has grown consistently and seen a steady increase throughout modern economic history. Going forward, energy consumption is expected to increase for all forms of energy, primarily as a result of increased consumption in emerging economies as well as a growing global population and expanding economy. According to BP's Statistical review of World Energy (2017), oil is the most consumed source with an annual consumption of 96.6 million barrels per day in 2016. The world consumption of primary energy, including oil, natural gas, coal, nuclear, hydro power and other renewable

energy, increased by 1.0% in 2016. In the same period global oil consumption increased by 1.6%, equivalent to 1.6 million barrels per day.

Figure 1. Global primary energy demand by fuel type



Source: World Oil Outlook 2040, OPEC (2017)

Overview of the oil market

Oil consumption

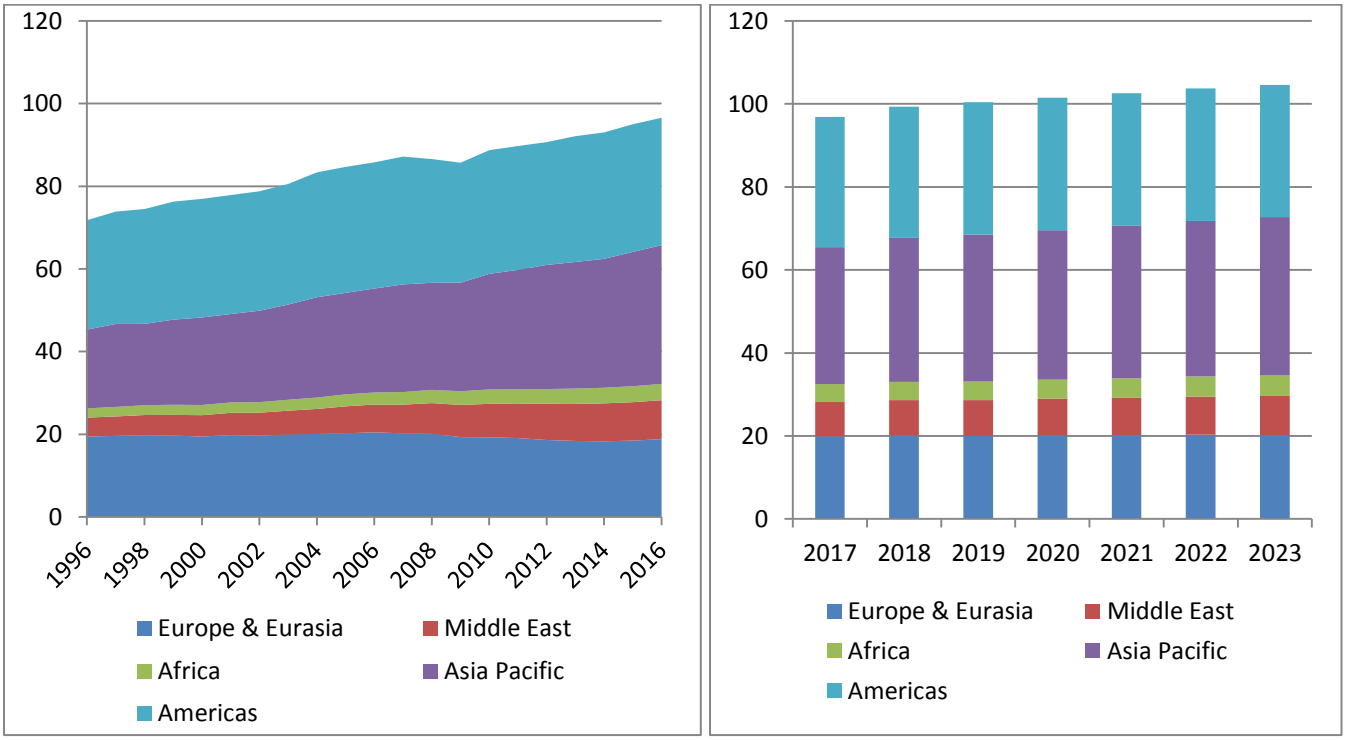
Oil is the world's primary source of energy and is expected to remain number one through 2040 meeting about one-third of demand[3]. In 2016 global oil consumption was approximately 96.6 million barrels per day[4]. Oil consumption has grown consistently over the past decades, and from 2000 to 2016, consumption increased by 26% on a global basis[5]. According to the base scenario presented in BP's Energy Outlook (2017), global oil consumption is expected to continue to increase going forward, growing by about 0.7% per year on average through 2035. Oil is used for a wide array of purposes including transportation, petrochemical processes for feedstock, power generation and agriculture. Currently, oil used for transportation in the form of among other gasoline, diesel and jet fuel is the main source of oil consumption globally, constituting 57 percent of global oil demand in 2016. Transportation is expected to remain a key source of consumption growth going forward, accounting for two out of every three additional barrels consumed between 2016 and 2040[6]. In the United States and China, the petrochemical industry will constitute the main source of growth up to 2023.[7]

Geographically, the largest consuming countries in 2016 were the United States (19.6 million barrels per day) and China (12.4 million barrels per day). The consumption is today fairly evenly distributed between OECD and non-OECD countries with approximately half of consumption from OECD countries. Going forward, as a result of among other increased fuel efficiency and stricter environmental policies, consumption in OECD countries is expected to decrease while global consumption is expected to increase overall due to strong consumption growth in emerging economies. From 2016 to 2040 oil consumption in developing countries is expected to increase by 55 percent, primarily driven by growing consumption in China and India[8]. By 2023, China and India together will contribute to nearly 50% of global oil demand. As China's economy is expected to become more consumer-oriented, the rate of growth in oil demand slows down to 2023, compared with the

[3] "Outlook for Energy: A view to 2040", ExxonMobil, 2017
[4] "BP Statistical review of World Energy", BP, 2017
[5] Ibid
[6] "World Oil Outlook 2040", OPEC, 2017
[7] "Oil 2018 - Analysis and Forecasts to 2023", International Energy Agency, 2018
[8] "World Oil Outlook 2040", OPEC, 2017

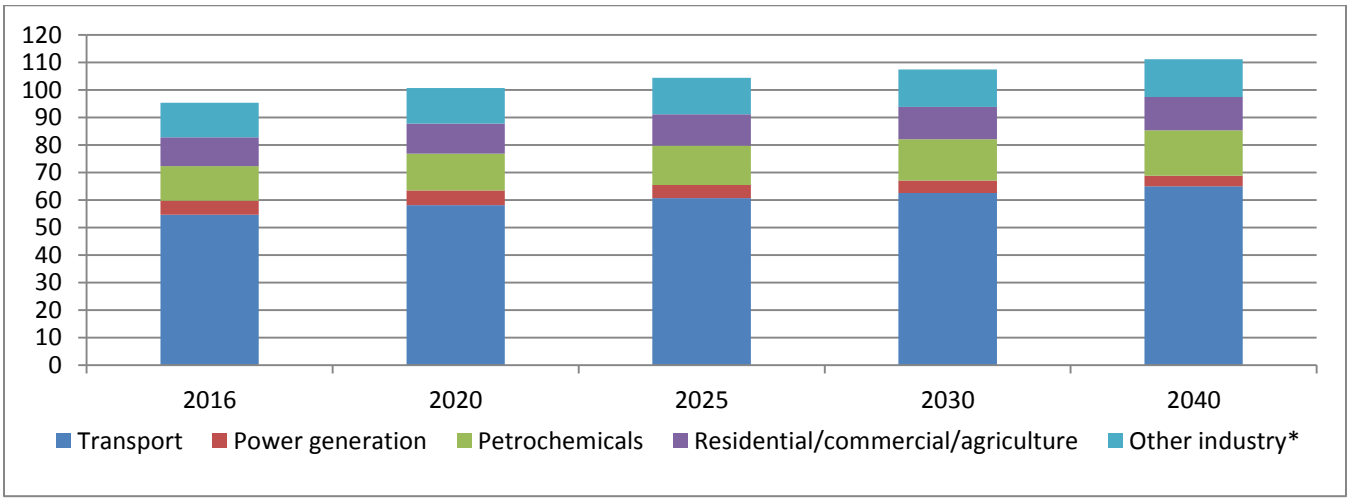
2010-2017 period. Instead the pace of oil demand growth will pick up in India[9]. Figure [2] below shows the historic and expected future development in geographical consumption.

Figure 2. Global oil consumption per region (mmbbls/day)



Source: Left chart: BP Statistical Review of World Energy 2017; Right chart: "Oil 2018 - Analysis and Forecasts to 2023", International Energy Agency, 2018

Figure 3. Global oil demand by sector (mmbbls/day)



Source: World Oil Outlook 2040 (2017) OPEC. *The "other industry" sector – comprising primarily iron and steel, glass and cement production, construction and mining

[9] "Oil 2018 - Analysis and Forecasts to 2023", International Energy Agency, 2018

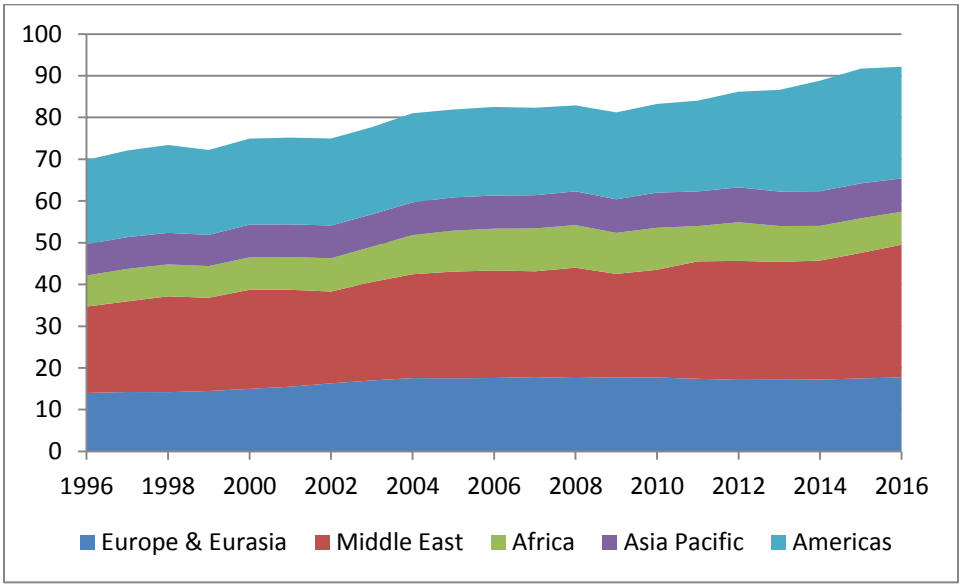
Oil production and reserves

Oil is found in large quantities on most continents of the world. Crude oil production is active in all major populated continents and in 2016 the global crude (and other liquids) production totaled an estimated 92.2 million barrels per day[10]. In 2016, the largest producers were the United States (12.4 million barrels per day), Saudi Arabia (12.3 million barrels per day) and Russia (11.2 million barrels per day). From 2000 – 2016, production grew at an annual compounded rate of 1.3 percent per year, and production grew in all major regions of the world however with varying growth between nations. In the period, Russia increased its production the most in number of produced units, growing its oil production from 6.6 million barrels per day in 2000 to 11.2 million barrels per day in 2016 (70 percent growth). Other countries with large production growth were the United States, Saudi Arabia, Iraq, Canada, United Arab Emirates and Brazil, all growing daily production by more than 1.3 million barrels in the period. Simultaneously, production declined significantly in the North Sea in the period, with the United Kingdom and Norway seeing production declining by 62.4 and 40.4 percent, respectively.

Going forward, oil production growth is expected to be dependent on increased output from the Organization of the Petroleum Exporting Countries ("OPEC")[11], as well as increased unconventional oil production, including US shale, Canadian oil sands, tight oil and extra heavy oil, while conventional oil production is expected to decline due to natural production decline in existing fields and reduced rate of production from new conventional fields. Production from OPEC countries is expected to grow only modestly up to 2023,[12] however when looking at a longer time span the production is expected to grow from 38.8 million barrels per day in 2016 to 50.9 million barrels per day in 2040.[13] Within OPEC, increased production from Iraq as a result of an improved security situation, enhanced infrastructure availability and renewed activity in the region drives activity. Among the non-OPEC, growth will be led by the United States which is becoming more dominant in the global oil market. Mexico could return to growth by 2023, meanwhile Venezuela remain a wild card where oil production has more than halved during the last twenty years and is expected to continue to slow down to 2023.[14]

Figure 4 shows the historic development in global oil production per region from 1996 – 2016.

Figure 4. Global oil production by region (mmbbls/day)

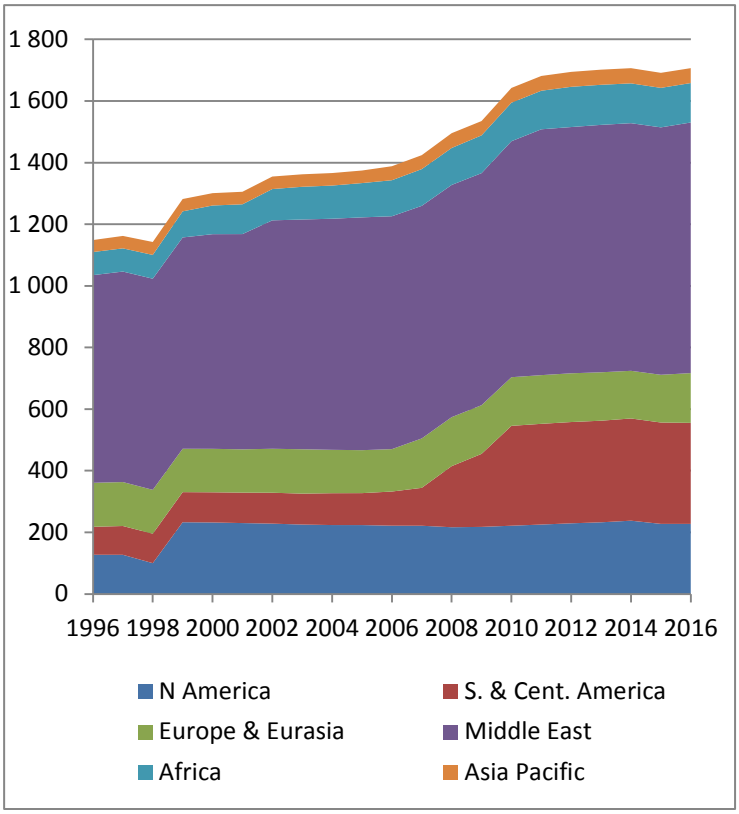


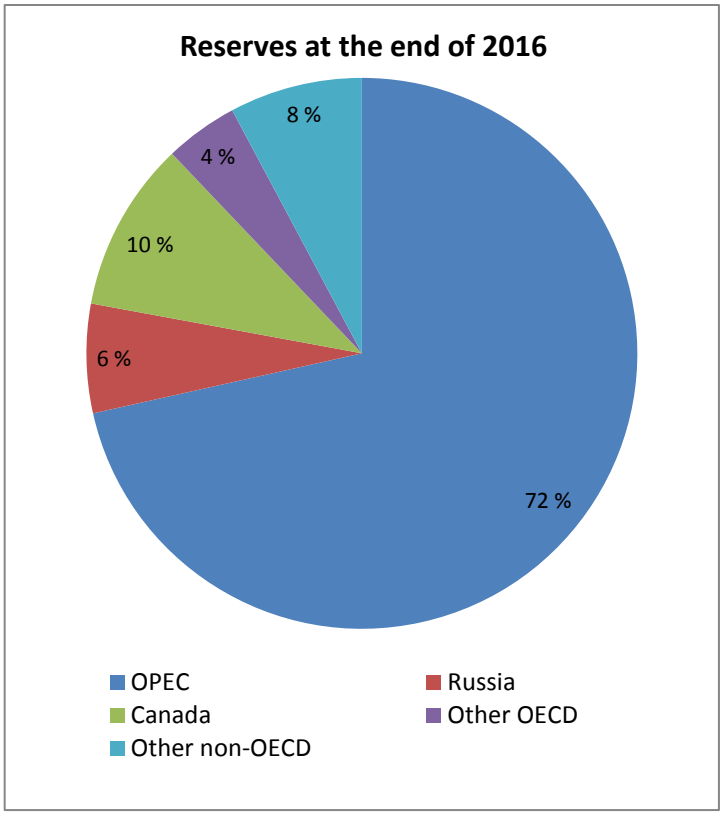
Source: BP Statistical review of World Energy", BP, 2017

[10] "BP Statistical review of World Energy", BP, 2017
[11] OPEC member countries: Algeria, Angola, Ecuador, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela
[12] "Oil 2018 - Analysis and Forecasts to 2023", International Energy Agency, 2018
[13] "World Oil Outlook 2040", OPEC, 2017
[14] "Oil 2018 - Analysis and Forecasts to 2023", International Energy Agency, 2018

In terms of reserves, nearly half of the total proved reserves in the world today are located in the Middle East, primarily Saudi Arabia, Iran, Iraq, Kuwait and the United Arab Emirates. In total, 72 percent of remaining proven reserves are held by the OPEC members[15]. Other large reserve pools are located in unconventional resources in Canada (oil sands) and Venezuela (extra heavy oil), which will require significant investments and technology improvements in order to commercially develop. Of the remaining oil reserves in the world, a large proportion is owned by state owned entities. Due to the strategic importance of oil as a key source of energy supply in the modern economy, as well as a large portion of the world's remaining reserves being controlled by politically influenced national entities and located in countries that are members of OPEC, future production and supply of oil may be influenced by factors outside the course of normal market functions. This could in the future, as has been demonstrated in the past, have material impact on the trade of oil between countries, as well as the price of oil. Figure 5 below shows the historical development in proven oil reserves, as well as the composition between OPEC and main non-OPEC countries at the end of 2016.

Figure 5. Global oil reserves (mmbbls)





Source: BP Statistical review of World Energy", BP, 2017

Oil price development

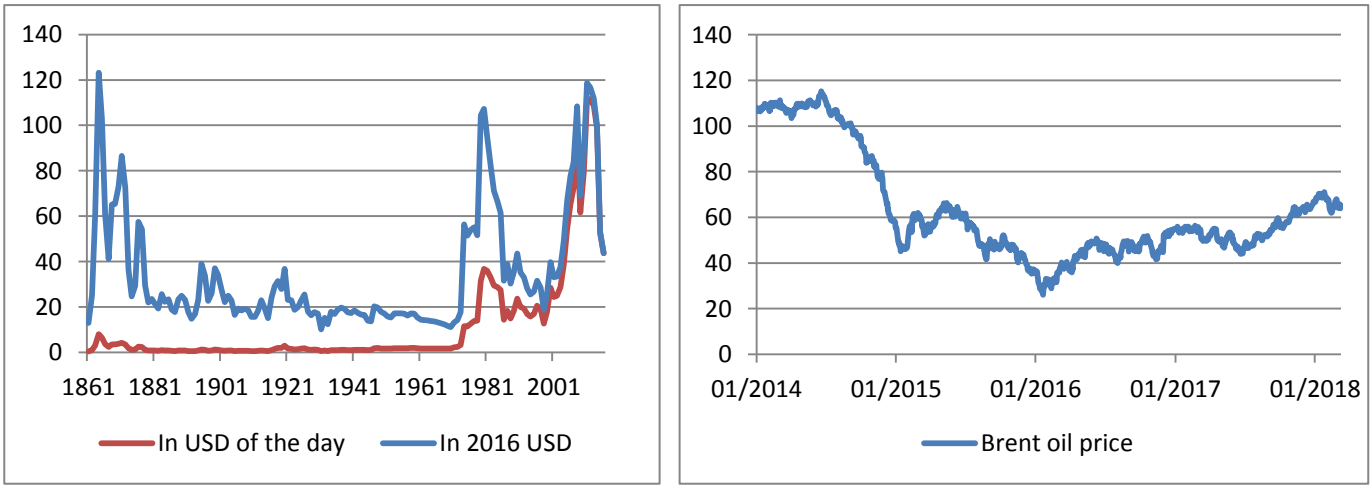
Oil is a commodity with a well-developed world market. The prices are determined on the world's leading commodities exchanges, with NYMEX in New York and the IPE in London as the most important market for the determination of world oil prices. Prices are determined by the weight of the oil, with WTI, the main benchmark for NYMEX, as the lightest of the main benchmarks in oil pricing. Brent Crude, the main benchmark for IPE is slightly heavier. In recent years, Brent price has emerged as the benchmark price of oil sales in global markets, including Africa.

[15] "BP Statistical review of World Energy", BP, 2017

The oil price is highly dependent on the current and expected future supply and demand of oil and as such is influenced by global macroeconomic conditions and may experience material fluctuations on the basis of economic indicators, material economic and geopolitical events. For example, during 2014 oil prices were falling as a result of increased production from North American unconventional drilling[16]. The price of oil fell from around $100 per barrel in 2013 to $27 per barrel in February 2016 and spent most of 2016 in the mid $40s. Historically, oil prices have also been heavily influenced by organizational and national policies, most significantly the implementation of OPEC and subsequent production policies announced by the organization. In November 2016, the OPEC members agreed to cut production. In conjunction with the OPEC cuts, Russia which is not part of OPEC, committed to cut its production by 0.30 million barrels per day[17]. The cuts that began officially in January 2017 were supposed to continue for six months but during the OPEC meeting in May 2017, OPEC was joined by its non-OPEC partners and it was decided to extend production cuts until March 2018. The agreement does however not include the shale oil producers in the United States. The most recent decision was to prolong the production cut deal until the end of 2018.[18] In February 2018, the OPEC Reference Basket (ORB) averaged $63.48/b and prices started to soften as US production rose to near record levels[19].

Figure 6 below shows the historical development in the price of crude oil from 1861 to 2016, as well as the development in Brent prices from 2014 until today.

Figure 6 Development in crude oil prices (Dollars per Barrel)



Source: Left chart: BP Statistical Review of World Energy 2017. Right chart: Federal Reserve Bank of St. Louis

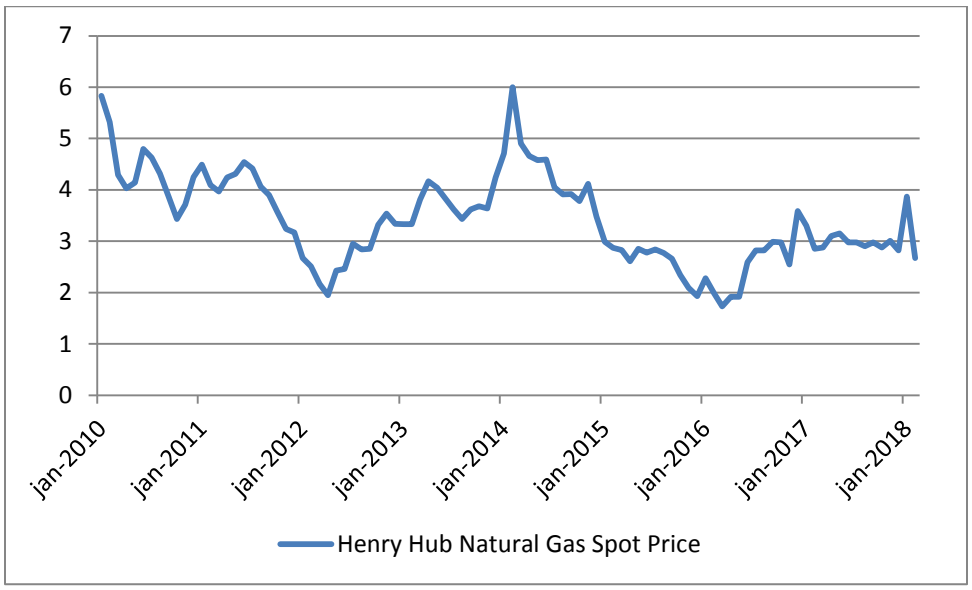
Natural gas price development

Natural gas is recognized as a regional commodity owing to the necessity to ship produced gas via pipeline to hubs capable of redirecting and distributing to purchasers; as a result, prices are often responsive to the proximal market space where natural gas is originated. In Africa, prices are expected to remain below market average until sufficient infrastructure and distribution facilities are built to accommodate the abundant supply of natural gas found within much of the African continent. With that said, major power producers are now seeking additional sources of feedstock and Africa may be the next area of focus for these power producers, possibly prompting pricing increases. Natural gas is at the same time expected to be the fastest growing energy type and is estimated to provide a quarter of global energy demand by 2040.[20] The natural gas markets are closely tied to the weather where a cold winter generally implies higher prices. In February 2018, there was sharp falls in natural gas prices, especially in the US, as a result of a milder weather outlook for February,

[16] "For How Long Will OPEC Extend Production Cuts?", Forbes, Ellen R. Wald, November 2017
[17] Ibid
[18] "OPEC and Russia agree to extend oil production cut to end of 2018", CNBC, November 2017
[19] "Monthly Oil Market Report March", OPEC, 2018
[20] "Outlook for Energy: A view to 2040", ExxonMobil, 2017

while output increased significantly, standing around 9% above a year ago. This has taken the focus away from the inventory situation, which is significantly below the five-year average[21].

Figure 7 Development in Henry Hub Natural gas spot price (Dollars per MMbtu)



Source: U.S. Energy Information Administration

Outlook

The primary driving force behind the increased demand for oil and natural gas is, and will continue to be, economic growth. To a great extent the world's energy needs are met by fossil fuels, of which oil is dominant for transportation and other industrial needs; however, natural gas in its abundant supply, may spur increased reliance on the feedstock to meet power production needs. In developing countries, demand for energy is aligned with economic growth, whereas in industrialized countries the growth in demand is more volatile in comparison with economic growth. As developing nations rise to the standard of living enjoyed by much of North America and Europe, the race for energy security is not likely to abate. Emerging economies will have to engage in competitive bidding practices and enter into previously unfavorable geopolitical arenas that will undoubtedly create dramatic shifts in alignment of loyalties as the pursuit of hydrocarbon security carries on.

Recent trends in oil and gas exploration

The oil price fall that commenced mid-2014 resulted in a significant reduction in exploration expenditure across the industry as companies sought to minimize costs and preserve capital. Despite the oil price rally that started in January 2016 there has not been an uptick in exploration activity over the course of 2016 and 2017 as gauged by the relatively low amounts invested by the industry (Figure 8 below shows estimates of global exploration and appraisal spending since 2012, as compiled by Wood Mackenzie).

Although lower rig and services costs can support a higher level of activity for less, it appears the industry remains highly selective of exploration campaigns to invest in. The Majors remain the primary force behind exploration activity with a majority of their high-impact wells located offshore in deep water. We highlight the following three exploration themes:

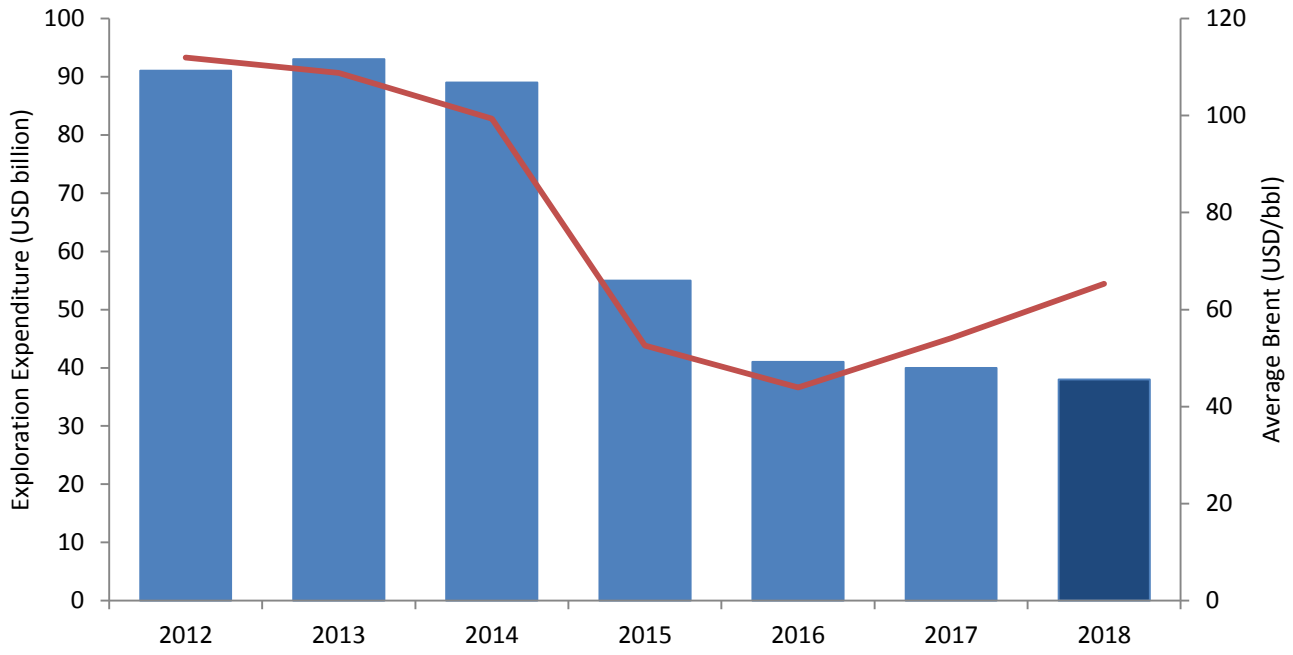
- Most of the high impact wells are drilled offshore, mostly in deep water (water depths greater than 500m)

[21] "Monthly Oil Market Report March", OPEC, 2018

- In many cases operators that are typically majors are pursuing de-risked plays – either follow-on exploration and appraisal on de-risked fairways or extending geological plays in analogue basins (e.g. similar Cretaceous fan play exploration in West Africa and offshore Guyana/Suriname)
- There is strong competition for the higher quality plays at the detriment of smaller companies

The above drivers set a significant trend for the independent E&P sector, specifically the junior explorers like the Company, that rely on industry farmin/farmout deals to advance their exploration strategies. As well as the necessity for strong in-house exploration expertise to identify superior exploration prospects, independent explorers also need to have strong deal-making capabilities and shareholder support to get access to the higher impact and quality opportunities across the world. Part of this requires a strong network of industry contacts and relationships.

Figure 8. Global Exploration and Appraisal Spending



Source: Wood Mackenzie

Recent regional activities in Namibia and South Africa

In recent years, several Oil Majors have entered both Namibia and South Africa, and have accumulated significant acreage positions in the few offshore basins belonging to these jurisdictions. The main drivers behind their renewed interest in this section of Sub Saharan Africa are thought to be both the quality and the maturity of its source rocks and the fact that these basins have been historically under-explored.

Interest in Namibia initiated as of a result of the drilling of the Wingat, Murombe and Moosehead wells by HRT in 2013, which confirmed the presence of significant source rock sequences capable of generating vast amounts of oil. In January 2018, ExxonMobil farmed into the Galp's block PEL 82, which lies directly south of the Company's block PEL 37. Other notable examples of Oil Majors entering the region are provided by Total SA and Shell. These companies are currently focusing their efforts further south on the Orange Delta region, where the confirmed source sequences are thought to be in the oil window and are expected to provide new catalysts for further exploration activity.

In South Africa, several Oil Majors (including Shell, Total SA, ExxonMobil and Statoil) have taken offshore acreage positions. These are mostly aimed at testing various play-types in large regions which have been historically under-explored. The first of these activities will be provided by Total SA in the Brulpadda prospect, providing valuable insight into a unique play in a

deep marine setting. ExxonMobil (in partnership with Statoil) is evaluating the exploration potential on the east coast of South Africa and has to date delineated a number of similar play types which aims to test in the near future. Shell has also taken a position directly south of the Orange Delta aimed at testing the same type of exploration play as they have previously defined in adjacent Namibia.

Competitive conditions

The petroleum industry is immensely competitive in all of its phases. Africa Energy competes with other participants in the search for, and the acquisition of, oil and natural gas interests located in Africa. Africa Energy's competitors include other resource companies which may have greater financial resources, staff and facilities than those of the Company. Competitive factors which may come into play in the future include the distribution and marketing of oil and natural gas, pricing, and methods of improving reliability of delivery.

BUSINESS OVERVIEW

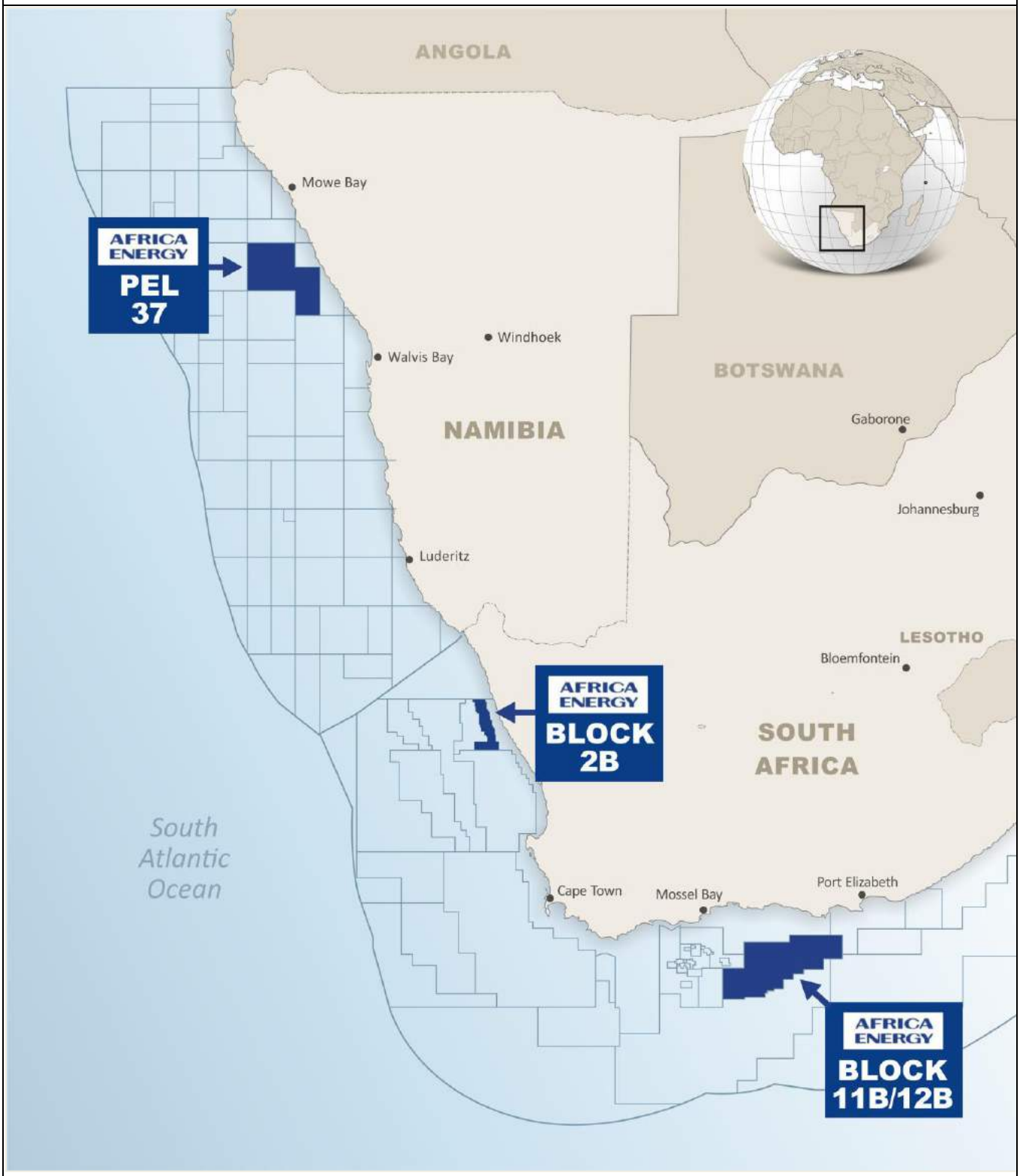
The Company's operations and assets

Africa Energy is a Canadian oil and gas company with exploration assets in South Africa and Namibia. Africa Energy's long-term goal is to increase shareholder value by building an attractive portfolio of exploration and production assets. The Company is focused on high-impact exploration in Africa and will look to acquire producing assets to fund its ongoing exploration program.

The Company holds a 90% participating interest in the offshore Exploration Right for Block 2B in South Africa ("Block 2B"), an effective 10% participating interest in offshore Petroleum Exploration License 37 in Namibia ("PEL 37"), and upon closing, an effective 4.9% participating interest in the offshore Exploration Right for Block 11B/12B in South Africa ("Block 11B/12B"). Closing of the Block 11B/12B farmin transactions is subject to standard conditions for a transaction of this type, including approval of the South African government and the TSX Venture Exchange.

Africa Energy continues to aggressively identify, evaluate and negotiate additional exploration and production opportunities across Africa. The Company's proven Cape Town-based technical team remains the driving force behind the identification and evaluation of new ventures. Management intends to grow Africa Energy into a material Africa-focused independent exploration and production company. Management believes that the Company has the technical team and access to capital from supportive shareholders to deliver on this strategy.

Overview of the Company's assets in Namibia and South Africa



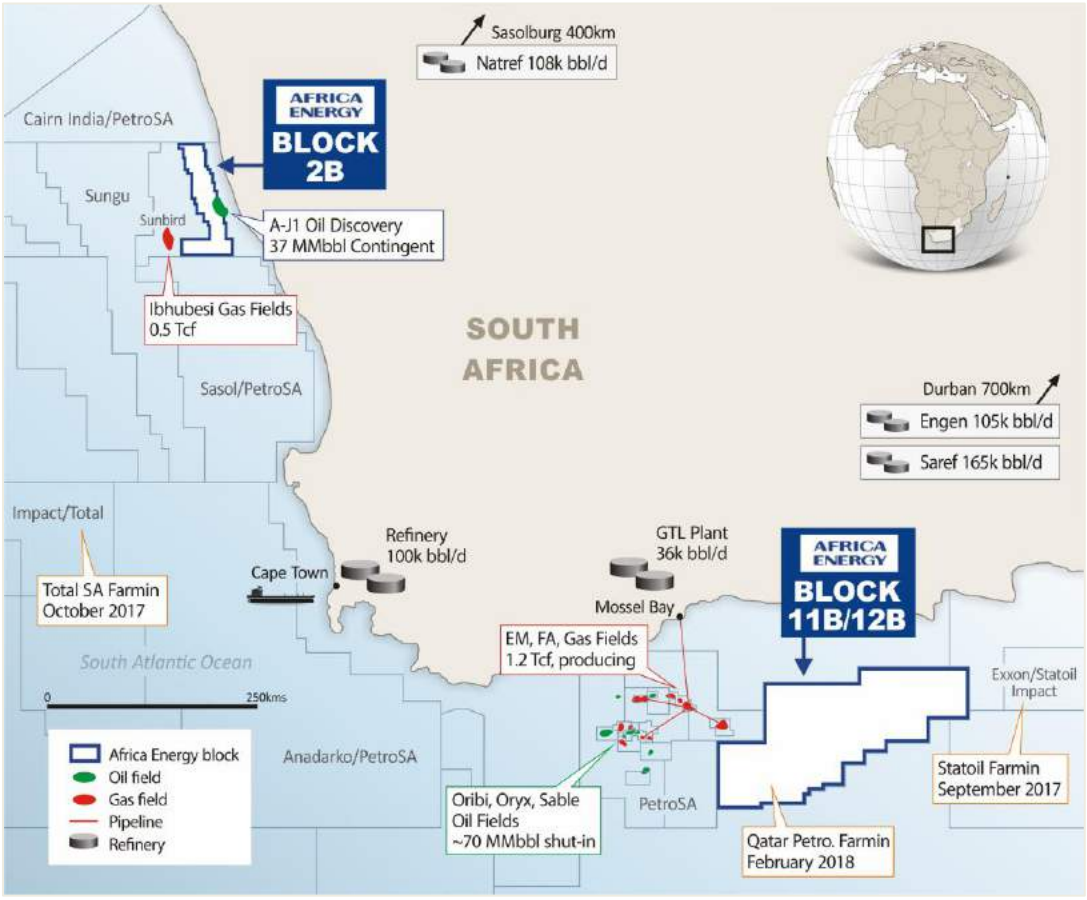
Summary of Company's Licenses and Participating Interests							
Country	**License**	**Operator**	**Participating Interest %**	**Grant Date**	**Current Phase**	**Area Km^2**	**Outstanding Commitments in current phase**
Namibia	PEL-37	Tullow Namibia Ltd.	10%[22]	March 28, 2011	Second Renewal Period	17,295	One Exploration Well
South Africa	Block 11B/12B	Total	4.9%[23]	September 11, 2012	1st Renewal Period (applied for entry to next period)	18,734	Fulfilled
South Africa	Block 2B	Africa Energy	90%	February 20, 2011	Second Renewal Period	3,604	One Contingent Exploration Well

The Board of Directors of Africa Energy may, at its discretion, approve asset or corporate acquisitions or investments that do not conform to the guidelines discussed above based upon the board's consideration of the qualitative and quantitative aspects of the subject properties, including risk profile, technical upside, resource potential, reserve life and asset quality.

[22] The Company owns one-third of Pancontinental Namibia which holds a 30% participating interest in PEL 37 offshore the Republic of Namibia.

[23] Main Street 1549, an entity held 49% by Africa Energy, entered into farmin agreements with each of Total E&P South Africa BV ("Total"), a wholly-owned subsidiary of Total SA, and CNRI, a wholly-owned subsidiary of Canadian Natural Resources Limited, to acquire an aggregate 10% participating interest in the Exploration Right for Block 11B/12B. Closing is subject to standard conditions, including approval by the South African government and the TSX Venture Exchange.

The Company's Operations in South Africa:



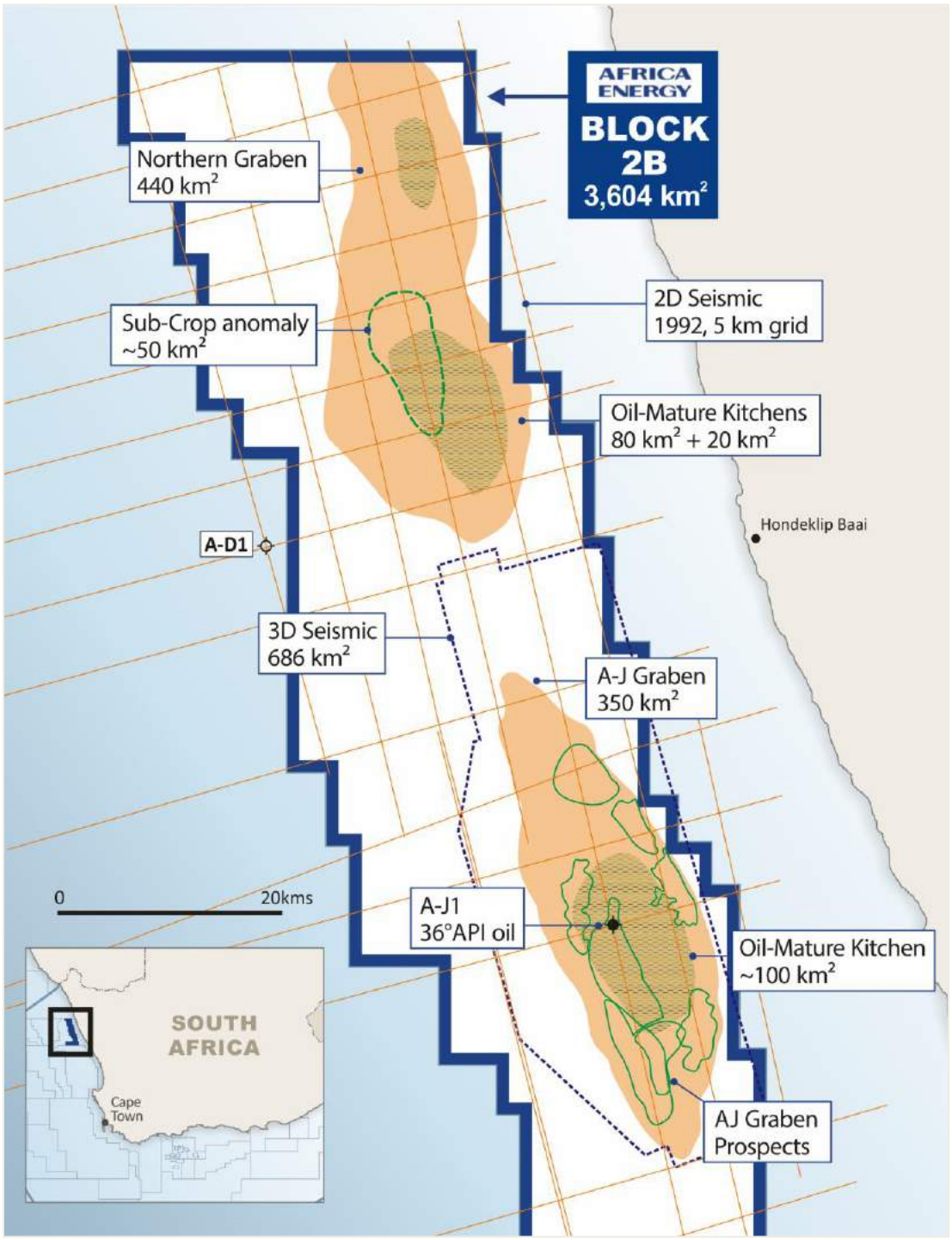
Regulatory and Fiscal Regime

South Africa has a tax and royalty fiscal regime. Royalty rates range from 0.5% to 5% and are calculated on a formula, capped at 5%. Corporate income tax is applicable at a flat rate of 28% for both resident companies and foreign registered branches of non-resident companies. Capital costs can be deducted immediately, and the contractor may recognize a deduction equal to 200% and 150% of its capital investments related to exploration and development activities, respectively. Losses can be carried forward perpetually with no ring-fencing between oil and gas fields. The disposal of exploration and post-exploration assets is subject to capital gains tax with an effective rate of 22.4%, however qualifying oil and gas companies may make use of special allowances being "rollover treatment" and "participation treatment" which have the potential to eliminate capital gains tax on the disposal of oil and gas assets. The Government of the Republic of South Africa has a 10% back-in right, and joint venture partnerships must make 10% of the exploration rights available to Historically Disadvantaged South Africans at fair market value.

Block 2B, Offshore Republic of South Africa

In South Africa, the Company has a 90% participating interest in Block 2B. Crown indirectly holds the remaining 10% participating interest. Africa Energy is the operator of the block.

Block 2B covers 3,604 square kilometers of the South African Western offshore about 300 kilometers north of Cape Town. Water depths over the block are 50 meters to 200 meters. Over the main prospective area in the block, water depth ranges from 140 meters to 160 meters.



Regional Geology and Main Plays

The A-J graben is a typical rift basin, similar to others in which significant oil accumulations have recently been discovered, such as the South Lokichar basin in Kenya. The oil was generated in lacustrine source rocks that are present in the deepest parts of the basin. The oil migrated and accumulated in fluvial and lacustrine sandstone reservoirs around the basin flanks. There is also significant potential in other rift-grabens to the north and south of the A-J graben and potential for significant gas discoveries in the shallower sequences above the rift graben succession over the whole block.

Work History and Next Steps

Oil was discovered and tested by Soekor in the A-J1 borehole drilled in 1988. Thick reservoir sandstones were intersected between 2,985 meters and 3,350 meters. The well was tested and flowed 191 barrels of oil per day of 36-degree API oil from a 10 meters sandstone interval at about 3,250 meters. At the time, the discovery was considered to be of limited economic significance. However, significant upside potential, at depths of up to 800 meters shallower than the reservoirs in A-J1, has been identified in the 686 square kilometers of 3-D seismic data that covers the whole of the A-J graben area. Follow-up wells will target this potential.

The joint venture partnership is currently in the Second Renewal Period of the Block 2B Exploration Right which is for a period of two years commencing February 20, 2018. During the Second Renewal Period, the joint venture partners are obligated to perform studies and evaluations to determine potential commerciality, and economic sensitivity modelling to establish whether the drilling of a well could prove up potentially commercial oil volumes. If it is determined that drilling could prove up potentially commercial oil volumes, then the joint venture partnership is obligated to drill an exploration well on Block 2B. At the end of the Second Renewal Period, a decision will be made to either relinquish the right in full or renew the right into the Third Renewal Period, being the final period in the Exploration Right, with a relinquishment of not less than 15% of the current exploration area. In the event of a commercial discovery prior to expiry of the Exploration Right, the joint venture partnership has the exclusive right to apply for a Production Right with the Government of the Republic of South Africa.

Prospective and Contingent Resources

Reserves have yet to be attributed to the Company's interest in Block 2B. Contingent and Prospective Resources have been however attributed to the A-J Basin. For further information, please refer to Africa Energy's Statement of Reserves Data and Other Oil and Gas Information for fiscal year ended December 31, 2017 (Form NI 51-101F1) and the Report of Management and Directors on Oil and Gas Disclosure (Form NI 51-101F3), filed under the Company's profile on the SEDAR website at www.sedar.com, copies of which are attached hereto as Schedules A and B, respectively.

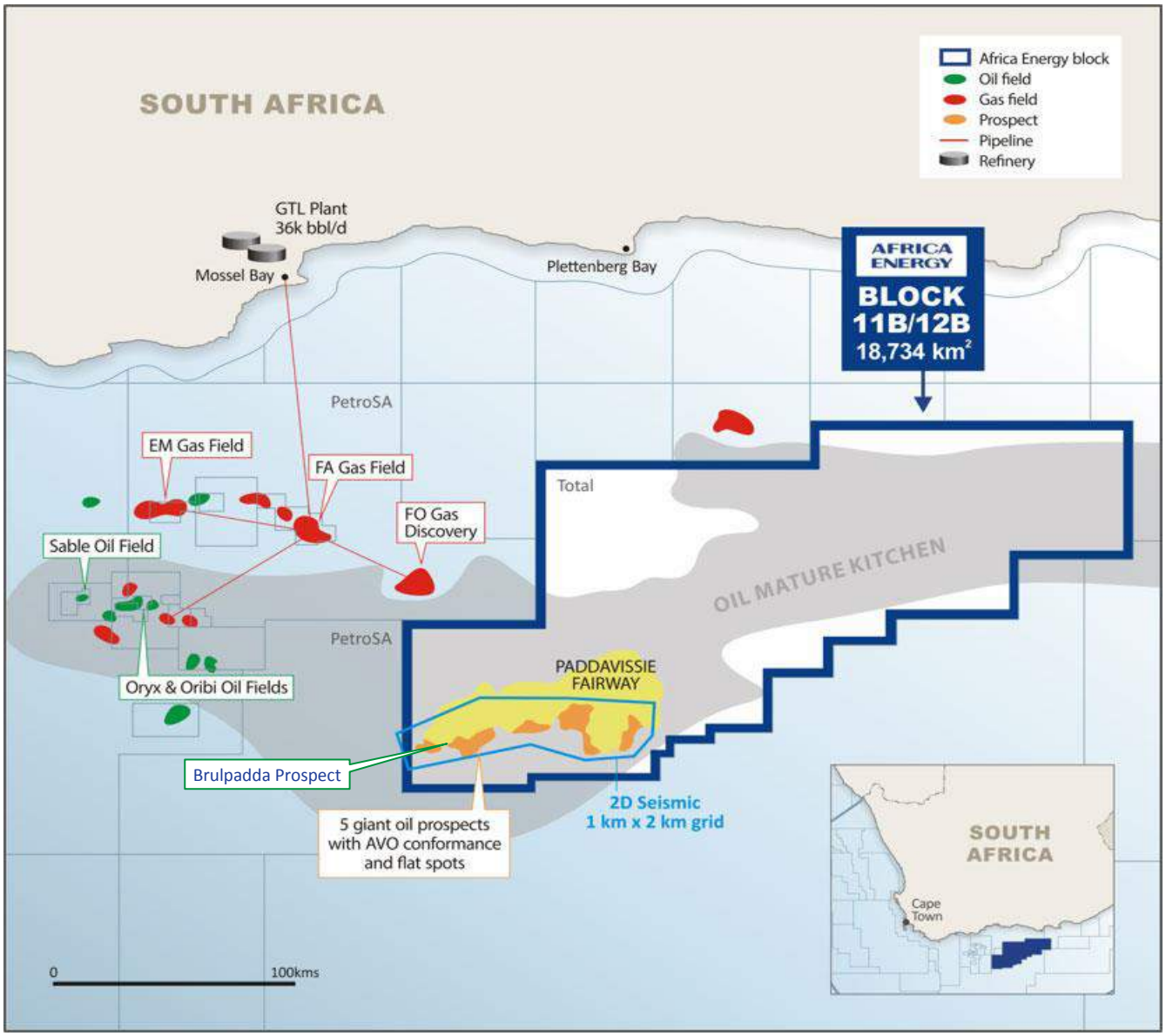
Main Exploration Prospects

Block 2B is an under explored area containing a proven hydrocarbon- bearing rift basin. A well drilled by South African state company Soekor in 1988, the A-J1 well, discovered and tested oil from a Cretaceous sandstone section but there has been limited exploration since then. Block 2B contains numerous prospects identified by 3D seismic and limited work is now required to recommence drilling activities in the area. A detailed summary of the prospects identified to date on the block is attached hereto in Schedule A, under item 6.2.1. Based on industry standard, water depth and current rig rates, the Company estimates gross well costs to be in the region of $23 million per well.

Block 11B/12B, Offshore Republic of South Africa

Subject to standard conditions for a farmin transaction of this nature, Main Street 1549, an entity held 49% by the Company, will acquire a 10% participating interest in Block 11B/12B offshore the Republic of South Africa, thereby giving the Company a 4.9% indirect participating interest in the block. Block 11B/12B is operated by Total, which holds 45%, with partners Qatar Petroleum[24] and CNRI holding 25% and 20%, respectively.

The block is located in the Outeniqua Basin approximately 175 kilometers off the southern coast of South Africa, covers an area of approximately 18,734 square kilometers with water depths ranging from 200 meters in the north to 2,000 meters in the south. The joint venture partnership for Block 11B/12B plans to spud the Brulpadda-1AX re-entry well in December 2018.



[24] Subject to close

Regional Geology and Main Plays

The geology offshore South Africa is characterized by two major phases of basin development, early rifting (termed the syn-rift phase) as depicted in the A-J Graben and the Northern Graben in Block 2B. Similar geology constitutes the F-A Gas Field on the South Coast off Mossel Bay. These sequences often contain fluvial and shallow marine type sediments. In contrast the second phase of basin development is primarily a marine environment related to the continental spreading of Gondwanaland (termed the drift phase) where basin floor fan development within deep basins is more prevalent both on the west and south coasts. The Paddavissie fairway is in such a setting where large fan systems have been deposited. North-west of this fairway is the slope channel input system to these fans and this is where the Oribi and Oryx Oil Fields were discovered and produced. The Brulpadda Prospect is part of a distal fan system which is within structural closure against the Diaz Ridge. The Aptian source sequence which provided oil to Oribi/Oryx is also mature in this location and is positioned directly beneath the target interval in the Brulpadda Prospect.

Work History and Next Steps

Total's first attempt to drill the Brulpadda Prospect in 2014 was suspended prior to reaching target due to difficulties experienced by the drilling rig in the harsh deep-water environment. Since then, the operator has worked hard to identify the best solution to re-enter and drill the Brulpadda-1AX well in strong ocean currents. In July 2017, Total contracted Odfjell Drilling's Deepsea Stavanger rig to re-enter Brulpadda-1AX.

In June 2017, prior to the expiry of the First Renewal Period, Total applied for entry into the Second Renewal Period (for a period of two years). As part of the application process, the joint venture partnership proposed a work program and budget that will need to be agreed with the Government of the Republic of South Africa. At the end of Second Renewal Period, a decision will be made to either relinquish the right in full or renew the right into the Third Renewal Period, being the final period in the Exploration Right (no relinquishment required). In the event of a commercial discovery prior to expiry of the Exploration Right, the joint venture partnership has the exclusive right to apply for a Production Right with the Government of the Republic of South Africa. The joint venture partnership for Block 11B/12B plans to spud the Brulpadda-1AX re-entry well in December 2018.

Prospective and Contingent Resources

Reserves and Resources have yet to be attributed to the Block 11B/12B as closing of the farmin transactions is subject to standard conditions, including approval by the South African Government and the TSX Venture Exchange.

Main Exploration Prospects

The main objective in this prospective area comprises of distal marine sediments deposited during the drift phase of the offshore South African geological evolution. The main target in this block was deposited during the Albian when basin floor fans were deposited. These sands overly the mature good quality Aptian source rock sequence. Five such fans are deposited in this Lower Cretaceous Post-rift Paddavissie Fairway, which contains the Brulpadda Prospect, located within the southwest corner of the block. The fact that there is structural reversal of these fans against the Diaz outboard ridge makes this play unique as there is closure in depth.

Brulpadda Prospect

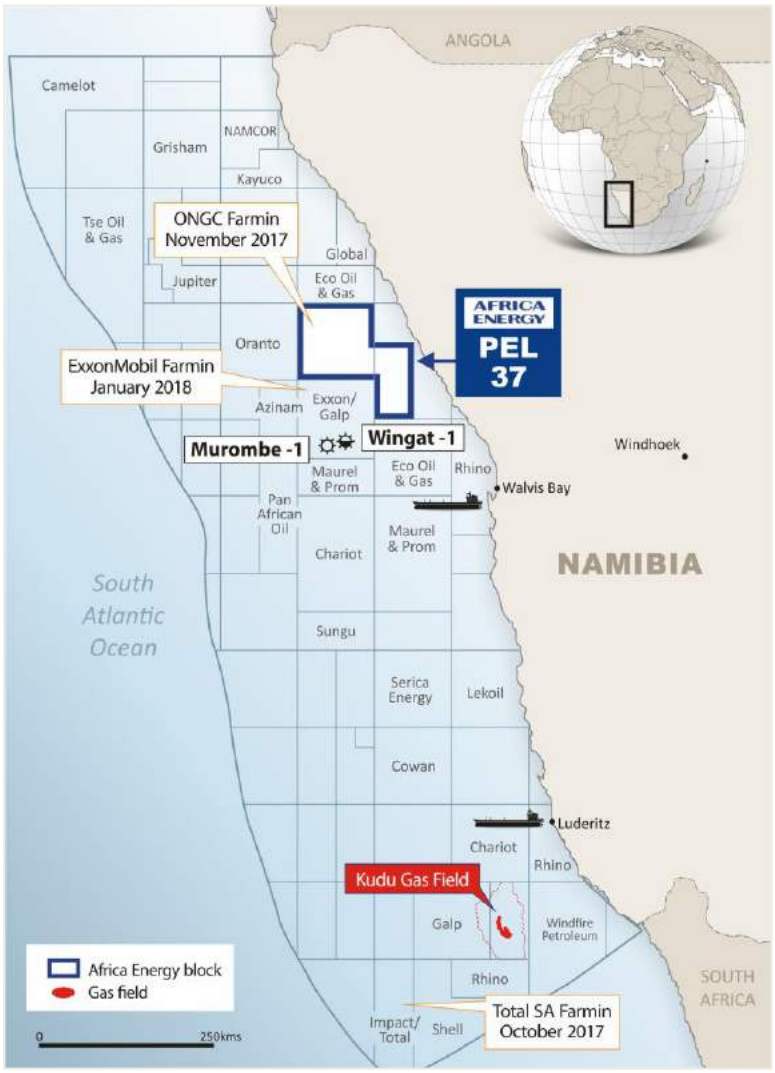
The Brulpadda Prospect is at a water depth of 1,431 meters. An exploration well will test the southern Outeniqua Basin within the Paddavissie Turbidite Fan Complex. The well is expected to be drilled to a target depth of approximately 3,500 meters. The prospect has been de-risked with 2D seismic and electromagnetic surveys. Four additional prospects have been defined within the fairway. These prospects have clear amplitude anomalies with excellent structural conformance and flat spots indicating presence of hydrocarbons.

Additional Prospectivity

The Company and its partners have high-graded four additional prospects on the license. These, most notably, include the Luiperd prospect, which is thought to be equally large as Brulpadda. All of these prospects are based on the same dataset and they all display the same characteristics attributable to the Brulpadda Prospect; therefore, a strong dependency factor

and correlation is expected in these additional prospects. One of the joint venture partners has reported multi-billion-barrel resource potential in the Paddavissie Fairway. In case of a successful well in Brulpadda, the joint venture partnership plans to acquire an extensive 3D seismic volume over the fairway to be followed by further exploration and appraisal drilling.

The Company's Operations in Namibia:



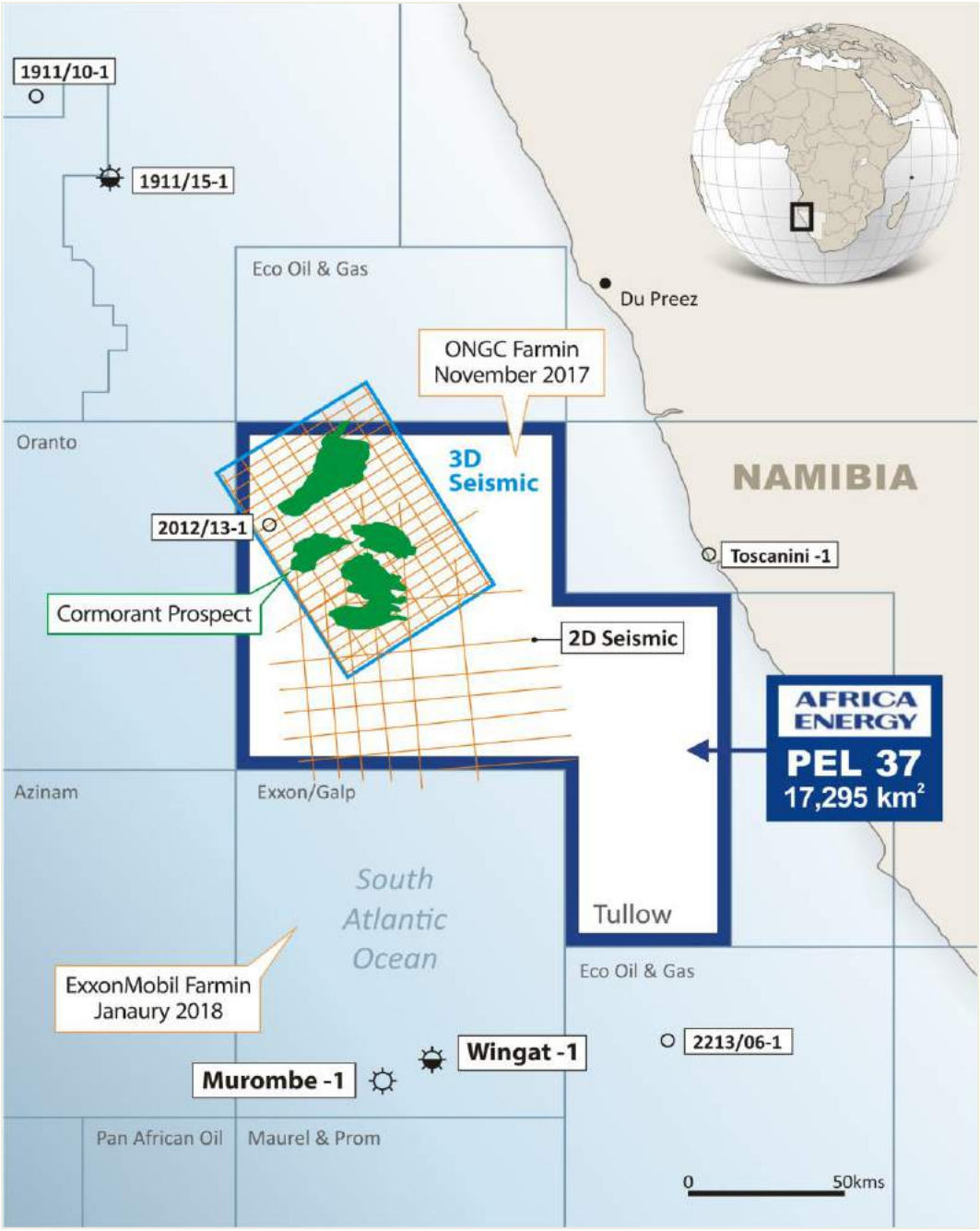
Regulatory and Fiscal Regime

Namibia has a tax and royalty fiscal regime. Royalty is levied at a 5% rate of gross revenue and is deductible in the determination of corporate income tax which is levied at a 35% rate of taxable income on a company basis. Royalty and additional profits tax are levied on each separate license area. In determining corporate income tax, exploration expenditure and operating expenditure are written off immediately and in full. Development expenditure is depreciated over 3 years on a straight-line basis. Exploration expenditure incurred by a licensee may be deducted in the computation of that licensee's taxable income from a producing license area. An additional 3-tiered profit tax, known as APT, is charged on the after-tax net cash-flow in each license area separately. Exploration, development and operating expenditures, as well as royalty and corporate income tax, are all fully deductible in the year they are paid in the computation of APT. The APT will only be paid if the petroleum operations in a license area earns an after-tax real rate of return of 15%. The second and third tiers of APT become payable once the profitability level exceeds 20% and 25%, respectively. The first-tier rate of APT is established in the legislation at 25%. However, the incremental second and third tier of APT are negotiable and will be set out in the respective Petroleum Agreement. PEL 37 rates for the second and third tier have been negotiated at nil. The Government of the Republic of Namibia does not have back-in rights in PEL 37.

PEL 37, Offshore Republic of Namibia

The Company owns one third of Pancontinental Namibia, which holds a 30% participating interest in PEL 37 offshore the Republic of Namibia, as such the Company owns an indirect 10% participation interest in the license. PEL 37 is operated by Tullow Namibia Ltd, which holds 35%, with partners ONGC Videsh Ltd. and Paragon Oil and Gas, holding 30% and 5%, respectively. The joint venture partnership for PEL 37 plans to spud the Cormorant-1 well on September 1, 2018.

PEL 37 covers an area of 17,295 square kilometers of the northern Namibian offshore region located about 420 kilometers south of the Angolan/Namibian border. Water depths over PEL 37 range from 400 meters to 1500 meters and over the main prospective area where the Cormorant and other prospects (Albatross, Seagull and Gannet) have been delineated, range from 400 meters to 600 meters.



Regional Geology and Main Plays

The geology offshore Namibia is characterized by similar geologic events as observed in South Africa, but the bulk of the sediments in the section reflect the deposition during the drift phase with basin subsidence to the west. Early basin development is characterized by thin syn-rift sequences and in several areas carbonate deposition is prevalent and is being targeted by Total SA and Shell in the Orange Delta area. In the second phase of basin development, there is primarily a marine environment related to the continental spreading of Gondwanaland. Within this setting, the initial exploration effort focused on the marine shelf area including beach deposits where geological structures were tested. The Kudu Gas Field in the Orange Basin which contains deep high-pressured gas was discovered in aeolian sands. Members of the Company's technical team worked at Energy Africa during the field appraisal phase in the early 2000's and are very familiar with the geology.

More recent exploration focused on the mid-Cretaceous section where both structures and stratigraphic traps were tested with limited success. The main result was the demarcation of areas where source rock for oil generation is present and of sufficient quality to generate significant oil. The HRT drilling program in 2013, particularly the Wingat 1 well, confirmed the mature source in the Walvis Basin where the Company and its partners in PEL 37 will now test a stratigraphic play with the drilling of Cormorant-1. The significance of this play has been recognized by Oil Majors, with ExxonMobil acquiring a stake in the Galp acreage directly south of PEL 37, after its oil discovery Lisa in Guyana. Other Oil Majors that have entered include Total SA and Shell who are exploring within the oil window around the Orange Delta complex.

Work History and Next Steps

In 2013, oil was recovered from the Wingat-1 well, located in the block directly south of PEL 37. The Murombe-1 well, drilled in the same license as Wingat-1, intersected a world class mature oil-prone source in the Aptian sequence. The acquisition of a 3,440 square kilometers 3D seismic survey in PEL 37 resulted in the delineation of a number of significant prospects consisting of Lower Cretaceous submarine fans that are stratigraphically trapped.

During the 2013 seismic campaign, an additional 1,000 kilometers of 2D seismic data was acquired in the southern part of PEL 37, and it indicates that the Lower Cretaceous fan play extends southwards and could be further explored in the case of success.

The joint venture partnership is currently in the Second Renewal Period of PEL 37 which is for a period of two years commencing March 20, 2018. During the Second Renewal Period, which is the last exploration period, the joint venture partnership is obligated to drill an exploration well on PEL 37. In the event of a discovery prior to expiry of PEL 37, the joint venture partnership may agree a two-year appraisal program, at the end of which, the joint venture partnership may apply for a Production License with the Government of the Republic of Namibia. The Company and its joint venture partners plan to spud the Cormorant-1 well on September 1, 2018.

Prospective and Resources

Reserves and resources have yet to be attributed to the Company's effective interest in PEL 37, as the Company has not had any of the identified prospects audited or prepared by a qualified reserves evaluator or auditor in accordance with the Canadian Oil and Gas Evaluation Handbook.

Main Exploration Prospects

The main prospective area in the block lies in waters depths between 400 and 600 meters, and a number of prospects have been identified to date by the Company. Most notably, they include the Cormorant, Albatross, Seagull and Gannet prospects.

All these prospects are deep marine fan plays with stratigraphic closure, and a successful test at Cormorant-1 will open up the entire play fairway as all these structures are identical within the same stratigraphic sequence within the geological framework. This work is based on detailed analysis of a large 3D seismic dataset which clearly highlights this significant play fairway.

Cormorant Prospect

The Cormorant Prospect is defined utilizing a high-quality 3D seismic volume acquired in 2014 and is one of four submarine fan prospects identified in the mid-Cretaceous. The delineation of these fans is characterized by the demarcation of high amplitude seismic signal which is interpreted to indicate sandstone development and what makes these fans further anomalous is that they have a "soft" seismic signal at the top of the fan which is interpreted to show good quality reservoir. This particular prospect which has been reported to hold 124 MMbbls by another joint venture partner in PEL 37 will be tested with the well in September 2018 and if successful will open a fairway of similar dependent fans so creating significant resource potential in PEL 37. Based on water depth and current rig day rates, the Company expects the gross well cost to be in the region of $ 35 million. In case of success, there are three other such submarine fans that have been delineated and are thought to be drill-ready.

Other Prospects

The Albatross prospect is the largest of the fans that have been defined in this mid-Cretaceous fan fairway and will be the most likely second well in the block. The JV has targeted Cormorant-1 as the first well as it is the shallowest fan in the fairway and thus should have the best petrographic properties in the reservoir sequence.

Specialized skill and knowledge

The Company relies on specialized skills and knowledge to gather, interpret and process geological and geophysical data, design, drill and complete wells, and numerous additional activities required to explore for, and potentially produce, oil and natural gas. The Company employs a strategy of contracting consultants and other service providers to supplement the skills and knowledge of its permanent staff in order to provide the specialized skills and knowledge to undertake its oil and natural gas operations efficiently and effectively.

Economic dependence

The Company is heavily dependent upon the results obtained under agreements, including exploration and production sharing agreements, joint venture agreements and farmout agreements that it has entered into for the exploration and extraction of hydrocarbons.

Employees

The Company exited the year ended December 31, 2017 with 13 full time employees.

Disclosures of reserves data and other oil and gas information

For further information, please refer to Africa Energy's Statement of Reserves Data and Other Oil and Gas Information for fiscal year ended December 31, 2017 (Form NI 51-101F1) and the Report of Management and Directors on Oil and Gas Disclosure (Form NI 51-101F3), filed under the Company's profile on the SEDAR website at www.sedar.com, copies of which are attached hereto as Schedules A and B, respectively.

Inter-corporate relationships

The material subsidiaries owned by Africa Energy, as at the date of this Company Description, are as set out in the organizational chart below.

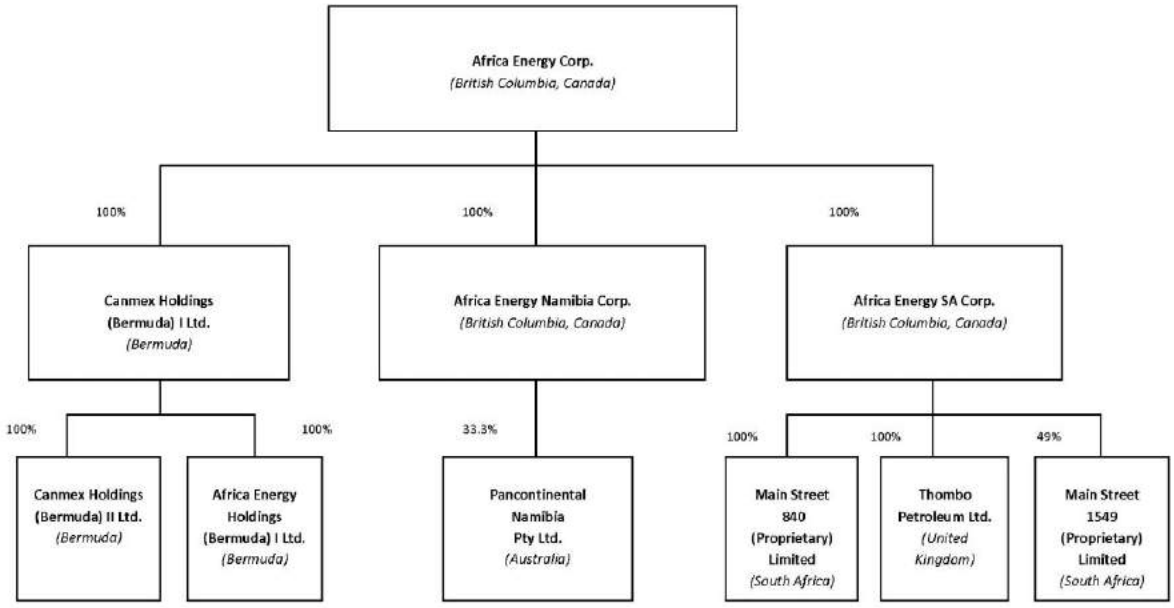
Africa Energy Corp. is the parent company of nine directly or indirectly owned subsidiaries and associated companies. The CEO and CFO are employed by the parent company that has the overall responsibility for business development, financial control, market information and the implementation of strategies. The three directly owned subsidiaries (Canmex Holdings (Bermuda) I Ltd., Africa Energy Namibia Corp., Africa Energy SA Corp.) are holding companies, whereas the main purpose of

the indirectly owned subsidiaries is ownership of participating interest in exploration agreements with host governments, as set out below.

Block 2B, Republic of South Africa – Thombo holds 34.50375% participating interest in the Exploration Right for Block 2B and Main Street 840 holds 55.49625% participating interest in the Exploration Right for Block 2B.

PEL 37, Republic of Namibia – Pancontinental Namibia holds 30% participating interest in Production Exploration License 37. Africa Energy owns one-third of the shares of Pancontinental Namibia.

Block 11B/12B, Republic of South Africa – Main Street 1549 has entered into farmout agreements with Total, to acquire a 5% participating interest in the Exploration Right for Block 11B/12B, and with CNRI, to acquire a 5% participating interest in the Exploration Right for Block 11B/12B. Subject to close, Main Street 1549 will hold a 10% participating interest in the Exploration Right for Block 11B/12B. AEC owns 49% of the shares of Main Street 1549.



SELECTED FINANCIAL INFORMATION

The financial information in this section should be read in conjunction with the sections "Comments to the financial information", "Capitalization, indebtedness and other financial information" as well as the Company's annual reports including notes. The following tables provide selected financial information which, unless otherwise stated, has been gathered from the Company's audited consolidated financial statements as of and for the fiscal years ended 31 December 2017, 2016 and 2015, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and audited by the Company's auditor. Figures in the Company Description have, in certain cases, been rounded off and, thus, the tables contained in the Company Description do not necessarily sum up. If not otherwise stated, all financial amounts are stated in United States dollars ("USD" or "$"). If not otherwise explicitly stated, no financial information in the Company Description has been audited or reviewed by the Company's auditor. Financial information in the Company Description pertaining to the Company not included in the audited information or reviewed by the Company's auditor in accordance with what is stated here, pertains from the Company's internal management accounting and reporting systems.

Currency

The Company's functional and reporting currency is the United States dollar. All currency amounts in this Company Description are expressed in United States dollars unless otherwise indicated. The Bank of Canada exchange rates for the purchase of one United States dollar with Canadian dollars for the specified year ends are as follows:

	Year Ended December 31		
Bank of Canada Exchange Rate: CAD$/ USD$	**2015**	**2016**	**2017**
	1.384	1.3427	1.2545

Accounting policies and financial information

The Company's financial results are prepared and reported in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are presented in United States dollars.

Consolidated Balance Sheets

(Expressed in thousands of United States dollars)

	December 31, 2017	December 31, 2016	December 31, 2015
	(Audited)	(Audited)	(Audited)
ASSETS			
Current assets			
Cash and cash equivalents	3,132	10,179	7,004
Accounts receivable	125	164	122
Prepaid expenses	206	268	146
	3,463	10,611	7,272
Long-term assets			
Investment in associates	7,267	-	-
Property and equipment	49	104	106
Intangible exploration assets	6,678	6,521	-
	13,994	6,625	106
Total assets	17,457	17,236	7,378
LIABILITIES AND EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS			
Current liabilities			
Accounts payable and accrued liabilities	5,335	509	462
Due to related party	-	57	87
	5,335	566	549
Total liabilities	5,335	566	549
Equity attributable to common shareholders			
Share capital	108,246	108,246	94,685
Contributed surplus	4,497	4,301	3,823
Deficit	(100,621)	(95,877)	(91,679)
Total equity attributable to common shareholders	12,122	16,670	6,829
Total liabilities and equity attributable to common shareholders	17,457	17,236	7,378

Consolidated Statement of Net Loss and Comprehensive Loss

(Expressed in thousands of United States dollars)

For the years ended	December 31, 2017	December 31, 2016	December 31, 2015
	(Audited)	(Audited)	(Audited)
Operating expenses			
Salaries and benefits	2,791	2,168	1,021
Stock-based compensation	196	478	523
Travel	296	325	171
Management fees	129	136	445
Consulting fees	382	314	15
New venture costs	315	44	-
Office and general	468	456	373
Depreciation	59	65	23
Professional fees	498	343	423
Stock exchange and filing fees	55	41	58
Share of loss from equity investments	11	-	-
	5,200	4,370	3,052
Finance expense	-	-	151
Finance income	(456)	(172)	(7)
Net loss and comprehensive loss attributable to common shareholders	(4,744)	(4,198)	(3,196)
Net loss per share			
Basic	(0.01)	(0.02)	(0.03)
Diluted	(0.01)	(0.02)	(0.03)
Weighted average number of shares outstanding for the purpose of calculating earnings per share			
Basic	319,177,135	254,993,528	121,915,860
Diluted	319,177,135	254,993,528	121,915,860

Consolidated Statement of Equity Attributable to Common Shareholders

(Expressed in thousands of United States dollars)

	December 31, 2017	December 31, 2016	December 31, 2015
	(Audited)	(Audited)	(Audited)
Share capital:			
Balance, beginning of the year	108,246	94,685	86,494
Acquisition of Thombo	-	2,721	-
Private placement, net of issue costs	-	10,840	8,191
Balance, end of the year	108,246	108,246	94,685
Contributed surplus:			
Balance, beginning of the year	4,301	3,823	3,300
Stock-based compensation	196	478	523
Balance, end of the year	4,497	4,301	3,823
Deficit:			
Balance, beginning of the year	(95,877)	(91,679)	(88,483)
Net loss for the year	(4,744)	(4,198)	(3,196)
Balance, end of the year	(100,621)	(95,877)	(91,679)
Equity attributable to common shareholders	12,122	16,670	6,829

Consolidated Statement of Cash Flows

(Expressed in thousands of United States dollars)

For the years ended	December 31, 2017	December 31, 2016	December 31, 2015
	(Audited)	(Audited)	(Audited)
Cash flows provided by (used in):			
Operations:			
Net loss for the year	(4,744)	(4,198)	(3,196)
Item not affecting cash:			
Stock-based compensation	196	478	523
Depreciation	59	65	23
Share of loss from equity investments	11	-	-
Unrealized foreign exchange (gain)/loss	(395)	(163)	151
Changes in non-cash operating working capital	844	(592)	226
	(4,029)	(4,410)	(2,273)
Investing:			
Property and equipment expenditures	(4)	(63)	(129)
Intangible exploration expenditures	(157)	(424)	-
Acquistion of Block 2B	-	(3,232)	-
Investment in joint ventures	(7,278)	-	-
Changes in non-cash investing working capital	4,083	331	(231)
	(3,356)	(3,388)	(360)
Financing:			
Common shares issued	-	11,162	8,368
Share issuance costs	-	(322)	(177)
Advances from related party	243	234	564
Payment to related party	(300)	(264)	(572)
	(57)	10,810	8,183
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	395	163	(151)
Increase (decrease) in cash and cash equivalents	(7,047)	3,175	5,399
Cash and cash equivalents, beginning of the year	10,179	7,004	1,605
Cash and cash equivalents, end of the year	3,132	10,179	7,004
Supplementary information			
Interest paid	Nil	Nil	Nil
Taxes paid	Nil	Nil	Nil

COMMENTS TO THE FINANCIAL INFORMATION

The financial information and commentary in this section should be read in conjunction with the information in sections "Selected financial information", "Capitalization, indebtedness and other financial information" as well as the Company's audited consolidated financial statements as of and for the fiscal years ended 31 December 2017, 2016 and 2015 including notes. This section may contain certain forward-looking statements. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial position and results of operations, to differ materially from the results implied in such forward-looking statements. See section "Important information to investors – Forward looking statements".

Comments to the fiscal years ended 31 December 2017, 2016 and 2015

As the Company is in the exploration stage, no oil and gas revenue has been generated to date. Accordingly, the only income reported is interest income on cash deposits and foreign exchange gains on Canadian dollar and South African Rand holdings.

Operating expenses increased $0.8 million during the year ended December 31, 2017 compared to the same period in 2016. Salaries and benefits increased by $0.6 million primarily due to annual bonuses being approved at the end of December 2017 for management and employees. New venture costs increased as the Company acquired $0.3 million of geological and geophysical data in the second quarter of 2017. Professional fees increased by $0.2 million during the year ended December 31, 2017 due to legal fees incurred relating to the Block 11B/12B farmin. This increase was partially offset by a $0.3 million decrease in stock-based compensation. The decrease in stock-based compensation is due to the issuance of 7.3 million options during 2016, of which one-third vested immediately, compared to 2.5 million options being issued during 2017 where all options cliff vest after three years.

Operating expenses increased $1.3 million during the year ended December 31, 2016 compared to the same period in 2015. The increase in salaries and benefit costs as well as travel costs can be attributed to hiring a dedicated management team as well as technical exploration and administrative staff for the Company's new office in Cape Town, South Africa. Office and general costs increased due mainly to technical software license fees and the costs associated with running a new office in Cape Town, South Africa. The decrease in professional fees is primarily due to the capitalization of transaction advisory expenses relating to the acquisition of Block 2B. The decrease in management fees charged to the Company can be attributed to revisions to the General Management and Services Agreement between AOC and the Company effective June 1, 2015 and February 1, 2016 to reflect hiring of a dedicated management team for the Company.

The Company recorded a net loss of $4.7 million in 2017 compared to a net loss in 2016 of $4.2 million. The $0.5 million increase in the net loss is mainly attributed to an increase in operating expenses as explained above, offset partially by an increase in foreign exchange gains. The foreign exchanges gains resulted from holding Canadian dollars and South African Rand while these currencies both strengthened versus the U.S. dollar.

The Company recorded a net loss of $4.2 million in 2016 compared to a net loss in 2015 of $3.2 million. The larger loss is mainly attributed to an increase in corporate activity as the Company continues to pursue oil and gas exploration and production assets in Africa.

The decrease in net working capital from 2016 to 2017 is due to cash-based operating expenses and the investments in Pancontinental Namibia and Main Street 1549. Net working capital at December 31, 2017 includes a $4.5 million contingent liability, which is an estimate made by management of the probability that a well will spud on PEL 37 and that certain commercial conditions will exist resulting in an obligation of $5.5 million to Pancontinental Namibia.

The increase in net working capital from 2015 to 2016 is primarily due to the completion of a private placement during the fourth quarter of 2016 in which the Company received $11.2 million in gross proceeds, partially offset by Block 2B acquisition costs and cash-based operating expenses.

The increase in total assets from 2016 to 2017 is due the Company's investments in associates which is offset by cash-based operating expenditures. The increase in total assets from 2015 to 2016 is due to the completion of a private placements which occurred during the fourth quarter of 2016, offset partially by cash-based operating expenditures.

Investment in associates

During the years ended December 31, 2017, 2016 and 2015, the Company made the following investment in associates:

For the years ended	December 31, 2017	December 31, 2016	December 31, 2015
	(Audited)	(Audited)	(Audited)
Pancontinental Namibia	6,777	-	-
Main Street 1549	490	-	-
	7,267	**-**	**-**

Pancontinental Namibia

On September 13, 2017, the Company completed the acquisition of one-third of the shares of Pancontinental Namibia that holds a 30% participating interest in PEL 37. The Company paid Pancontinental Namibia $2.2 million at closing and will pay an additional $5.5 million upon spud of the first exploration well provided that certain commercial conditions exist on the spud date. Management has assessed the likelihood and timing of future drilling and has accrued $4.5 million of contingent consideration in accounts payable and accrued liabilities.

The investment in Pancontinental Namibia is accounted for using the equity method. The Company's share of losses during the period since the date of acquisition amounted to $0.01 million. During the year ended December 31, 2017, $0.06 million in legal expenses relating to the acquisition of Pancontinental Namibia were capitalized. The Company has advanced $0.02 million during the year to cover Pancontinental Namibia's overhead and PEL 37 cash calls.

Main Street 1549

Africa Energy holds 49% of the common shares of Main Street 1549. In November 2017, Main Street 1549 entered into farmin agreements with each of Total, a wholly-owned subsidiary of Total SA, and CNRI, a wholly-owned subsidiary of Canadian Natural Resources Limited, to acquire an aggregate 10% participating interest in the Exploration Right for Block 11B/12B offshore the Republic of South Africa. Main Street 1549 paid a deposit of $1.0 million at signature ($0.5 million net to the Company) and will pay an additional amount in lieu of past costs at closing, $6.9 million net to the Company. Main Street 1549 has agreed to fund a portion of Total and CNRI's costs for the first exploration well, capped at $7.6 million net to the Company, plus certain contingent payments due at various milestones associated with commercialization of hydrocarbons in Block 11B/12B. Closing is subject to standard conditions for a farmin transaction of this type, including approval of the South African government and the TSX Venture Exchange.

Intangible exploration assets

For the years ended	December 31, 2017	December 31, 2016	December 31, 2015
	(Audited)	(Audited)	(Audited)
Intangible exploration assets	6,678	6,521	-

During 2016, the Company completed the acquisition of a 90% participating interest in Block 2B and capitalized acquisition costs.

During 2017, the Company capitalized $0.2 million (2016, $0.4 million) of intangible exploration expenditures of which $0.09 million relates to Block 2B general and administrative expenses (2016, $0.07 million).

Significant events in the development of the Company's business

The following describes the development of Africa Energy's business over the last three completed financial years.

Fiscal year ended December 31, 2015

In 2011, the Company, as Horn Petroleum, acquired Africa Oil's interests in two production sharing agreements in Puntland, and in 2012, the Company drilled two exploration wells in Puntland.

Early in 2015, the Company informed the Government of Puntland (Somalia) that the Company would significantly reduce its presence in Bosaso, Puntland and would refrain from any operational activity and associated expenditures pending a resolution of the political situation between the Regional Government of Puntland and the Federal Government of Somalia regarding the legitimacy of its production sharing agreements in Puntland. Given the considerable efforts taken by the Company in Puntland, the Company also requested a two-year extension to the second exploration period from the Government of Puntland to allow time for these political challenges to be resolved.

In March 2015, the Company announced a new corporate strategy to aggressively pursue upstream oil and gas opportunities across Africa during the downturn in oil prices. The Company hired a successful technical team based in Cape Town, South Africa and changed the Company's name to "Africa Energy Corp." effective March 12, 2015.

Also in March 2015, the Company completed a non-brokered private placement issuing an aggregate of 32,486,153 shares at a price of CAD$0.13 per share for gross proceeds of $3.4 million. A finder's fee was paid in the amount of $0.08 million in cash. The Company issued 22,689,615 of the common shares on March 27, 2015 ("First Tranche") and issued 9,796,538 common shares on March 30, 2015 ("Second Tranche"). The common shares issued under the First and Second Tranche of the private placement were subject to statutory hold periods which expired on July 28, 2015 and July 31, 2015, respectively.

In June 2015, the Company and its joint venture partners notified the Government of Puntland (Somalia) of their decision to withdraw from its production sharing agreements in Puntland.

In December 2015, the Company executed three definitive agreements which, subject to government and other regulatory approvals, would result in the Company holding a 90% working interest and operatorship in the Block 2B Exploration Right offshore the Republic of South Africa:

Also in December 2015, the Company completed a non-brokered private placement issuing an aggregate of 115,041,666 common shares at a price of CAD$0.06 per share for gross proceeds of $5.0 million. A finder's fee was paid in the amount of $0.04 million in cash. The shares issued in the private placement were subject to a statutory hold period which expired on May 1, 2016.

Fiscal year ended December 31, 2016

In October 2016, the Company closed the following three transactions resulting in the acquisition of an aggregate 90% participating interest in, and operatorship of, Block 2B:

- The Company paid $1 million to Afren plc and certain of its subsidiaries to acquire Main Street 840, an entity incorporated in the Republic of South Africa that holds a 25% participating interest in Block 2B;
- The Company paid $2 million less obligations outstanding at the effective date and issued 14.8 million common shares of the Company to acquire all of the shares of Thombo, a privately held company incorporated in the United Kingdom that operates and holds a 34.5% participating interest in Block 2B. The Company may be obligated to issue up to an additional 20 million common shares and to pay up to $1.5 million in additional contingent cash and/or shares of Africa Energy, at the option of the Company, if certain milestones associated with the commercialization of Block 2B are achieved; and

- The Company completed a farmin agreement with a subsidiary of Crown to acquire a 30.5% participating interest in Block 2B. The Company reimbursed Crown $0.3 million of net back costs and will fund costs for Crown's remaining 10% participating interest associated with the drilling and testing of the next well in Block 2B.

In November 2016, the Company completed a non-brokered private placement issuing an aggregate of 60,000,000 common shares at a price of CDN $0.25 ($0.1865) per share for gross proceeds of CDN$15 million. A finder's fee was paid in the amount of $0.3 million in cash. The common shares issued in the private placement are subject to a statutory hold period that expired March 16, 2017.

Fiscal year ended December 31, 2017

In January 2017, prior to the expiry of the First Renewal Period of the Block 2B Exploration Right, the Company applied for entry into the Second Renewal Period that is for a period of two years from the date the application is approved.

In July 2017, Garrett Soden was appointed as the Company's President and Chief Executive Officer and to the Company's Board of Directors.

In September 2017, the Company completed the acquisition of one-third of the shares of Pancontinental Namibia, which holds a 30% participating interest in PEL 37 offshore the Republic of Namibia. The Company paid Pancontinental Namibia $2.2 million at closing and will pay an additional $5.5 million upon spud of the first exploration well provided that certain commercial conditions exist on the spud date, including that Pancontinental Namibia's pro rata portion of exploration drilling costs of one well in Second Renewal being funded by another joint venture partner.

In November 2017, Main Street 1549, a company owned 49% by Africa Energy, entered into farmout agreements with each of Total and CNRI to acquire an aggregate 10% participating interest in the Block 11B/12B Exploration Right, providing Africa Energy with an effective 4.9% interest. The Company paid a deposit of $0.5 million at signing and will pay an addition $6.9 million at closing. The Company has agreed to fund a portion of Total's and CNRI's costs for the proposed exploration well to a maximum of $7.6 million, plus certain contingent payments due at various milestones associated with commercialization of hydrocarbons from Block 11B/12B. Closing is subject to standard conditions for a farmin transaction of this type, including approval by the South African government and the TSX Venture Exchange.

Subsequent to the Year Ended December 31, 2017

In February 2018, the joint venture partnership in PEL 37 received notification from Ministry of Mines and Energy in Namibia that its application for entry into the Second Renewal Period had been approved. The Second Renewal Period is for a period of two years commencing March 28, 2018 and includes an obligation to drill an exploration well on PEL 37.

Also in February 2018, the Company received notification from the Petroleum Agency of South Africa that its application for entry into the Second Renewal Period of the Block 2B Exploration Right had been approved. The Second Renewal Period of the Block 2B Exploration Right is for a period of two years commencing February 20, 2018. During the Second Renewal Period, the joint venture partners are obligated to perform studies and evaluations to determine potential commerciality, and economic sensitivity modelling to establish whether the drilling of a well could prove up potentially commercial oil volumes. If it is determined that drilling could prove up potentially commercial oil volumes, then the joint venture partners are obligated to drill an exploration well on Block 2B.

CAPITALIZATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The information provided in this section describes the Company's consolidated capitalization and indebtedness as at February 28, 2018. The column "Adjustments for the Private Placement" refers to adjustments taking into account the Private Placement. The information presented below should be read in conjunction with the section "Selected financial information", "Comments to the financial information" and the Company's consolidated financial statements including the related notes. See section "Shares, share capital and ownership structure" for more information about the Company's share capital and shares.

Capitalization

(Expressed in thousands of United States dollars)

	February 28, 2018	Adjustments for the Private Placement	Adjusted
CURRENT DEBT			
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed/unsecured	-	-	-
TOTAL CURRENT DEBT	-	-	-
NON-CURRENT DEBT			
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed/unsecured	-	-	-
TOTAL NON-CURRENT DEBT	-	-	-
TOTAL CURRENT AND NON-CURRENT DEBT			
SHAREHOLDER'S EQUITY			
Share capital	108,246	45,000[25]	153,246
Share premium reserve	4,497	-	4,497
Other reserves	-	-	-
Retained earnings	(100,621)	-	(100,621)
TOTAL SHAREHOLDER'S EQUITY	**12,122**	**45,000**	**57,122**

[25] Gross proceeds from the Private Placement before deduction of broker fees and transaction costs.

Net indebtedness

(Expressed in thousands of United States dollars)

		February 28, 2018	Adjustments for the Private Placement	Adjusted
(A)	Cash	2,515	45,000[26]	47,515
(B)	Cash equivalents	-	-	-
(C)	Trading securities	-	-	-
(D)	**Liquidity (A) + (B) + (C)**	2,515	45,000	47,515
(E)	Current financial receivables	125	-	125
(F)	Current bank debt	-	-	-
(G)	Current portion of non-current debt	-	-	-
(H)	Other current financial debt	-	-	-
(I)	**Current debt (F) + (G) + (H)**	-	-	-
(J)	Net current financial indebtedness (I) - (E) - (D)	**(2,640)**	**(45,000)**	**(47,640)**
(K)	Non-current bank debt	-	-	-
(L)	Bonds issued	-	-	-
(M)	Other non-current debt	-	-	-
(N)	**Non-current indebtedness (K) + (L) + (M)**	**-**	**-**	**-**
(O)	**Net indebtedness (J) + (N)**	**(2,640)**	**(45,000)**	**(47,640)**

Liquidity and capital resources

As at December 31, 2017, the Company had cash of $3.1 million and negative working capital of $1.9 million. compared to cash of $10.2 million and working capital of $10.0 million at December 31, 2016. The decrease in the Company's cash and working capital are primarily due to cash-based operating expenditures and the investment in Pancontinental Namibia and Main Street 1549. Working capital as at December 31, 2017 includes an accrued liability of $4.5 million, which is an estimate made by management of the probability that the Company will pay $5.5 million upon spud of the well if certain commercial conditions exist. In the event drilling does not commence on PEL 37, the Company has no financial obligation. As the Company is in the exploration stage, no oil and gas revenue has been generated to date and the Company has relied on issuance of new shares to finance ongoing explorations.

On April 25, 2018, the Company announced that it completed the book-building of the Private Placement for gross proceeds of $45 million. The Board of Directors believe that, with the Private Placement complete, the Company´s financial resources are sufficient to fund contractual commitments and working capital requirements under the approved work plan for the next twelve months. However, since the time required to become profitable is difficult to estimate due to the risk inherent in oil and gas exploration, the Company's current working capital position may not provide it with sufficient capital

[26] Gross proceeds from the Private Placement before deduction of broker fees and transaction costs.

resources to explore and develop oil and gas properties and for general corporate purposes not currently included in the work plan.

Completion of the Private Placement will be subject to certain customary conditions including, but not limited to, execution of subscription agreements between Pareto, or the Company, and the subscribers and TSX-V.

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

Stock based compensation

The Company uses the fair value method of accounting for stock options granted to directors, officers, employees and consultants whereby the fair value of all stock options granted is recorded as a charge to operations. Stock-based compensation for the year ended December 31, 2017 was $0.2 million compared to $0.5 million for the year ended December 31, 2016. The decrease in stock-based compensation expense is due to the 7.3 million stock options granted to directors, officers and employees of the Company during the year ended December 31, 2016, of which one-third vested immediately, compared to 2.5 million options granted to an officer of the Company during the year ended December 31, 2017 where all options cliff vest after three years.

Commitments and contingencies

Block 2B, Republic of South Africa

Under the terms of the Block 2B Exploration Right, the Company and its partner have fulfilled the obligations of the First Renewal Period that was set to expire in March 2017. Prior to the expiry, and in accordance with the terms of the Exploration Right for Block 2B, the Company applied for entry into the Second Renewal Period. Subsequent to year end, the Company received notification from the Petroleum Agency of South Africa that its application for renewal had been approved. The Second Renewal Period of the Block 2B Exploration Right is for a period of two years commencing February 20, 2018. During the Second Renewal Period, the joint venture partners are obligated to perform studies and evaluations to determine potential commerciality, and economic sensitivity modelling to establish whether the drilling of a well could prove up potentially commercial oil volumes. If it is determined that drilling could prove up potentially commercial oil volumes, then the joint venture partners are obligated to drill an exploration well on Block 2B.

Under the Thombo Share Purchase Agreement, the Company is obligated to the following;

1. At spud of the third well (A-J1 well drilled in 1988 being the first and only well drilled on Block 2B to date), pay $0.5 million cash or issue the equivalent value of common shares of the Company valued at that time;
2. At spud of the fourth well, pay $0.5 million cash or issue the equivalent value of common shares of the Company valued at that time; and
3. At declaration of commerciality by the joint operating committee, either; i) pay $0.5 million cash or issue the equivalent value of common shares of the Company valued at that time; or ii) in the event that a predetermined level of reserves are achieved, issue up to 20 million common shares of the Company dependent on the number of reserves at that time.

Management has assessed the likelihood and timing of future drilling and has not accrued any significant obligations related to the above contingent consideration.

Under the farmin agreement with a subsidiary of Crown, the Company is obligated to fund Crown's remaining 10% participating interest of costs associated with the drilling and testing of the next well in Block 2B.

PEL 37, Republic of Namibia

Subsequent to year end, the joint venture partnership in PEL 37 received notification from Ministry of Mines and Energy in Namibia that its application for entry into the Second Renewal Period had been approved. The Second Renewal Period is for a period of two years commencing March 28, 2018, and includes an obligation to drill an exploration well on PEL 37.

Under the Share Subscription Agreement with Pancontinental Namibia, the Company is obligated to pay an additional $5.5 million upon spud of the first exploration well, provided that certain commercial conditions exist on the spud date, including its pro rata portion of exploration drilling costs of one well in the Second Renewal Period being funded by another joint venture partner. If the Company fails to fund the contingent consideration when it becomes due, all shares of Pancontinental Namibia acquired by the Company will be cancelled and the Company will lose its right to recover any amounts previously funded at that time.

Management has assessed the likelihood and timing of future drilling and has accrued $4.5 million of contingent consideration in accounts payable and accrued liabilities. In determining the likelihood and timing of future drilling, Management has considered the current political environment in Namibia, status of the joint venture partner's application for entry into the next exploration period, status of procurement and the joint venture's commitment to a drilling rig, current oil price environment and access to capital.

Property lease contracts

The Company has committed to future minimum payments at December 31, 2017 under a South African operating lease for the rental of office space, including a proportionate share of operating costs as follows:

(thousands of USD)	
2018	83
2019	21
Total minimum payment	**104**

Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITOR

Board of Directors

Ashley Heppenstall, Chairman (born in 1962)

- ***Assumed position:*** *2016*
- ***Shares held:*** *42,158,788*[27]
- ***Options held:*** *620,000*
- ***Independent of the Company and executive management:*** *Yes*
- ***Independent of the Company's principal owners:*** *Yes*

Mr. Heppenstall is a graduate of Durham University where he obtained a degree in Mathematics. From 1984 until 1990, he worked in the banking sector where he was involved in project financing of oil and mining businesses. In 1990, Mr. Heppenstall was a founding director and shareholder of Sceptre Management Limited. Since 1993 Mr. Heppenstall has worked with public companies associated with the Lundin family. Currently, Mr. Heppenstall serves as the Lead Director of International Petroleum Corporation, Lundin Gold Inc. and Filo Mining Corp., Chairman of Etrion Corporation, and a director of both ShaMaran Petroleum Corp. and Lundin Petroleum AB. Until September 2015, he was President and Chief Executive Officer of Lundin Petroleum AB, and he is a former director of Vostok Nafta Investment Ltd.

Garrett Soden, President, CEO and Director (born in 1974)

- ***Assumed position:*** *2017*
- ***Shares held:*** *2,500,000*[28]
- ***Options held:*** *2,500,000*
- ***Independent of the Company and executive management:*** *No*
- ***Independent of the Company's principal owners:*** *Yes*

Mr. Soden has worked with the Lundin Group for over a decade. He is a Non-Executive Director of Etrion Corporation, Gulf Keystone Petroleum Ltd., Panoro Energy ASA, Petropavlovsk plc and Phoenix Global Resources plc. Previously, he was Chairman and CEO of RusForest AB, CFO of Etrion and PetroFalcon Corporation and a Non-Executive Director of PA Resources AB. Mr. Soden holds a BSc honours degree from the London School of Economics and an MBA from Columbia Business School.

Keith C. Hill, Director (born in 1959)

- ***Assumed position:*** *2011*
- ***Shares held:*** *-*
- ***Options held:*** *970,000*
- ***Independent of the Company and executive management:*** *Yes*
- ***Independent of the Company's principal owners:*** *No*[29]

Mr. Hill is the President and Chief Executive Officer and a director of Africa Oil Corp., Chairman of ShaMaran Petroleum Corp., director of BlackPearl Resources Ltd., director of TAG Oil Ltd., and director of ECO Atlantic Oil & Gas Ltd., formerly Chairman and director of Petro Vista Energy Corp., director of Tyner Resources Ltd., President and Chief Executive Officer of Pearl Exploration and Production Ltd. (now BlackPearl Resources Ltd.), Valkyries Petroleum Corp. and Bayou Bend Petroleum (now ShaMaran Petroleum Corp.). Mr. Hill has over 30 years' experience in the oil industry including over 18 years with the Lundin Group as well as international new venture management and senior exploration positions at

[27] Total shares held upon close of the Private Placement (subscribed for 16,106,000 shares in the Private Placement).

[28] Total shares held upon close of the Private Placement (subscribed for 2,000,000 shares in the Private Placement).

[29] Keith Hill and Ian Gibbs are part of senior management (President/CEO and CFO, respectively) of Africa Oil Corp. (Africa Oil owns 28.5%, and upon close of the Private Placement will own 34.6%, of Africa Energy)

Occidental Petroleum and Shell Oil Company. His education includes a Master of Science degree in Geology and Bachelor of Science degree in Geophysics from Michigan State University as well as an MBA from the University of St. Thomas in Houston.

Ian Gibbs, Director (born in 1968)

- ***Assumed position:*** *2011*
- ***Shares held:*** *-*
- ***Options held:*** *620,000*
- ***Independent of the Company and executive management:*** *Yes*
- ***Independent of the Company's principal owners:*** *No*[30]

Mr. Gibbs is the Chief Financial Officer of Africa Oil Corp., and a director of Lundin Gold Inc. He is a former director of Petro Vista Energy Corp., the former Chief Financial Officer of Valkyries Petroleum Corp., Tanganyika Oil Company Ltd. and ShaMaran Petroleum Corp. (formerly Bayou Bend Petroleum Ltd.). Mr. Gibbs is a Canadian Chartered Accountant and a graduate of the University of Calgary where he obtained a bachelor of commerce degree.

John Bentley, Director (born in 1948)

- ***Assumed position:*** *2015*
- ***Shares held:*** *3,631,002*[31]
- ***Options held:*** *620,000*
- ***Independent of the Company and executive management:*** *Yes*
- ***Independent of the Company's principal owners:*** *Yes*

Mr. Bentley is the Chairman of Faroe Petroleum plc, Deputy Chairman of Wentworth Resources Ltd., and a director of Phoenix Global Resources plc. Mr. Bentley has also served as Executive Chairman of FirstAfrica Oil plc and on the boards of Kea Petroleum plc, Scotgold Resources Ltd., SacOil Holdings Ltd., Resaca Exploitation Inc., CDS Oil & Gas Group plc, FirstAfrica Oil plc, Rift Oil plc, Adastra Minerals Ltd, and Caracal Energy Inc. Mr Bentley has over 40 years' experience in the natural resources sector. He served in a number of senior management positions in the Gencor Group in South Africa, the USA, UK and Brazil. In 1996, he was instrumental in floating Energy Africa Ltd on the Johannesburg stock exchange and became Chief Executive for the following five years.

Adrian Nel, Director (born in 1942)

- ***Assumed position:*** *2015*
- ***Shares held:*** *725,000*
- ***Options held:*** *620,000*
- ***Independent of the Company and executive management:*** *Yes*
- ***Independent of the Company's principal owners:*** *Yes*

Mr. Nel has been active in oil and minerals exploration since 1965. As General Manager of Engen's oil and gas division, he was responsible for growing the assets which were listed as Energy Africa in 1996. Mr. Nel was the Exploration Director and COO of Energy Africa from 1996 until the acquisition of Energy Africa by Tullow Oil plc in 2004. He also served on Tullow Oil plc's board as Exploration Director until his retirement in 2006.

[30] Keith Hill and Ian Gibbs are part of senior management (President/CEO and CFO, respectively) of Africa Oil Corp. (Africa Oil owns 28.5%, and upon close of the Private Placement will own 34.6%, of Africa Energy)

[31] Total shares held upon close of the Private Placement (subscribed for 1,118,480 shares in the Private Placement).

Management

Garrett Soden, President, CEO and Director (born in 1974)

See above.

Jan Maier, VP Exploration (born in 1954)

- ***Assumed position:*** *2015*
- ***Shares held:*** *1,047,440*[32]
- ***Options held:*** *1,500,000*
- ***Independent of the Company and executive management:*** *No*
- ***Independent of the Company's principal owners:*** *Yes*

Mr. Maier has more than 30 years of experience in African new venture exploration. Most recently, he was the New Ventures Exploration Manager at Tullow Oil plc following its acquisition of Energy Africa in 2004.

Jeromie Kufflick, CFO (born in 1976)

- ***Assumed position:*** *2011*
- ***Shares held:*** *2,700,833*
- ***Options held:*** *1,500,000*
- ***Independent of the Company and executive management:*** *No*
- ***Independent of the Company's principal owners:*** *Yes*

Mr. Kufflick is a Canadian Chartered Accountant and a graduate of the University of Saskatchewan where he obtained a Bachelor of Commerce degree. Mr. Kufflick has over eighteen years of experience focused in the oil and gas industry. Mr. Kufflick has served as the CFO of Africa Energy (formerly Horn Petroleum) since its inception in September 2011. Mr. Kufflick also served as the Corporate Controller of Africa Oil Corp. beginning in March 2010. Prior to joining Africa Oil Corp., Mr. Kufflick filled various financial roles, including Corporate Controller, during the seven years he was employed by Trican Well Service Ltd. and during the three years he was employed by KPMG LLP.

Additional information about the Board of Directors and management

In July 2017, the Company appointed Garrett Soden as the Company's President and Chief Executive Officer. Mr. Soden replaced James Phillips who elected to retire. Mr. Soden was also appointed to the Company's Board of Directors.

Each director of the Company holds office until the next annual general meeting or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the articles of the Company or he becomes disqualified to act as a director.

[32] Total shares held upon close of the Private Placement (subscribed for 157,190 shares in the Private Placement).

Security holdings

Upon close of the Private Placement, the directors and executive officers of the Company, as a group, will beneficially own, directly or indirectly or exercise control or direction over 52,763,063 Shares, representing approximately 7.7% of the issued and outstanding Shares of the Company. The table below states the shareholding of each of the directors and executive officers:

Name	Position	Appointed	Shareholding	Options held
Ashley Heppenstall	Chairman	2016	42,158,788	620,000
Keith Hill	Director	2011	-	970,000
Ian Gibbs	Director	2011	-	620,000
John Bentley	Director	2015	3,631,002	620,000
Adrian Nel	Director	2015	725,000	620,000
Garett Soden	President, CEO and Director	2017	2,500,000	2,500,000
Jan Maier	VP Exploration	2015	1,047,440	1,500,000
Jeromie Kufflick	CFO	2011	2,700,833	1,500,000

Remuneration of directors and management

Remuneration of 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 and the Vice President of Exploration.

Directors' fees include Board and Committee Chair retainers. Management's short-term wages and benefits include salary, benefits, bonuses and any other compensation earned or awarded during the year. Share-based compensation includes expenses relate to the Company's stock option plan.

For the years ended December 31, amounts in USD thousands	2017	2016
Directors' fees	104	102
Directors' share-based compensation	32	112
Management's short-term wages, bonuses and benefits	1,165	1,086
Management's share-based compensation	92	156
	1,393	**1,456**

The Company utilize its stock option plan as a method of recruiting, retaining and motivating personnel. At the Annual General and Special Meeting held on July 6, 2017, the Company's shareholders ratified and approved the Company's stock option plan (the "Plan"). The Plan provides that the aggregate number of incentive stock options issued shall not exceed 10% of the total common shares outstanding, and that the option exercise price will not be below the market trading value of the Company's shares at the time of grant. The term of any option granted under the Plan will be fixed by the Board of Directors and may not exceed five years from the date of grant. Vesting periods are determined by the Board of Directors and no optionee shall receive a grant of more than 5% of the Company's total common shares outstanding.

During 2017, 2.5 million stock options were granted that cliff vest three years from the date of grant and expire after five years. All remaining stock options granted vest over a two-year period, with one-third vesting immediately, and expire five years after the grant date. The Company has 16,076,666 stock options currently outstanding, of which 11,446,666 have vested.

Please also see section "*Capitalization, Indebtedness and Other Financial Information - Stock Based Compensation*".

Cease trade orders, bankruptcies, penalties or sanctions

Cease trade orders

Other than as disclosed below, no director or officer or person holding a sufficient number of securities of the Company to affect materially the control of the Company, is, or within the past ten years before the date of this Company Description has been, a director or officer of any other issuer that, while such person was acting in that capacity: (i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted in such an order after the person ceased to be a director or officer; (iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or (iv) was subject to such bankruptcy proceedings within a year of that person ceasing to act in that capacity.

Mr. John Bentley is a former director of Kea Petroleum plc. which announced on January 7, 2016 that it had entered into voluntary liquidation.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and any control shareholder of the Company individually.

Personal bankruptcies

During the ten years preceding the date of this Company Description, no director, officer or shareholder holding a sufficient number of shares of the Company to affect materially the control of the Company, or a personal holding company of any such person, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold his or her assets.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and any control shareholder of the Company individually.

Penalties or sanctions

No director or officer of the Company, or shareholder holding a sufficient number of shares of the Company to materially affect control of the Company, has been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Conflicts of interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation, or the terms of such participation. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, the involvement in a greater number of programs or a reduction in financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and the financial position at that time.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the BCBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Other than as disclosed below, the directors and officers of the Company are not aware of any such conflicts of interest in any existing or contemplated contracts with or transactions involving the Company.

On October 21, 2016, the Company completed a transaction with Thombo whereby it paid $2.0 million less obligations outstanding at the effective date and issued 14.8 million new common shares of the Company to acquire all of the shares of Thombo, a privately held company operating and holding a 34.5% participating interest in Block 2B. The Company may be required to issue up to an additional 20 million common shares and to pay up to $1.5 million in additional contingent cash and/or shares, at the option of the Company, if certain milestones associated with the commercialization of Block 2B are achieved.

Mr. John Bentley was a shareholder and director of Thombo at the time the shares of Thombo were acquired by the Company. Mr. Bentley disclosed to the Board of Directors that he had a disclosable interest in respect of Thombo and abstained from voting in respect of the transaction with Thombo in accordance with section 149(2) of the BCBCA.

Names and interests of experts

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing made under NI 51-102 by the Company during the current financial year other than PricewaterhouseCoopers LLP, Africa Energy's auditors. PricewaterhouseCoopers LLP, the Company's auditors, are independent in accordance with the auditor's rules of professional conduct in Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Africa Energy or any associate or affiliate of Africa Energy.

Auditor

Since the qualifying transaction in September 2011, the auditor of Africa Energy is PricewaterhouseCoopers LLP ("PwC"). PwC's office address is 111 5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3. The audit partner in charge is Alisa Sorochan, Canadian Chartered Professional Accountant, as a member of the Institute of Chartered Professional Accountants of Alberta.

CORPORATE GOVERNANCE

Canadian corporate governance code

The Company discloses its corporate governance practices pursuant to the disclosure requirements in National Instrument 58-101 – Disclosure of Corporate Governance Practices (the "Governance Disclosure Rule") that apply to issuers listed on the TSX-V. The Company's governance practices are made with reference to National Policy 58-201, Corporate Governance Guidelines (the "Governance Guidelines"). The Governance Disclosure Rule and the Governance Guidelines are initiatives of the Canadian Securities Administrators ("CSA").

The Governance Guidelines are not intended to be prescriptive but are to be used as guidelines in developing corporate governance practices. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. The Governance Disclosure Rule requires that, if management of an issuer solicits proxies from its shareholders for the purpose of electing directors, specified disclosure of its corporate governance practices must be included in its management information circular.

The Board recognizes the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased, and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which may arise.

The Company believes that its corporate governance practices have been, and continue to be, in compliance with applicable Canadian requirements. The Company continues to monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate.

Further details regarding rules in relation to corporate governance are set forth in Section "*Summary of shareholder's rights*".

Board structure and function

The Board shall be constituted at all times of a majority of independent directors in accordance with the Governance Guidelines. The Chairman of the Board should also be independent or alternatively the Board will appoint an independent lead director.

The Board is currently comprised of six directors, five of whom are independent directors. Garrett Soden is not considered to be independent as he is President and Chief Executive Officer of the Company.

The Company does not have a formal policy limiting the number of outside directorships or the number of directors that can sit on the same board outside of the Company.

The Board is responsible for the stewardship of the business and affairs of the Company. The Board seeks to discharge this responsibility by reviewing, discussing and approving the Company's strategic planning and organizational structure and supervising management to oversee that the long-term operational and financial goals and organizational structure enhance and preserve the business of the Company and the underlying value of the Company.

The Board discharges its responsibility for overseeing the management of the Company's business by delegating to the Company's senior officers the responsibility for day-to-day management of the Company. The Board discharges its responsibilities both directly and through its standing committees; namely, the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Reserves Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address issues of a more short-term nature.

The Board's primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Company's strategic objectives. Other principal duties include, but are not limited to, the following categories: (i) appointment of management; (ii) board organization; (iii) strategic planning; (iv) monitoring of financial performance and other financial reporting matters; (v) risk management; (vi) environmental oversight; (vii) policies and procedures; and (viii) communications and reporting.

Standing committees of The Company

There are currently four standing committees of the Board; namely, the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Reserves Committee. The following table identifies the members of each of these Committees:

Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Reserves Committee
Ian Gibbs (Chair)	Ashley Heppenstall (Chair)	John Bentley (Chair)	Keith Hill (Chair)
John Bentley	Keith Hill	Adrian Nel	Ashley Heppenstall
Ashley Heppenstall	Ian Gibbs	Ian Gibbs	Adrian Nel

Audit committee

The Company has an Audit Committee comprised of Ian Gibbs (Chair), John Bentley and Ashley Heppenstall, each of whom is independent and financially literate[1] within the meaning of National Instrument 52-110 ("NI 52-110").

The Audit Committee oversees the accounting and financial reporting processes of the Company and its subsidiaries and all audits and external reviews of the financial statements of the Company on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Company and its subsidiaries. All auditing services and non-audit services to be provided to the Company by the Company's auditors are pre-approved by the Audit Committee. The Committee is responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, quarterly review engagements, the Company's internal accounting controls, the Code of Business Conduct and Ethics, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Company's external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders and the compensation of the auditors. The Audit Committee is scheduled to meet a minimum of four times per year. The Audit Committee meets a minimum of four times per year. The Audit Committee met four times in 2017.

Below are the details of each Audit Committee member, including his or her name, whether he or she is independent and financially literate as such terms are defined under NI 52-110 and his education and experience as it relates to the performance of his duties as an audit committee member. The qualifications and independence of each member is discussed below and in the Company's management information circular, dated June 1, 2017, prepared in connection with the Company's annual and special meeting of shareholders held on July 6, 2017, a copy of which is available under the Company's profile on the SEDAR website at www.sedar.com.

Member Name	Independent[(1)]	Financially Literate[(2)]	Education and Experience Relevant to Performance of Audit Committee Duties
Ian Gibbs (Chair)	Yes	Yes	Mr. Gibbs is a Canadian Chartered Accountant and a graduate of the University of Calgary where he obtained a bachelor of commerce degree. He is currently the Chief Financial Officer of Africa Oil Corp. Prior to this, Mr. Gibbs was the Chief Financial

[1] For the purposes of NI 52-110, an individual is financial literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

			Officer of Tanganyika Oil Company Ltd. Prior to Tanganyika Oil, Mr. Gibbs was CFO of Valkyries Petroleum Corp.
John Bentley	Yes	Yes	Mr. Bentley has extensive experience with management of public companies and has accounting and financial expertise as a result of his experience as the President and Chief Executive Officer of a publicly traded international oil and gas company. Education includes a degree in Metallurgy.
Ashley Heppenstall	Yes	Yes	Mr. Heppenstall has extensive experience with management of public companies and has accounting and financial expertise as a result of his experience as the President and Chief Executive Officer of Lundin Petroleum AB.

(1) Independent within the meaning of NI 52-110.

(2) An individual is financially literate within the meaning of NI 52-110 if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues and can reasonably be expected to be raised by the Company's financial statements.

Compensation committee

The Board has formed a compensation committee comprised of Ashley Heppenstall (Chair), Keith Hill and Ian Gibbs, all of whom are independent within the meaning set out in the Governance Guidelines.

The Company's executive compensation program is administered by the Compensation Committee of the Board. All members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have held senior executive or director roles within public companies and have a good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members' combined experience in the resource sector provides them with the understanding of the Corporation's success factors and risks, which is very important when determining metrics for measuring success.

The Compensation Committee's mandate includes reviewing and making recommendations to the Board of Directors in respect of compensation matters relating to the Company's executive officers. As well, the Compensation Committee determines the general compensation structure, policies and programs of the Company, including the extent and level of participation in incentive programs in conjunction with the Board. The Compensation Committee also reviews the adequacy and form of the compensation of directors to ensure that such compensation realistically reflects the responsibilities and risk involved in being an effective director. The Compensation Committee also meets at other times during the year as necessary, such as when a component of the Company's overall compensation package, including its stock option plan or the annual bonus program, is being amended or reviewed.

Corporate governance and nominating committee

The Corporate Governance and Nominating Committee consists of three directors, namely: Messrs. John Bentley (Chair), Adrian Nel and Ian Gibbs, the majority of whom are independent within the meaning of National Policy 58-201 Corporate Governance Guidelines. The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Company's approach to corporate governance issues. The Committee oversees the effective functioning of the Board, oversees the relationship between the Board and management, ensures that the Board can function independently of management at such times as is desirable or necessary, identifies individuals qualified to become new Board members and recommends to the Board the director nominees at each annual meeting of shareholders and, with the assistance of the Board and where necessary, develops an orientation and education program for new recruits to the Board. In identifying possible nominees to the Board, the Corporate Governance and Nominating Committee considers the competencies and skills necessary for the Board as a whole, the skills of existing directors and the competencies and skills each new nominee will bring to the Board, as well as whether or not each nominee will devote sufficient time and resources to the Board. The Corporate Governance and Nominating Committee also annually reviews and makes recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the

Board; and (iii) the effectiveness and contribution of the Board, its committees and individual directors, having reference to their respective mandates, charters and position descriptions. The Corporate Governance and Nominating Committee meet at least once annually.

Reserves committee

The Company's Reserves Committee is comprised of Messrs. Keith C. Hill (Chair), Ashley Heppenstall, and Adrian Nel, a majority of whom are considered to be independent. The Reserves Committee is generally responsible for developing the Corporation's approach to the reporting of oil and gas resources and/or reserves and the valuation of those resources/reserves.

SUMMARY OF SHAREHOLDER'S RIGHTS

The following is a summary of certain differences between the rights of shareholders in the Company based upon current British Columbia legislation, Canadian corporate governance principles and the Company's current articles as compared to the rights of shareholders generally under Swedish corporate law (in those parts applicable on public limited liability companies whose shares are subject to trading on a multilateral trading facility).

The summary is of a general nature and it is not an exhaustive review of all potentially relevant differences between Canadian and Swedish law or corporate governance requirements.

The Business of the Company

British Columbia

Under the Business Corporations Act (British Columbia) ("BCBCA"), the articles set the rules of a company's conduct and set out every restriction, if any, on (i) the business that may be carried on by the company and (ii) the powers that the company may exercise. The articles of the Company do not include any restrictions on the Company's business.

Sweden

Under the Swedish Companies Act, the objectives of a Swedish company must be set out in the articles of association. These objectives set out the limits within which a company can operate.

Shares

British Columbia

The shares have been issued in accordance with the BCBCA. The capital structure of the Company is composed of an unlimited number of Common Shares without par value.

Sweden

Under the Swedish Companies Act, a company may issue different classes of shares only if such share classes are specified in a company's articles of association. The articles shall also contain limitations on the minimum and maximum number of shares of each share class.

Voting rights

British Columbia

Under the BCBCA, every company having more than 100 shareholders must, unless the central securities register is in a form constituting in itself an index, keep an index of the names of the shareholders of the company as a part of its central securities register, and, within 14 days after the date on which an alteration is made in the central securities register, make any necessary alteration in the index. The index of shareholders must be so kept as to enable particulars with respect to every shareholder to be readily ascertained. A shareholder has one vote in respect of each share held by that shareholder and is entitled to vote in person or by proxy. A registered shareholder can either attend the meeting and vote him or herself or appoint someone else to vote his or her Common Shares (a "proxy holder"). A shareholder appoints a proxy holder to attend and act on the shareholder's behalf at a meeting of shareholders by giving the proxy holder a completed and executed form of proxy. A proxy holder is required to vote the Common Shares in accordance with the shareholder's instructions.

Under ordinary principles of property and trust law a non-registered shareholder has beneficial ownership of the shares, but a trustee, person or other legal representative, agent or other intermediary (an "intermediary") is the registered holder

that holds the Common Shares on behalf of the beneficial owner. The intermediary cannot vote the Common Shares registered in its name unless it receives written voting instructions from the beneficial owner. If the beneficial owner requests and provides an intermediary with appropriate documentation, the intermediary must appoint the beneficial owner or nominee of the beneficial owner as proxy holder.

Unless the memorandum or by-laws otherwise provide, any meeting of shareholders may be held entirely by means of telephone or other communications medium, provided all shareholders and proxy holders participating in the meeting are able to communicate with each other.

Sweden

Under the Swedish Companies Act, all shares carry one vote unless different share classes with different voting rights are provided for in the articles of association of the company. No share may however have a voting right which exceeds ten times the voting rights of any other share.

Shareholders registered in the share register as of the record date for a general meeting are entitled to vote at such general meeting (in person or by appointing a proxy holder). Shareholders with shares registered through a nominee must request to be temporarily registered as a shareholder of record on the record date in order to participate in a general meeting. The share register is kept by Euroclear and the record date for a general meeting shall be the fifth business day prior to the date of the meeting. If provided for in the articles of association shareholders must give notice of their intention to attend a shareholder meeting.

Shareholder meetings

British Columbia

Under the BCBCA, the directors of the Company must call an annual meeting of shareholders not later than 18 months after the date on which it was recognized, and subsequently, at least once in each calendar year and not more than 15 months after the annual reference date for the preceding calendar year. Meetings of shareholders of a corporation shall be held in British Columbia, or may be held at a location outside British Columbia if the location for the meeting is approved by the resolution required by the articles for that purpose or approved by ordinary resolution, as applicable, or the location for the meeting is approved in writing by the registrar before the meeting is held.

The holders of, in the aggregate, at least 1/20 of the issued Common Shares may also requisition the directors to call a meeting of the shareholders for the purposes stated in the requisition, provided that the business may be transacted at a general meeting. Subject to certain exemptions, on receiving the requisition, the directors shall call a general meeting to be held not more than four months after the date on which the requisition is received. If the directors fail to send notice of a general meeting within 21 days after the date on which the requisition is received, any shareholder or group of shareholders who signed the requisition and hold, in the aggregate, more than 1/40 of the issued Common Shares may call the meeting.

Under the BCBCA, a consent resolution of shareholders is deemed to be a proceeding at a meeting of those shareholders and to be as valid and effective as if it had been passed at a meeting of shareholders.

Sweden

An annual general meeting must be held within six months from the end of each financial year at which the board of directors must present the annual report and auditor's report. Resolutions on the following matters must be passed at the annual general meeting: (i) adoption of the profit and loss account and balance sheet, (ii) allocation of the company's profit or loss as set out on the adopted balance sheet, (iii) discharge from liability for directors and the managing director and (iv) other matters to be dealt with under the Swedish Companies Act or the articles of association of the company.

Under the Swedish Companies Act, the board of directors is responsible for convening general meetings but holders of not less than ten percent of all shares in the company may in writing demand that an extraordinary general meeting is convened. In such case, notice to attend the meeting shall be issued by the board within two weeks of receipt of the

demand therefor. When a general meeting is not convened in the prescribed manner, the Swedish Companies Registration Office shall, following notification, convene the general meeting. General meetings shall be held in the municipality in which the board of directors holds its registered office or in another municipality in Sweden if specified in the articles of association.

The general meeting shall be opened by the chairman of the board or such person as the board has decided.

Notices

British Columbia

As a public company, the Company must send notice of the date, time and location of a general meeting of the Company at least 21 days but not more than two months before the meeting to each shareholder entitled to attend the meeting.

Sweden

Under the Swedish Companies Act, a general meeting of shareholders must be preceded by a notice. The notice of the annual general meeting of shareholders must be given not earlier than six weeks and not later than four weeks before the date of the meeting. In general, notice of extraordinary general meetings must be given not earlier than six weeks and not later than two (three weeks if a change of the articles is proposed) weeks before the meeting. The notice shall be announced in a press release, published in the Swedish Official Gazette and on the company's website. The company must also publish in a daily newspaper with nationwide circulation a short form message containing information regarding the notice and where it can be found. The notice shall include an agenda listing each item that the meeting is to resolve upon and the main content of the proposed resolutions.

Record date

British Columbia

The directors of the Company may set a date as the record date for any purpose, including for the purpose of determining shareholders entitled to notice of or entitled to vote at a meeting of shareholders. Under the BCBCA, the record date must not precede the date of the meeting by more than two months (or, in the case of a requisitioned meeting, four months). Under Canadian securities laws, the record date for notice of the meeting shall be no fewer than 30 days and no more than 60 days before the meeting date.

Sweden

Under the Swedish Companies Act the record date for a general meeting is the fifth work day (i.e. not a holiday) prior to the date of the meeting.

Issue of shares

British Columbia

Under the BCBCA:

(1) subject to the notice of articles and the Company's articles, shares may be issued at the times and to the persons as the directors may determine, and for such consideration as set by a directors' resolution; and

(2) a share must not be issued until (i) it is fully paid in money or in property or past services performed for the Company, and (ii) the valuation of the consideration received by the Company equals or exceeds, to the satisfaction of the directors, the issue price as determined by the directors.

Sweden

Under the Swedish Companies Act, resolutions on new share issues are as a main rule passed by the shareholders at a general meeting. A general meeting may also authorize the board of directors to issue new shares for a period no longer than until the next annual general meeting. Furthermore, the board of directors may also resolve to issue new shares without such authorization, provided that the resolution is conditioned upon the shareholders' subsequent approval at a general meeting.

New shares may be issued against payment in cash, in kind or by way of set-off. As a main rule, the shareholders have pre-emption rights to new shares issued (see the section entitled "Pre-emption rights", below).

When issuing new shares, the limitations on maximum number of shares and share capital set out in the company's articles of association need to be adhered to, unless a general meeting decides to amend the articles of association.

Pre-emption rights

British Columbia

The articles of incorporation of the Company are not required to and do not contain any pre-emption rights.

Sweden

Under the Swedish Companies Act, shareholders have pre-emption rights (Sw. företrädesrätt) to subscribe for new shares issued pro rata to their shareholdings as of a certain record date for the new share issue. Pre-emption rights to subscribe for new shares do not apply in respect of shares issued for consideration in kind or shares issued pursuant to convertibles or warrants previously granted by the company. The pre-emption rights to subscribe for new shares may also be set aside by a resolution passed by two thirds of the votes cast and shares represented at the general meeting resolving upon the issue. The corresponding majority threshold applies to a decision by a general meeting to authorize the board to decide upon new share issues with deviation from shareholders' pre-emption rights.

Dividends

British Columbia

Under the BCBCA, the Company may declare and pay a dividend in property, including in money, or by issuing shares or warrants of the Company. The Company must not declare or pay a dividend in property, including in money, if there are reasonable grounds for believing that (a) the Company is insolvent, or (b) the payment of the dividend would render the Company insolvent.

Sweden

Under the Swedish Companies Act, resolutions on payments of dividends must be passed at a general meeting. A resolution to pay dividends may, with some exceptions, not exceed the amount recommended by the board of directors. Dividends may only be made if, after the payment of the dividend, there is sufficient coverage for the company's restricted equity and the payment of dividends is justified, taking into consideration the equity required for the type of operations, the company's (or the group's when applicable) need for consolidation and liquidity as well as the company's (or the group's when applicable) financial position in general. The assessment shall be based on the most recently adopted balance sheet taking into consideration changes in the restricted equity which have occurred subsequent to the balance sheet date.

Each shareholder appearing in share register as of the record date for the dividend is entitled to receive the dividend distribution. Dividends are normally distributed to the shareholders through Euroclear.

Distribution of assets on liquidation

British Columbia

Under the BCBCA, the Company may apply to the court to supervise a voluntary liquidation. After the final accounts have been approved by the court, the liquidator will distribute any remaining assets of the Company, after paying or making provision for all the Company's liabilities, among the shareholders according to their respective rights.

Swedish

Under the Swedish Companies Act, a company can enter into voluntary liquidation following a resolution passed at the general meeting by a simple majority of the votes cast, unless otherwise provided in the articles of association of the company. All shares carry equal rights in a liquidation procedure unless otherwise provided for in the company's articles of association.

The Swedish Companies Act also stipulates that a company shall enter into compulsory liquidation procedure in a capital deficiency situation and in certain other situations.

Certain extraordinary corporate actions

British Columbia

Under the BCBCA, certain extraordinary corporate actions, such as certain amalgamations and continuations, and other extraordinary corporate actions, such as liquidations, dissolutions and arrangements, are required to be approved by special resolution. A special resolution is a resolution passed at a meeting by not less than 2/3 of the votes cast on the resolution or a resolution signed by all of the shareholders entitled to vote on that resolution. In certain cases, a special separate resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of a separate class or series of shares.

Sweden

Under the Swedish Companies Act, a statutory merger requires a shareholder resolution passed at a general meeting. The majority requirements for a valid resolution depends on the type of companies involved, however never less than two-thirds of the votes cast and the shares represented at the meeting. A material change of the operations conducted by the company may require a change of the company's objects and purposes in the articles of association. See the section entitled "Amendment to the articles or the by-laws" below.

Restrictions on change of control

British Columbia

British Columbia law does not impose any change of control restrictions on the Company.

Sweden

Not applicable for Swedish companies with shares listed on a multilateral trading facility.

Mandatory takeover bids/squeeze-out rules

British Columbia

Under British Columbia law, the takeover bid regime operates to establish procedures by which a person or persons may seek to take over control of a corporation. A takeover bid is defined as a direct or indirect offer to acquire a security that is made by a person other than the issuer of the security and within a prescribed class of offers to acquire. To trigger

operation of the takeover bid regime the aggregate total of securities subject to the offer must exceed 20% of the issued and outstanding securities of the corporation when combined with the existing security holdings of the offeror. This 20% threshold may be met where multiple offerors, acting jointly and in concert, hold in the aggregate at least 20% of the issued and outstanding securities of that class.

Once the takeover bid regime is triggered, the offeror must make the offer to all security holders of the class of securities resident in the offering jurisdiction. Takeover bids are subject to a mandatory minimum tender requirement of more than 50% of the outstanding securities of the class subject to the bid, excluding those beneficially owned, or over which control or direction is exercised, by the offeror and its joint actors.

An offeror may commence a bid either by delivering the bid directly to the offerees or by publishing an advertisement in a major daily newspaper of general regular and paid circulation in each jurisdiction in which the offerees reside.

A takeover bid must remain open for a minimum 105 days, subject to limited exceptions, where offerees may decide whether to accept the bid and deposit their securities under the terms of the takeover bid. In the event of a successful bid, an offeror must pay identical consideration to the offerees of a particular class and an offeror is prohibited from entering into supplementary or collateral agreements with any of the offerees.

Sweden

Under applicable Swedish rules regarding certain trading platforms an obligation to launch a mandatory take-over bid applies when a party becomes the owner of 30 percent or more of the votes in a company with shares listed on a multilateral trading facility. A similar requirement is applicable in relation to companies with shares listed on a inter alia a multilateral trading facility.

Under the Swedish Companies Act, a shareholder holding more than 90 percent of the shares in a company (majority shareholder) is entitled, on a compulsory basis, to buy-out the remaining shares of the other shareholders of the company. On the other hand, a minority shareholder is also, in such situation, entitled to compel the majority shareholder to purchase his or her shares.

Redemption provisions

British Columbia

Under the BCBCA, the Company may liquidate by a special resolution of the shareholders.

After giving the appropriate notice and adequately providing for the payment or discharge of all its obligations, the Company will distribute its remaining property, either in money or in kind, among its shareholders according to their respective rights.

Subject to the conditions in the BCBCA and the Company's articles, the Company may purchase or otherwise acquire any of its shares. The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that (a) the Company is insolvent, or (b) making the payment would render the Company insolvent.

Notwithstanding this, but subject to the conditions in the BCBCA and the Company's articles, the Company may redeem, on the terms and in the manner provided in its articles, any of its shares that has a right of redemption attached to it. The Company must not make a payment or provide any other consideration to redeem any of its shares if there are reasonable grounds for believing that (a) the Company is insolvent, or (b) making the payment or providing the consideration would render the Company insolvent.

Sweden

Under the Swedish Companies Act, a company with shares listed on a multilateral trading facility is as a general rule not permitted to repurchase its own shares.

A general meeting may however resolve upon the redemption of the company's shares through which the share capital of the company will be reduced. This is a formal and complex process, which as a main rule involves also notice to the company's creditors.

Amendments to the articles

British Columbia

Under the BCBCA, any amendment to the articles generally requires approval by special resolution, which is a resolution passed by not less than two-thirds of the votes cast on the resolution or a resolution signed by all of the shareholders entitled to vote on that resolution.

Pursuant to its articles, the Company may by consent resolution of the directors or by special resolution authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

Sweden

Under the Swedish Companies Act, an amendment of the articles of association requires a shareholder resolution at a general meeting. The majority requirement for a valid resolution depends on the type of alteration. However, not less than two-thirds of the votes cast and of the shares represented at the meeting will be required. The board of directors is not allowed to make amendments to the articles of association. Any amendment to the articles will have to be registered with the Swedish Companies Registration Office.

Directors and the board of directors

Number of directors

British Columbia

Under the BCBCA, a public company must have at least three directors. The first directors of a company hold office as directors from the recognition of the company until they cease to hold office upon expiry of term, death or resignation of the director or removal by a special resolution of the shareholders. At every annual general meeting, the shareholders entitled to vote at the annual general meeting for the election of directors must elect a board of directors consisting of the number of directors set under the Company's articles. All the directors cease to hold office immediately before the election or appointment of directors at the next annual general meeting, but are eligible for re-election. Under the BCBCA and the articles of the Company, the directors may also appoint one or more additional directors, who shall also hold office for a term expiring at the end of the next annual meeting, provided that the total number of directors so elected shall not exceed one-third of the number of directors elected at the previous annual general meeting.

The articles of the Company include advance notice provisions intended to provide shareholders with a mechanism for nominating directors in advance of an annual general meeting. Pursuant to these provisions, a person will be eligible for election as a director of the Company upon a registered shareholder providing notice to the Company of the intention to nominate such person not less than 35 days and not more than 65 days prior to the annual general meeting.

Sweden

Under the Swedish Companies Act, the board of directors in a public company shall comprise not less than three members and the chairman of the board of directors may not be the managing director of the company. At least half of the directors shall be resident within the European Economic Area, unless otherwise approved by the Swedish Companies Registration Office. The actual number of board members shall be determined by a shareholders' meeting, within the limits set out in the company's articles of association.

Nomination, Appointment and Removal of Directors

British Columbia

Under the BCBCA, the Company may remove a director before the expiration of the director's term in office by a special resolution, which is a resolution passed by not less than two-thirds of the votes cast on the resolution or a resolution signed by all of the shareholders entitled to vote on that resolution. However, there are a couple of exceptions. If the shareholders holding shares of a class or series of shares of the Company have the exclusive right to elect or appoint one or more directors, a director so elected or appointed may only be removed by a special separate resolution of those shareholders. In addition, the articles of the Company provide that the directors may remove any director before the expiration of his or her term if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director and does not promptly resign.

Sweden

Under Swedish law, the board of directors shall, except for any employee representatives, be elected by the shareholders at a general meeting, unless the articles of association provide otherwise. The members of the board of directors are usually elected for the period until the end of the first annual general meeting held after the year in which the directors were elected, unless a longer term of up to four financial years is set out in the articles of association. It is possible for a board member to be re-elected for a new term of office.

Remuneration

British Columbia

According to the articles of the Company, the directors are entitled to the remuneration for acting as directors, if any, as the directors may determine from time to time and if the directors so decide, such remuneration, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director. The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company. If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

Sweden

Under the Swedish Companies Act, the remuneration to the board of directors shall be determined by the general meeting of shareholders, specifying the amount for each director.

Powers of the board of directors

British Columbia

Subject to the BCBCA and the Company's articles, the directors of the Company must manage or supervise the management of the business and affairs of the Company. Directors of corporations governed by the BCBCA have fiduciary obligations to the corporation. Under the BCBCA, directors must act honestly and in good faith with a view to the best interests of the Company, exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances, act in accordance with the BCBCA and the regulations, and, subject to the preceding duties, act in accordance with the articles of the Company.

Pursuant to the articles of the Company, the directors may from time to time, by power of attorney or other instrument, appoint any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under the articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the

directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit.

Sweden

Under the Swedish Companies Act, the board of directors is responsible for the organization of the company and the management of the company's affairs. The board of directors shall regularly assess the financial position of the company and ensure that the company's organization is structured in such a manner that accounting, management of funds and the company's finances in general are monitored in a satisfactory manner. Further, the board shall appoint a managing director and issue instructions to such director setting out the responsibilities of the board and managing director. The board shall also issue instructions in reporting obligations in order for the board to fulfill its duties.

The managing director is responsible for the day-to-day management of the company pursuant to guidelines and instructions issued by the board of directors. In addition, the managing director may, without authorization by the board of directors, take measures which, in light of the scope and nature of the company's operations, are of an unusual nature or of great significance, provided a decision by the board of directors cannot be awaited without significant prejudice to the company's operations. In such cases, the board of directors shall be notified as soon as possible of any measures taken. The managing director shall be resident within the European Economic Area, unless otherwise approved by the Swedish Companies Registration Office.

Right to indemnification

British Columbia

Under the BCBCA, the Company may indemnify a director or officer, a former director or officer, or another individual who acts or acted at the Company's request as a director or officer, or an individual acting in a similar capacity, of another entity (an "Eligible Party"), against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by the individual in respect of a proceeding in which the individual is joined as a party or liable by reason of the Eligible Party's association with the Company or other entity. The Company must not indemnify an Eligible Party if (a) the Eligible Party did not act honestly and in good faith with a view to the best interests of the Company or the associated corporation; or (b) in the case of a proceeding other than a civil proceeding, the Eligible Party did not have reasonable grounds for believing that the Eligible Party's conduct in respect of which the proceeding was brought was lawful.

The BCBCA also allows the Company to pay the expenses actually and reasonably incurred by an Eligible Party, as they are incurred in advance of the final disposition of an eligible proceeding. The Company must not make such payments unless the Company receives a written undertaking from the Eligible Party that, if the Eligible Party does not fulfill the conditions noted in (a) and (b) above, the Eligible Party will repay the amounts advanced.

The articles of the Company require that, subject to the BCBCA, the Company must indemnify a director, former director or alternate director of a Company and his or her heirs and legal personal representatives against all "eligible penalties" to which such person is or may be liable, and the Company must, after the final disposition of an "eligible proceeding", pay the expenses actually and reasonably incurred by such person in respect of that proceeding.

The articles of the Company define an "eligible proceeding" as a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company or any of the heirs and legal personal representatives of such person, by reason of such person being or having been a director of alternate director of the Company: (a) is or may be joined as a party; or (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding. The articles of the Company further define an "eligible penalty" as a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding.

The articles of the Company allow that, subject to any restrictions of the BCBCA, the Company may indemnify any person.

Sweden

The Swedish Companies Act does not contain any specific provisions requiring that the articles of association provide for indemnification of board members, officers or other persons. Instead, Swedish companies can have professional indemnity insurance in place for its board members and officers.

The annual general meeting of shareholders shall resolve on the discharge of the board of directors and managing director from liability. An action for damages on behalf of the company may be available in certain circumstances against a founder, board member, managing director, auditor or shareholder of the company. Such action may be brought if the majority, or a minority comprising owners of at least one-tenth of all shares in the company, has supported a general meeting resolution to bring an action for damages or, in the case of a director or managing director, have voted against a resolution on discharge from liability. The action for damages in favor of a company may also be conducted by owners (in their own name) of at least one-tenth of all shares.

A settlement on liability for damages for the company may be concluded only at a general meeting and only if owners of at least one-tenth of all shares in the company do not vote against the settlement proposed. However, if an action for damages is brought by a shareholder on behalf of the company, a settlement may not be reached without his or her consent.

Financial statements, auditor's reports, auditors and audit committee

British Columbia

Under the BCBCA, the directors of the Company must place before the shareholders at every annual general meeting: (a) comparative financial statements as prescribed, relating separately to the period that began on the date the corporation came into existence and ended not more than six months before the annual meeting or, if the corporation has completed a financial year, the period that began immediately after the end of the last completed financial year and ended not more than six months before the annual meeting, and the immediately preceding financial year; (b) any auditor's report on those financial statements; and (c) any further information respecting the financial position of the Company and the results of its operations required by the articles or any unanimous shareholder agreement.

A reporting issuer that is listed on the TSX Venture Exchange ("TSXV") is required to prepare and file on SEDAR its annual financial statements an annual MD&A, along with the report of the auditor, if any, on or before the earlier of (a) the 120th day after its financial year-end; and (b) the date of filing, in a foreign jurisdiction, its annual financial statements for the most recently completed financial year. A reporting issuer that is listed on the TSXV is required to prepare and file on SEDAR its quarterly financial statements and interim MD&A on or before the earlier of (a) the 60th day after the interim period; and (b) the date of filing, in a foreign jurisdiction, its interim financial statements for the most recently completed interim period.

Under the BCBCA, a public company or financial institution must, at the first meeting held on or after each annual reference date, elect an audit committee from among their number. An audit committee must be composed of at least three directors, and a majority of the members of the committee must not be officers or employees of the company or an affiliate of the company. The primary responsibility for the Company's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the directors of the Company. The audit committee is a standing committee of the board, established to assist it in fulfilling its responsibilities in this regard. The audit committee must, in addition to or as part of any responsibilities assigned to it under the BCBCA, review and report to the directors on (a) the annual or interim financial statements of the company; and (b) the auditor's report if any, prepared in relation to those financial statements, before any of the preceding documents are published. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.

Sweden

Under the Swedish Companies Act, the annual general meeting shall adopt the balance sheet and the profit and loss statement. Further, the shareholders decide on the disposition of the company's profit or loss (such as payment of dividends).

The annual report, together with the auditor's report, must be presented at the annual general meeting which according to the Swedish Companies Act is to be held within six months after the end of the financial year.

Auditors are appointed by the general meeting of shareholders, whereby a registered accounting firm may be appointed as auditor.

Corporate governance reports and website

British Columbia

If management of a company listed on the TSXV solicits a proxy from a security holder of the company for the purpose of electing directors to the company's board of directors, the company must provide corporate governance information in its management information circular (usually referred to as a proxy circular). The circular is distributed together with the notice of the relevant shareholders' meeting and is filed on SEDAR. There is no requirement to include the circular on the company's website, unless the company is relying on certain notice-and-access provisions in National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer, nor is there a requirement to have the circular reviewed by the company's auditors. The content of the circular is regulated by Canadian securities laws, and the circular must, among other things, include a discussion of the company's compliance with Canadian corporate governance principles.

The Company may include information useful to investors on its website; however, all such information must comply with relevant securities laws regarding permitted, required and restricted disclosure.

Sweden

Swedish companies with shares listed on a multilateral trading facility are required to have a website on which all published information from the company to the market shall be readily available for at least 5 years. On the website, annual reports, prospectuses and other information provided for distribution to, or kept available to, shareholders shall be readily available, unless special cause exists. The website shall also include the company's articles of association and details of the current board of directors and senior management and also the name of a certified adviser (for companies with shares listed on Nasdaq First North).

Shareholder remedies and special audit rights

British Columbia

The most common shareholder remedies under the BCBCA are the oppression remedy, derivative actions, dissent rights and court-appointed inspections.

Oppression Remedy

A shareholder may apply to the court for an order on the ground (a) that the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or (b) that some act of the company has been done or is threatened, or that some resolution of the shareholders has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant. In this case, a "shareholder" means (a) a registered or beneficial owner of a share of the company; and (b) any other person whom the court considers to be an appropriate person to make such an application.

In connection with such an application, the court may make any interim or final order it considers appropriate, subject to the conditions in the BCBCA, including an order (a) directing or prohibiting any act; (b) regulating the conduct of the company's affairs; (c) appointing a receiver or receiver manager; (d) directing an issue or conversion or exchange of shares; (e) appointing directors in place of or in addition to all or any of the directors then in office; (f) removing any director: (g) directing the company to purchase some or all of the shares of a shareholder and, if required, to reduce its capital in the manner specified by the court; (h) directing a shareholder to purchase some or all of the shares of any other shareholder; (i) directing the company or any other person to pay to a shareholder all or any part of the money paid by that shareholder for shares of the company;(j) varying or setting aside a transaction to which the company is a party and directing any party to the transaction to compensate any other party to the transaction; (k) varying or setting aside a resolution; (l) requiring the company, within a time specified by the court, to produce to the court or to an interested person financial statements or an accounting in any form the court may determine; (m) directing the company to compensate an aggrieved person; (n) directing correction of the registers or other records of the company; (o) directing that the company be liquidated and dissolved, and appointing one or more liquidators, with or without security; (p) directing that an investigation be made under the BCBCA; (q) requiring the trial of any issue; or (r) authorizing or directing that legal proceedings be commenced in the name of the company against any person on the terms the court directs.

Derivative Actions

A "complainant", which includes any individual described as a "shareholder" above as well as any director of the Company, may, with leave of the court, prosecute a legal proceeding in the name and on behalf of the Company to enforce a right, duty or obligation owed to the company or to obtain damages for any breach of such right, duty or obligation. With leave of the court, a complainant may also, in the name and on behalf of the Company, defend a legal proceeding brought against the Company. In connection with such an action brought or defended, the court may grant leave where reasonable efforts have been made, notice of the application for leave has been given to the company and to any other appropriate party, the complainant is acting in good faith and it appears to the court that it is in the best interests of the Company. In connection with such an action brought or defended, the court may make any order it considers appropriate, including an order that a person to whom costs are paid repay to the Company some or all of those costs; the Company or any other party to the proceeding indemnify the complainant or the person controlling the conduct of the legal proceeding; or the complainant indemnify one or more of the Company, a director of the Company and an officer of the Company for expenses, including legal costs, that they incurred as a result of the legal proceeding.

Dissent Rights

In certain circumstances, shareholders of a BCBCA company are entitled to dissent from some fundamental action undertaken by the company and demand to be paid fair value for their shares. Examples of these circumstances include amalgamations, resolutions to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking, continuation of the company into a jurisdiction other than British Columbia or a resolution to alter the articles of the company to add, change or remove any restriction on the business or businesses that the corporation may carry on. Procedures for dissenting are complex and failure to strictly comply with the procedures may result in the loss of all dissent rights. If the procedures are followed, the dissenter's shares must then be purchased by the corporation at fair market value. In the event that the parties cannot agree on what constitutes fair market value, either the company or the dissenter can apply to court to determine the appropriate fair market value.

Inspections

One or more shareholders who, in the aggregate, hold at least one-fifth of the issued Common Shares of the Company may apply to the court to appoint an inspector to investigate of the Company and determine the manner and extent of the investigation. The court may make such an order if it appears to the court that there are reasonable grounds for believing that (a) the affairs of the company are being or have been conducted, or the powers of the directors are being or have been exercised, in a manner that is oppressive or unfairly prejudicial to one or more shareholders, including the applicant, (b) the business of the company is being or has been carried on with intent to defraud any person, (c) the Company was formed for a fraudulent or unlawful purpose or is to be dissolved for a fraudulent or unlawful purpose, or (d) persons concerned with the formation, business or affairs of the Company have, in connection with it, acted fraudulently or dishonestly. The powers of the inspector will be set out in the enabling court order, such powers including the power to examine under oath any

person who is or was a director, receiver, receiver manager, officer, employee, banker, auditor or agent of the Company or any of its affiliates in relation to the affairs, management, accounts and records of or relating to the Company. In addition, a person so described must, on the request of an inspector so appointed, (a) produce, for the examination of the inspector, each accounting record and each other record relating to the Company or any of its affiliates that is in the custody or control of that person, and give to the inspector every assistance in connection with the investigation that that person is reasonably able to give.

Sweden

Special examination

Under the Swedish Companies Act, a shareholder may submit a proposal for an examination carried out by a special examiner. The proposal shall be submitted to an annual general meeting, or to any general meeting for which the matter is included in the notice to attend the general meeting. The scope of the examination shall be defined in the proposal, and may relate to the company's management and accounts during a specific period of time in the past, or certain measures or circumstances within the company. If the proposal is supported by owners of at least one-tenth of all shares, or at least one-third of the shares represented at the general meeting, the Swedish Companies Registration Office shall appoint one or more examiners. The Swedish Companies Registration Office shall give the company's board of directors the opportunity to submit its comments prior to the appointment of a special examiner. The examiner shall submit a report regarding the examination, which shall be made available to the shareholders and presented at the general meeting. Persons who are no longer shareholders, but who were included in the voting register prepared for the general meeting at which the issue of the appointment of a special examiner was addressed, shall also have the right to read the report.

Minority shareholders' auditor

A shareholder may propose that a minority shareholders' auditor shall be appointed. The proposal shall be submitted to a general meeting at which the election of auditors is to take place, or at a general meeting where the proposal is included in the notice to attend the general meeting. The Swedish Companies Registration Office shall appoint such auditor upon the request of any shareholder, if the proposal is supported by at least one-tenth of all shares in the company, or at least one-third of the shares represented at the general meeting. The company's board of directors shall be afforded the opportunity to comment prior to the appointment of an auditor. The appointment shall relate to the period of time up to and including the next annual general meeting. The auditor shall participate in the audit together with the other auditors.

Company's obligation to disclose changes in its share capital

British Columbia

The TSXV does not impose any obligation on the Company to report or disclose changes in its share capital on an ongoing basis. It is the Company's practice to report changes in its share capital on a monthly basis for publication on its website by its investor relations consultant, but it is under no legal obligation to do so.

Sweden

Companies with shares listed on a multilateral trading facility are not required to disclose changes in the number of shares or votes on the last trading day of the calendar month in which the increase or decrease of shares or votes occurred.

Distribution of information to the Canadian and Swedish markets

The content and format of the disclosure obligations of Canadian reporting issuers is mandated under National Instrument 51-102 – Continuous Disclosure Obligations and other regulations under Canadian securities laws, as well as the regulations applicable to TSXV-listed issuers. The Canadian Securities Administrators have implemented National Policy 51-201 – Disclosure Standards to provide guidance on best disclosure practices in order to ensure that everyone investing in securities will have equal access to information that may affect their investment decisions. Canadian securities legislation prohibits a reporting issuer from selective disclosure or informing any person or company in a special relationship with a

reporting issuer, other than in the necessary course of business, of a material fact or a material change before that material information has been generally disclosed. Securities legislation also prohibits anyone in a special relationship with a reporting issuer from purchasing or selling securities of the reporting issuer with knowledge of a material fact or material change about the issuer that has not been generally disclosed.

The Company will be subject to the rules on disclosure of the Nasdaq First North Nordic - Rulebook and the Regulation (EU) no 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR"). The Company will be required to handle inside information in accordance with MAR and disclose inside information as soon as possible, but, if certain conditions are met, the disclosure may be delayed. If the Company delays the disclosure of inside information, the Company must document when the inside information arose and when the decision to delay the disclosure was taken. The reasons for the delay must also be documented and the Company must keep an insider list. When the inside information is later made public, the Company must inform the SFSA of the decision to delay the disclosure and, upon request by the SFSA, provide an explanation of the reasons for the delay.

Swedish insider reporting rules

In addition to any reporting requirements under applicable Canadian laws, persons discharging managerial responsibilities in a company whose shares are subject to trading on a multilateral trading facility (or for which a complete application for admission to trading on a multilateral trading facility has been made), and persons closely associated to such persons, are required to report their holdings of shares and other financial instruments to the Swedish Financial Supervisory Authority (the "SFSA") as well as to the company. Such reporting shall be made in accordance with MAR. In addition, MAR stipulates a trading ban for persons discharging managerial responsibilities in such companies during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report.

The following is a summary of certain laws and regulations governing the account keeping of financing instruments in British Columbia based upon current British Columbia legislation and the TSXV Corporate Finance Manual. The summary is of a general nature and it is not an exhaustive review of all potentially relevant laws and regulations governing the account keeping of financing instruments in Canada.

Under the BCBCA, unless the shares are uncertificated shares, a shareholder is entitled, in respect of his or her shares, to evidence of security ownership in the form of a share certificate in a form that complies with the BCBCA or a non-transferable written acknowledgment of the shareholder's right to obtain such a certificate. Evidence of security ownership may take various forms including physical certificates or the Direct Registration System or other electronic book-entry system which is a form of registration that allows listed securities to be held in electronic form without having a physical security certificate issued as evidence of ownership.

Under the BCBCA, a company is required to maintain a central securities register in which it registers the date and particulars of shares issued by the company or transferred and, with respect to those shares, the name and last known address of each person to whom those shares have been issued or transferred. The Company must maintain its central securities register at its records office or at any location inside or outside British Columbia designated by the directors, provided that the Company complies with the requirement that the central securities register be available for inspection and copying in accordance with sections 46 and 48 of the BCBCA.

While its securities are listed on the TSXV, the Company must appoint and maintain a transfer agent and registrar with a principal office in one or more of Vancouver, British Columbia; Calgary, Alberta; Toronto, Ontario; Montréal, Québec; or Halifax, Nova Scotia, where all the issued securities of the listed classes must be directly transferable. The transfer function involves keeping a ledger listing the security holders' names and addresses and the number of securities registered in the name of each security holder. The transfer agent issues new securities in either certificated or uncertificated form and to the extent certificated, cancels old certificates. It may also provide such services to companies as the distribution of dividend cheques and proxy materials to shareholders and the administration of dividend reinvestment plans.

The registrar function involves receiving old cancelled certificates as well as new certificates from the transfer agent. The registrar then validates the transfer by signing and recording the new certificate. The registrar ensures that the number of securities issued in certificate form is consistent with the number of securities actually issued by the company.

SHARES, SHARE CAPITAL AND OWNERSHIP STRUCTURE

Capital structure and dividends

The Company's Shares entitle the holders thereof to receive notice of and to attend at all meetings of shareholders, with each share entitling the holder to one vote on any resolution to be passed at such shareholders' meeting. The holders of Shares are also entitled to dividends if, as and when declared by the Board of Directors of the Company. Upon the liquidation, dissolution or winding up of the Company, the holders of the Shares are entitled to receive the remaining assets of the Company available for distribution to the shareholders.

As of December 31, 2017, the Company had an aggregate of 319,177,135 Shares issued and outstanding. The Company has unlimited authorized capital of Shares without par value of which 319,195,469 Shares were issued and outstanding as fully paid and non-assessable as at February 28, 2018.

The Private Placement will result in the issuance of 362,390,625 Shares. Following the closing of the Private Placement, the number of Shares will be 681,586,094. Closing of the Private Placement is expected to occur on or about May 4, 2018.

Dividends

There are no restrictions which prevent the Company from paying dividends. Africa Energy has not paid dividends to date on its Shares and has no plans to pay dividends in the near future. Any decision to pay dividends in the future will be based on the Company's earnings and financial requirements and other factors which its Board of Directors may consider appropriate in the circumstances.

Historical development in share capital

See below for a summary of the Company's Share issuances from January 1, 2015 up until the date of the Company Description.

Date	Event/Treasury Direction Number	Change	Total Shares
March 27, 2015	Private placement - first tranche	22,689,615	119,538,931
March 30, 2015	Private placement - second tranche	9,796,538	129,335,469
December 31, 2015	Private placement	17,256,250	146,591,719
December 31, 2015	Private placement	97,785,416	244,377,135
October 21, 2016	Acquisition of Thombo	14,800,000	259,177,135
November 16, 2016	Private placement	50,800,000	309,977,135
November 16, 2016	Private placement	9,200,000	319,177,135
January 18, 2018	Option exercise	18,334	319,195,469
May 4, 2018[33]	Private Placement	362,390,625	681,586,094

[33] Completion of the Private Placement will be subject to certain customary conditions including, but not limited to, execution of subscription agreements between Pareto, or the Company, and the subscribers and TSX Venture Exchange approval.

Recent financing

On April 25, 2018, the Company announced that it had completed the book-building for the Private Placement. The price of the shares in the Private Placement was determined in a book-building process to be CAD$0.16 per share. This will result in the issuance of 362,390,625 Common Shares. Following the closing of the Private Placement, the number of outstanding common shares in the Company will be 681,586,094. Closing of the Private Placement is expected to occur on or about May 4, 2018.

In November 2016, the Company completed a non-brokered private placement issuing 60 million common shares at a price of CAD$0.25 per share for gross proceeds of CAD$15.0 million, which equates to approximately $11.2 million. A finder's fee of approximately $0.3 million was paid in cash. The common shares issued under the private placement were subject to a statutory four-month hold period that expired on March 16, 2017

The table below outlines recent equity financings in the Company:

Date	Shares	Price (CAD)	Proceeds (CAD)	Notes
May 4, 2018[27]	362,390,625	0.16	57,982,500	Common shares
November 16, 2016	60,000,000	0.25	15,000,000	Common shares
December 31, 2015	115,041,666	0.06	6,902,500	Common shares
March 30, 2015	32,486,153	0.13	4,223,200	Common shares

Market for securities

Trading price and volume of the Shares

The Shares of the Company trade on the TSX-V under the trading symbol "AFE"

The following table sets out the price range for and trading volume of the Shares on the TSX-V, on a monthly basis, for the period between January 1, 2017 and December 31, 2017, as reported by the TSX-V:

Month	High (CAD$)	Low (CAD$)	Volume
January 2017	0.35	0.245	5,104,340
February 2017	0.30	0.25	1,065,091
March 2017	0.29	0.18	1,414,838
April 2017	0.28	0.185	2,020,892
May 2017	0.22	0.155	1,077,787
June 2017	0.20	0.155	610,548
July 2017	0.185	0.155	993,392
August 2017	0.185	0.145	2,386,886
September 2017	0.20	0.15	1,204,214
October 2017	0.185	0.15	1,068,475
November 2017	0.21	0.16	2,161,736
December 2017	0.19	0.155	2,072,469

Liquidity provider on First North

The Company has entered into an agreement with Pareto Securities under which Pareto Securities undertakes to act as liquidity provider in the Company's shares on Nasdaq First North. The undertaking by Pareto Securities primarily relates to promote the liquidity of the Company's shares and, when possible, reduce the spread between the bid and ask prices for trading in the share on Nasdaq First North.

Registration with Euroclear

Only Shares registered in the local Swedish central securities depositary system with Euroclear will be subject to trading on Nasdaq First North following the admission to trading of the Shares. Holders of Shares listed on the TSX-V are entitled to register those Shares in the depositary system at Euroclear to trade their securities on Nasdaq First North and vice versa. To trade Shares on Nasdaq First North, holders of Shares are advised to contact their nominees or their bank. No physical share certificates in the Company are or will be issued to holders through the Euroclear System. All Shares traded on Nasdaq First North will be affiliated to Euroclear and will not be represented by physical share certificates.

LEGAL AND SUPPLEMENTARY INFORMATION

Incorporation and registered office

The Company was incorporated on April 27, 2010 pursuant to the provisions of the Business Corporations Act (Alberta), as amended, under the name "Denovo Capital Corp.". On July 14, 2010, the Company amended its articles to remove the restrictions against the transfer of securities.

On September 20, 2011, the Company: (i) effected a consolidation of its issued and outstanding common shares on the basis of 0.65 post-consolidation share for every one (1) pre-consolidation shares; (ii) changed its name to "Horn Petroleum Corporation"; and (iii) continued from the Province of Alberta into the Province of British Columbia pursuant to the provisions of the BCBCA.

On June 3, 2013, the shareholders of the Company passed a special resolution authorizing an alteration of the Company's articles to include advance notice provisions for the nomination of directors.

On March 11, 2015, the Company changed its name to "Africa Energy Corp.".

Africa Energy's registered and records office is located at Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1. The Company's corporate office is located at Suite 2000 – 885 West Georgia Street, Vancouver, British Columbia V6C 3E8. The Company also has a technical office located at 22nd Floor, Metropolitan Life Centre, 7 Walter Sisulu Avenue, Cape Town, 8000, South Africa.

Legal proceedings and regulatory actions

Legal proceedings

Neither the Company nor its material subsidiaries and material properties are currently subject to any material legal proceedings or regulatory actions.

Regulatory actions

No penalties or sanctions were imposed by a court relating to securities legislation or by a securities regulatory authority during the Company's recently completed financial year, nor were there any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, nor were any settlement agreements entered into before a court relating to securities legislation or with a securities regulatory authority during the Company's recently completed financial year.

Interest of management and others in material transactions

No director or executive director of the Company, or person or company that beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the Company's Shares, nor any associate or affiliate of any such person, has any material interest, director or indirect, in any transaction within the three most recently completed financial years of the Company, or during the current financial year, that has materially affected or will materially affect the Company, other than as described below.

AOC currently holds 28.5% of the outstanding shares of the Company. There is also a management services arrangement between the Company and AOC for the provision of certain management and administrative services.

On October 21, 2016, the Company completed a transaction with Thombo whereby it paid $2.0 million less obligations outstanding at the effective date and issued 14.8 million new common shares of the Company to acquire all of the shares of Thombo, a privately held company operating and holding a 34.5% participating interest in Block 2B. Mr. John Bentley was a shareholder and director of Thombo at the time the shares of Thombo were acquired by the Company. Mr. Bentley

disclosed to the Board of Directors that he had a disclosable interest in respect of Thombo and abstained from voting in respect of the transaction with Thombo in accordance with section 149(2) of the BCBCA.

Transfer agent

The transfer agent and registrar for the Shares of the Company in Canada is Computershare Trust Company of Canada, 510 Burrard Street, Vancouver, British Columbia.

Material contracts

The Company has entered into the following material contracts that it believes are in the normal course of business within the last three financial years. There are no other material contracts entered into prior to that that are still in effect.

On December 16, 2015, The Company executed a sale and purchase agreement with Afren plc, in Administration, and certain of its subsidiaries whereby the Company would acquire the Afren plc subsidiary owning a 25% participating interest in Block 2B. The transaction closed on October 21, 2016, whereby the Company paid $1 million to acquire the Afren plc subsidiary holding a 25% participating interest in Block 2B.

On December 16, 2015, The Company executed a share purchase agreement to acquire all of the shares of Thombo, holding 34.5% participating interest and operatorship in Block 2B. The transaction closed on October 21, 2016, whereby the Company paid $2.0 million less obligations outstanding at the effective date and issued 14.8 million new common shares of the Company to acquire all the shares of Thombo. The Company may be required to issue up to an additional 20 million shares of Africa Energy and to pay up to $1.5 million in additional contingent cash and/or shares of Africa Energy, at the option of the Company, if certain milestones associated with the commercialization of Block 2B are achieved.

On December 16, 2015, The Company executed a farmin agreement with Crown to acquire a 30.5% participating interest in Block 2B. On October 21, 2016, the Company completed a farmin agreement with a subsidiary of Crown to acquire a 30.5% participating interest in Block 2B. As part of the transaction, the Company paid Crown $0.3 million for the reimbursement of historical costs and will fund Crown's remaining 10% participating interest of costs associated with the drilling and testing of the next well on Block 2B.

On September 13, 2017, the Company completed the acquisition of one-third of the shares of Pancontinental Namibia, which held a 30% participating interest in PEL 37 offshore the Republic of Namibia. The Company paid Pancontinental Namibia $2.2 million at closing and will pay an additional $5.5 million upon spud of the first exploration well provided that certain commercial conditions exist on the spud date, including its pro rata portion of exploration drilling costs of one well in the Second Renewal Period being funded by another joint venture partner.

On November 20, 2017, Main Street 1549, an entity held 49% by Africa Energy, entered into farmin agreements with each of Total, a wholly-owned subsidiary of Total SA, and CNRI, a wholly-owned subsidiary of Canadian Natural Resources Limited, to acquire an aggregate 10% participating interest in the Exploration Right for Block 11B/12B. Upon close, this transaction will provide Africa Energy with an effective 4.9% interest in Block 11B/12B. The Company paid a deposit of $490k at signing and will pay an addition $6.9 million at closing. Closing is subject to standard conditions, including approval by the South African government and the TSX Venture Exchange.

Additional information

Additional information relating to the Company may be found on the Company's SEDAR profile at www.sedar.com .

In particular, additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's information circular for its most recent annual meeting of securityholders that involved the election of directors.

Related partiy transaction

Transaction with Africa Oil

At December 31, 2017, Africa Oil was the largest shareholder of the Company with 28.5% of the Shares of Africa Energy. Upon close of the Private Placement Africa Oil will own 34.6% of Africa Energy.

Under the terms of the General Management and Service Agreement between AOC and the Company for the provision of management and administrative services, AOC invoiced the Company $0.1 million during the year ended December 31, 2017 (2016, $0.1 million). At December 31, 2017, the outstanding balance payable to AOC was $ nil (at December 31, 2016, $ nil). The management fee charged to the Company by AOC is for the provision of management and administrative services and is intended to cover the administrative and salary costs paid by AOC.

During the year ended December 31, 2017, AOC invoiced the Company $0.1 million for reimbursable expenses paid by AOC on behalf of the Company (2016, $0.1 million). At December 31, 2017, the outstanding balance payable to AOC was $ nil (at December 31, 2016, $0.06 million).

Certified Adviser

All companies traded on First North must have a Certified Adviser that monitors the relevant company's compliance with the rules and regulations of First North. The Company's certified adviser is Pareto Securities. As at the date of this Company Description, Pareto Securities does not own any shares, or hold any share-based instruments, in the Company.

Information incorporated by reference

The information listed below is incorporated into the Company Description by reference and thereby constitute a part of the Company Description.

The parts of the financial information which have not been incorporated by reference are either not relevant to an investor or can be found in other places of the Company Description. Unless explicitly stated no information in the Company Description has been subject to review or audited by the Company's auditor.

The Company's articles of association, the Company's audited annual reports for the fiscal years 2015, 2016 and 2017 and any other information published by the Company which is referred to in the Company Description is available electronically on the Company's website www.africaenergycorp.com.

Source	Information incorporated (page reference in source)
Annual report 2015	18-40
Annual report 2016	18-41
Annual report 2017	20-45
Independent auditor's report 2015	16-17
Independent auditor's report 2016	16-17
Independent auditor's report 2017	18-19

ARTICLES OF ASSOCIATION

HORN PETROLEUM CORPORATION
(the "Company")

Continuance Number: _____

ARTICLES

1. Interpretation

1.1 Definitions

In these Articles, unless the context otherwise requires:

(1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;

(2) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) as amended from time to time and includes all regulations as amended from time to time made pursuant to that Act;

(3) "legal personal representative" means the personal or other legal representative of the shareholder;

(4) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

(5) "seal" means the seal of the Company, if any.

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the Business Corporations Act and the definitions and rules of construction in the Interpretation Act, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the Business Corporations Act and a definition or rule in the Interpretation Act relating to a term used in these Articles, the definition in the Business Corporations Act will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the Business Corporations Act, the Business Corporations Act will prevail.

2. Shares and Share Certificates

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the Business Corporations Act. The directors may, by resolution, provide that; (a) the shares of any or all of the classes and series of the Company's shares must be uncertificated shares; or (b) any specified shares must be uncertificated shares. Within reasonable time after the issue or transfer of a share that is an uncertificated shares, the Company must send to the shareholder a written notice in accordance with the Business Corporations Act.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Unless the shares of which the shareholder is registered owner are uncertificated shares, each shareholder is entitled, on request and at the shareholder's option, to receive, without charge, (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

(1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

(1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and

(2) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the Business Corporations Act, determined by the directors.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. Issue of Shares

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the Business Corporations Act, no share may be issued until it is fully paid. A share is fully paid when:

(1) consideration is provided to the Company for the issue of the share by one or more of the following:

(a) past services performed for the Company;

(b) property;

(c) money; and

(2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. Share Registers

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. Share Transfers

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

(1) a duly signed instrument of transfer in respect of the share has been received by the Company;

(2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and

(3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the Business Corporations Act otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

(1) in the name of the person named as transferee in that instrument of transfer; or

(2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. Transmission of Shares

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the Business Corporations Act and the directors have been deposited with the Company.

7. Purchase of Shares

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the Business Corporations Act, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(1) the Company is insolvent; or

(2) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(1) is not entitled to vote the share at a meeting of its shareholders;

(2) must not pay a dividend in respect of the share; and

(3) must not make any other distribution in respect of the share.

8. Borrowing Powers

The Company, if authorized by the directors, may:

(1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

(2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

9. Alterations

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the Business Corporations Act, the Company may by special resolution:

(1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(4) if the Company is authorized to issue shares of a class of shares with par value:

  (a) decrease the par value of those shares; or

  (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(6) alter the identifying name of any of its shares; or

(7) otherwise alter its shares or authorized share structure when required or permitted to do so by the Business Corporations Act.

9.2 Special Rights and Restrictions

Subject to the Business Corporations Act, the Company may by special resolution:

(1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by consent resolution of the directors or by special resolution authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

9.4 Other Alterations

If the Business Corporations Act does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

10. Meetings of Shareholders

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the Business Corporations Act, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the Business Corporations Act to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

10.5 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Business Corporations Act, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.6 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months

or, in the case of a general meeting requisitioned by shareholders under the Business Corporations Act, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(1) state the general nature of the special business; and

(2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

   (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

   (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. Proceedings at Meetings of Shareholders

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(2) at an annual general meeting, all business is special business except for the following:

   (a) business relating to the conduct of or voting at the meeting;

   (b) consideration of any financial statements of the Company presented to the meeting;

   (c) consideration of any reports of the directors or auditor;

   (d) the setting or changing of the number of directors;

   (e) the election or appointment of directors;

   (f) the appointment of an auditor;

   (g) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

   (h) any other business which, under these Articles or the Business Corporations Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two shareholders entitled to vote at the meeting whether in person or by proxy who hold, in the aggregate, at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

(1) the quorum is one person who is, or who represents by proxy, that shareholder, and

(2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

(2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(1) the chair of the board, if any; or

(2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favor of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

(1) the poll must be taken:

(a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(b) in the manner, at the time and at the place that the chair of the meeting directs;

(2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. Votes of Shareholders

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(1) for that purpose, the instrument appointing a representative must:

(a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;

(2) if a representative is appointed under this Article 12.5:

(a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.7 to 12.14 apply only insofar as they are not inconsistent with any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and insofar as they are not inconsistent with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commission or similar authorities appointed under that legislation.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders who need not be shareholders to act in the place of an absent proxy holder.

12.9 Deposit of Proxy

A proxy for a meeting of shareholders must:

(1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.10 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(2) by the chair of the meeting, before the vote is taken.

12.11 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy if given in respect of all shares registered in the name of the shareholder):

Signed *[month, day, year]*

_____

[Signature of shareholder]

_____

[Name of shareholder—printed]

12.12 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

(1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(2) provided, at the meeting, to the chair of the meeting.

12.13 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

(1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.14 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. Directors

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Business Corporations Act. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;

(2) if the Company is a public company, the greater of three and the most recently set of:

  (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

  (b) the number of directors set under Article 14.4;

(3) if the Company is not a public company, the most recently set of:

  (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

  (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

(1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

(2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the Business Corporations Act to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. Election and Removal of Directors

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(1) that individual consents to be a director in the manner provided for in the Business Corporations Act;

(2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(3) with respect to first directors, the designation is otherwise valid under the Business Corporations Act.

14.3 Failure to Elect or Appoint Directors

If:

(1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the Business Corporations Act; or

(2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(3) the date on which his or her successor is elected or appointed; and

(4) the date on which he or she otherwise ceases to hold office under the Business Corporations Act or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for

that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors but, if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purposes of appointing directors up to that number, summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors, or, subject to the Business Corporations Act, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

(1) the term of office of the director expires;

(2) the director dies;

(3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. Alternate Directors

15.1 Appointment of Alternate Director

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

(1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;

(2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;

(3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;

(4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

(1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;

(2) the alternate director dies;

(3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;

(4) the alternate director ceases to be qualified to act as a director; or

(5) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

16. Powers and Duties of Directors

16.1 Powers of Management

The directors must, subject to the Business Corporations Act and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Business Corporations Act or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

16.3 Remuneration of the auditor

The directors may set the remuneration of the auditor without the prior approval of the shareholders.

17. Disclosure of Interest of Directors

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the Business Corporations Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Business Corporations Act.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Business Corporations Act.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the Business Corporations Act, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the Business Corporations Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

18. Proceedings of Directors

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

(1) the chair of the board, if any;

(2) in the absence of the chair of the board, the president, if any, if the president is a director; or

(3) any other director chosen by the directors if:

  (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

(b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

(c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the Business Corporations Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

(1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
(2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the Business Corporations Act, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

(1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or

(2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Business Corporations Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. Executive and Other Committees

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(1) the power to fill vacancies in the board of directors;

(2) the power to remove a director;

(3) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:

  (a) the power to fill vacancies in the board of directors;

  (b) the power to remove a director;

  (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

  (d) the power to appoint or remove officers appointed by the directors; and

(3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

(1) conform to any rules that may from time to time be imposed on it by the directors; and

(2) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(2) terminate the appointment of, or change the membership of, the committee; and

(3) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) the committee may meet and adjourn as it thinks proper;

(2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(3) a majority of the members of the committee constitutes a quorum of the committee; and

(4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. Officers

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(1) determine the functions and duties of the officer;

(2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the Business Corporations Act. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

21. Indemnification

21.1 Definitions

In this Article 21:

(1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

(a) is or may be joined as a party; or

(b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(3) "expenses" has the meaning set out in the Business Corporations Act.

21.2 Mandatory Indemnification of Directors and Former Directors

Subject to the Business Corporations Act, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification of Other Persons

Subject to any restrictions in the Business Corporations Act, the Company may indemnify any person.

21.4 Non-Compliance with Business Corporations Act

The failure of a director, alternate director or officer of the Company to comply with the Business Corporations Act or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(1) is or was a director, alternate director, officer, employee or agent of the Company;

(2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

22. Dividends

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the Business Corporations Act, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(1) set the value for distribution of specific assets;
(2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
(3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

23. Documents, Records and Reports

23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the Business Corporations Act.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

24. Notices

24.1 Method of Giving Notice

Unless the Business Corporations Act or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the Business Corporations Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

(1) mail addressed to the person at the applicable address for that person as follows:

   (a) for a record mailed to a shareholder, the shareholder's registered address;

   (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

   (c) in any other case, the mailing address of the intended recipient;

(2) delivery at the applicable address for that person as follows, addressed to the person:

   (a) for a record delivered to a shareholder, the shareholder's registered address;

   (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

   (c) in any other case, the delivery address of the intended recipient;

(3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;

(5) physical delivery to the intended recipient.

24.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(1) mailing the record, addressed to them:

(a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

25. Seal

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(1) any two directors;

(2) any officer, together with any director;

(3) if the Company only has one director, that director; or

(4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Business Corporations Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. Prohibitions

26.1 Definitions

In this Article 26:

(1) "designated security" means:

(a) a voting security of the Company;

(b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or

(c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);

(2) "security" has the meaning assigned in the Securities Act (British Columbia);

(3) "voting security" means a security of the Company that:

(a) is not a debt security, and

(b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

26.2 Application

Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

26.3 Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

27. Advance Notice Provisions

27.1 Nomination of Directors

(1) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual meeting of shareholders or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

(a) by or at the direction of the board, including pursuant to a notice of meeting;

(b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Business Corporations Act, or a requisition of the shareholders made in accordance with the provisions of the Business Corporations Act; or

(c) by any person (a "Nominating Shareholder"): (A) who, at the close of business on the date of the giving of the notice provided for below in this Article 27.1 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Article 27.1.

(2) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Company at the principal executive offices of the Company.

(3) To be timely, a Nominating Shareholder's notice to the Secretary of the Company must be made:

(a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the Notice Date) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

(b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

(4) To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Company must set forth:

(a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act and Applicable Securities Laws (as defined below); and

(b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act and Applicable Securities Laws (as defined below).

(5) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

(6) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 27.1; provided, however, that nothing in this Article 27.1 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Business Corporations Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(7) For purposes of this Article 27.1:

(a) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and

(b) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

(8) Notwithstanding any other provision of this Article 27.1, notice given to the Secretary of the Company pursuant to this Article 27.1 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

(9) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 27.1.

27.2 Application

(1) Article 27.1 does not apply to the Company in the following circumstances:

(a) if and for so long as the Company is not a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply; or

(b) to the election or appointment of a director or directors in the circumstances set forth in Article 14.7.

Dated the _____ day of _____, 2013.

_____
Director

TAX MATTERS

Certain Canadian federal income tax matters

The following is, as of the date of this Company Description, a summary of the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "Canadian Tax Act") to a shareholder who acquires and holds as beneficial owner Shares and who, for purposes of the Canadian Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Company, and acquires and holds the Shares as capital property (a "Holder"). Generally, the Shares will be considered to be capital property to a Holder provided that the Holder does not use or hold the Shares in the course of carrying on a business of buying and selling securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a "financial institution" for purposes of the mark-to-market rules contained in the Canadian Tax Act; (ii) that is a "specified financial institution" as defined in the Canadian Tax Act; (iii) an interest in which is a "tax shelter investment" as defined in the Canadian Tax Act; (iv) that reports its "Canadian tax results" (as defined in the Canadian Tax Act) in a currency other than Canadian currency; (v) that has entered or will enter into, with respect to the Shares, a "derivative forward agreement", as defined in the Canadian Tax Act; or (vi) that has entered or will enter into, with respect to the Shares, a "dividend rental arrangement" as defined in the Canadian Tax Act. Such Holders should consult their own tax advisors with respect to an investment in Shares.

This summary does not address the possible application of the "foreign affiliate dumping" rules in section 212.3 of the Canadian Tax Act to a Holder that (i) is a corporation resident in Canada and (ii) is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Shares, controlled by a non-resident corporation for the purposes of such rules. Such Holders should consult their own tax advisors with respect to the possible application of these rules.

This summary is based on the provisions of the Canadian Tax Act and the regulations thereto (the "Regulations") in force as of the date hereof, and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") published in writing by the CRA and publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Canadian Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals") and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies or assessing practices of the CRA, whether by way of judicial, legislative or governmental decision or action. This summary is not exhaustive of all possible Canadian federal income tax considerations, and does not take into account other federal or any provincial, territorial or foreign income tax legislation or considerations, which may differ materially from those described in this summary.

This summary is of a general nature only and is not, and is not intended to be, and should not be construed to be, legal or tax advice to any particular Holder, and no representations concerning the tax consequences to any particular Holder are made. The tax consequences of acquiring, holding and disposing of Shares will vary according to the Holder's particular circumstances. Holders should consult their own tax advisors for advice regarding the tax considerations applicable to them having regard to their particular circumstances, including the application and effect of the income and other tax laws of any country, province or other jurisdiction that may be applicable to such Holder.

Residents of Canada

The following portion of this summary is applicable to a Holder who, for the purposes of the Canadian Tax Act and any applicable tax treaty or convention and at all relevant times, is or is deemed to be resident in Canada (a "Resident Holder"). A Resident Holder to whom the Shares might not constitute capital property may make, in certain circumstances, the irrevocable election permitted by subsection 39(4) of the Canadian Tax Act to have the Shares, and all other Canadian

securities held by such person, treated as capital property. Resident Holders considering making such election should first consult their own tax advisors.

Taxation of Dividends

Dividends received or deemed to be received on a Share will be included in computing a Resident Holder's income for purposes of the Canadian Tax Act. Dividends received by a Resident Holder who is an individual will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations. To the extent that the Company designates a dividend as an "eligible dividend" within the meaning of the Canadian Tax Act in the prescribed manner, such dividend will be eligible for the enhanced gross-up and dividend tax credit. If the Company pays dividends, the Company currently intends that it would, by notice on its website, indicate that all dividends paid by it will be designated as eligible dividends unless otherwise indicated. Dividends received by individuals (including certain trusts) may give rise to alternative minimum tax under the Canadian Tax Act, depending on the individual's circumstances.

Dividends received or deemed to be received by a Resident Holder that is a corporation will be included in computing the corporation's income and will generally be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Canadian Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as a gain from the disposition of capital property or proceeds of disposition. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances. A Resident Holder that is a "private corporation" or a "subject corporation", each as defined in the Canadian Tax Act, may be liable to pay a refundable tax under Part IV of the Canadian Tax Act on dividends received (or deemed to be received) on the Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income. A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Canadian Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Canadian Tax Act), including any dividends (or deemed dividends) that are not deductible in computing the Resident Holder's taxable income.

Disposition of Shares

Upon a disposition or a deemed disposition of a Share (other than in a disposition to the Company that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market), a Resident Holder will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Share to the Resident Holder. The adjusted cost base to the Resident Holder of a Share acquired at any particular time, will be determined by averaging the cost of such share with the adjusted cost base of all Shares owned by the Resident Holder as capital property at that time, if any.

One half of any such capital gain (a "taxable capital gain") realized by a Resident Holder will be required to be included in computing the Resident Holder's income, and one half of any such capital loss (an "allowable capital loss") realized by a Resident Holder must generally be deducted against taxable capital gains realized by the Resident Holder in the year of disposition. Allowable capital losses not deductible in the taxation year in which they are realized may ordinarily be deducted by the Resident Holder against taxable capital gains realized in any of the three preceding taxation years or any subsequent taxation year, subject to and in accordance with the detailed rules contained in the Canadian Tax Act in this regard. Capital gains realized by an individual (including certain trusts) may be subject to alternative minimum tax.

If the Resident Holder is a corporation, the amount of any capital loss realized on the disposition or deemed disposition of a Share by the Resident Holder may be reduced by the amount of dividends received or deemed to have been received by the Resident Holder on such Shares to the extent and in the circumstances prescribed by the Canadian Tax Act. Similar rules may apply where a corporation is a member of a partnership or beneficiary of a trust that owns Shares, or where a partnership or trust is itself a member of a partnership or a beneficiary of a trust that owns Shares.

If the Resident Holder is a "Canadian-controlled private corporation" (as defined in the Canadian Tax Act), the Resident Holder may also be liable to pay a refundable tax on its "aggregate investment income", which is defined to include an amount in respect of taxable capital gains.

Non-resident holders

The following portion of this summary is applicable to a Holder who, for the purposes of the Canadian Tax Act and any applicable tax treaty or convention and at all relevant times, is not resident or deemed to be resident in Canada and who does not use or hold (and is not deemed to use or hold) the Shares in connection with a business carried on in Canada (a "Non-Resident Holder"). This part of the summary is not applicable to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada.

This part of the summary is not applicable to a Non-Resident Holder whose Shares are or are deemed to be "taxable Canadian property" for purposes of the Canadian Tax Act. Provided that the Shares are listed on a designated stock exchange (which includes the TSX-V) at a particular time, the Shares generally will not constitute taxable Canadian property to a Holder at that time unless, at any time during the five year period immediately preceding that time: (i) 25% or more of the issued shares of any class or series of the Company's capital stock were owned by any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the value of the Shares was derived, directly or indirectly, from one or any combination of (a) real or immoveable property situated in Canada, (b) Canadian resource properties, (c) timber resource properties, and (d) options in respect of any such property, all as defined for purposes of the Canadian Tax Act. A Non-Resident Holder's Shares can also be deemed to be taxable Canadian property in certain circumstances set out in the Canadian Tax Act. Non-Resident holders are urged to consult their own tax advisors to determine whether their investment could be Taxable Canadian Property at the applicable time.

Taxation of dividends

Dividends paid or credited or deemed to be paid or credited by the Company to a Non-Resident Holder will generally be subject to Canadian withholding tax at the rate of 25%, subject to any applicable reduction in the rate of such withholding under an income tax treaty between Canada and the country where the Holder is resident. For example, under the Sweden-Canada Income Tax Convention (1996) (the "Treaty"), the withholding tax rate in respect of a dividend paid to a person who is the beneficial owner of the dividend and is resident in Sweden for purposes of, and entitled to full benefits under, the Treaty, is generally reduced to 15%. Under the Canadian Tax Act, the Company is obliged to withhold at source the full amount of any withholding tax on a dividend paid to a Non-Resident Holder. Non-Resident Holders are urged to consult their own tax advisors to determine their entitlement to relief under an applicable income tax treaty or convention.

Disposition of Shares

A Non-Resident Holder will not be subject to tax under the Canadian Tax Act in respect of any capital gain realized on the disposition of Shares.

Eligibility for investment

Subject to the provisions of any particular plan, the Shares, if, as and when listed on a designated stock exchange (which currently includes the TSX-V), will be qualified investments under the Canadian Tax Act and the Regulations for a trust governed by a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF"), a registered education savings plan ("RESP"), a registered disability savings plan ("RDSP"), a deferred profit sharing plan, or a tax free savings account ("TFSA").

Notwithstanding that the Shares may be qualified investments for a trust governed by an RRSP, RRIF or a TFSA at any time, the annuitant under an RRSP or RRIF or the holder of a TFSA may be subject to a penalty tax if such Shares are "prohibited investments" for the RRSP, RRIF or TFSA within the meaning of the Canadian Tax Act. The Shares will generally not be a "prohibited investment" provided that the annuitant under the RRSP or RRIF or the holder of the TFSA, as the case may be, deals at arm's length with the Company for purposes of the Canadian Tax Act and does not have a "significant interest" (as defined in the Canadian Tax Act) in the Company. Pursuant to tax proposals released on March 22, 2017, the rules in respect of "prohibited investments" are also proposed to apply to (i) RDSPs and the holders thereof and (ii) RESPs and the subscribers thereof.

Investors who intend to hold Shares in their TFSA, RRSP, RRIF, RDSP or RESP are urged to consult their own tax advisors regarding their particular circumstances.

Tax considerations in Sweden

The following is a summary of certain tax issues that may arise as a result of holding Shares in the Company. The summary is based on Swedish tax legislation currently in force and is intended only as general information for shareholders, who are resident or domiciled in Sweden for tax purposes, if not otherwise stated.

The summary does not cover situations where Shares are held as current assets in business operations or by a partnership. Furthermore, the summary does not cover special regulations governing tax exempt capital gains, shareholding in companies that are, or have previously been, closely held companies (Sw. fåmansföretag) or on shares acquired on the basis of such holdings, or other specific situations and rules. The summary also does not cover tax issues related to holdings in unlisted shares. Shares are considered listed for Swedish tax purposes if the shares are subject to continuous publicly available listing on the basis of marketable trade in the share. The summary is not applicable to shareholders that have ever been resident in Canada for Canadian tax purposes, carried on business or maintained a permanent establishment in Canada or performed independent personal services in Canada from a fixed base situated in Canada, each as defined in the Sweden-Canada Income Tax Convention (1996). Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies, mutual funds, insurance companies and persons who are not resident or domiciled in Sweden. Each shareholder is recommended to consult a tax adviser for information on the specific tax consequences that may arise as a result of holding shares in the Company, including the applicability and effect of foreign or other rules, tax treaties or from foreign exchange rate fluctuations between currencies which may be applicable.

Certain Swedish income tax considerations

Capital gains taxation

Individuals who sell their shares, are subject to capital gains tax. The current tax rate is 30 per cent of the gain. The capital gain is calculated to equal the difference between the sales proceeds, after deduction for sales expenses, and the shares' acquisition cost for tax purposes. The acquisition cost is determined according to the “average cost method”. This means that the costs for all shares of the same type and class are added together and determined collectively, with respect to changes to the holding. Alternatively, ”the standard rule” according to which the acquisition cost is deemed to be equal to 20 per cent of the net sales price may be applied on the disposal of listed shares.

Capital losses on listed shares are fully deductible against taxable capital gains on shares during the same fiscal year. The loss is also deductible against gains on other listed securities that are taxed in the same manner as shares (except for shares in mutual funds containing only Swedish receivables (Sw. räntefonder)). A loss in excess of the above mentioned gains is deductible with 70 per cent against any other taxable income derived from capital.

If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business, as well as the tax on real estate, is allowed. The tax reduction allowed amounts to 30 per cent of any deficit not exceeding SEK 100,000 and 21 per cent of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a later fiscal year.

Dividend taxation

In general, dividends, if any, on shares are taxed in Sweden at a rate of 30 per cent as income from capital for individuals.

Since the dividend is generally taxable in both Sweden and Canada, double taxation may occur. However, Canadian withholding tax levied can be credited from Swedish tax to the extent Swedish tax is attributable to foreign income (overall credit).

If the foreign tax should exceed the Swedish tax attributable to foreign income one year, the credit may, subject to certain limitations, be carried forward for up to five years. Alternatively, the foreign tax may be deducted as a cost for the recipient.

Limited liability companies

Capital gains

Swedish limited liability companies (Sw: aktiebolag) are taxed on all income as income from business activities at a flat rate of 22 per cent. Regarding the calculation of a capital gain or loss and the acquisition cost, see above under section "Certain Swedish income tax considerations".

A capital loss on shares incurred by a corporate shareholder may be offset only against gains on shares or other securities that are taxed in the same manner as shares. Such capital losses may, under certain circumstances, also be deductible against capital gains on such securities within the same group of companies, provided the requirements for group contributions are met. Capital losses on shares or other such securities, which have not been deducted from capital gains within a certain year, may be carried forward and be offset against similar capital gains in future years without any limitation in time.

Dividend taxation

In general, dividends, if any, on shares to limited liability companies are taxed in Sweden at a rate of 22 per cent as ordinary income from business activities.

Since the dividend is generally taxable in both Sweden and Canada, double taxation may occur. However, Canadian withholding tax levied can be credited from Swedish tax to the extent Swedish tax is attributable to foreign income (overall credit).

If the foreign tax should exceed the Swedish tax attributable to foreign income one year, the credit may, subject to certain limitations, be carried forward for up to five years. Alternatively, the foreign tax may be deducted as a cost for the recipient.

Canadian withholding tax

Unless the dividend is tax-free for the Swedish holder, the Canadian tax withheld can generally be credited against Swedish income tax and real estate tax. In order to benefit from the tax credit, legal entities must apply for a tax credit from the Swedish Tax Agency. The 30% preliminary tax withheld by Euroclear on dividends to individuals is normally reduced with the withholding tax levied and individuals will automatically benefit from the tax credit if the withholding tax is reported to the Tax Agency and included in the annual income statement.

Certain tax issues for shareholders who are not tax residents of Sweden

Individual shareholders who are not resident or domiciled in Sweden for Swedish tax purposes are generally not subject to tax in Sweden for capital gains realized upon the sale or other disposal of shares. Shareholders may, however, be subject to taxation in their country of domicile and elsewhere.

Under a domestic Swedish tax provision, non-Swedish tax resident individuals may be subject to Swedish capital gains taxation upon a sale or other disposal of shares in non-Swedish corporate entities if the shares were acquired during their tax residency in Sweden if they have been resident or lived permanently in Sweden at any time during the calendar year of such disposal or during the previous ten calendar years preceding the year of disposal. The applicability of this provision may however be limited by an applicable tax treaty between Sweden and other countries.

Foreign legal entities are not liable to Swedish tax on dividends or capital gains upon a sale or other disposal of shares, provided that the shares are not pertaining to a permanent establishment in Sweden.

GLOSSARY OF TERMS

"Africa Energy" or "Company"	means Africa Energy Corp. and its subsidiaries.
"Africa Energy Shares"	means all of the issued and outstanding shares in the share capital of Africa Energy.
"AIF"	means annual information form.
"AOC" or "Africa Oil"	means Africa Oil Corp.
"BCBCA"	means the *Business Corporations Act* (British Columbia), as amended.
"Block 2B Exploration Right"	means the exploration right for Block 2B offshore the Republic of South Africa.
"Block 11B/12B Exploration Right"	means the exploration right for Block 11B/12B offshore the Republic of South Africa
"Canmex"	means Canmex Holdings (Bermuda) I Ltd.
"Canmex II"	means Canmex Holdings (Bermuda) II Ltd.
"CNRI"	means CNR International (South Africa) Limited, a wholly-owned subsidiary of Canadian Natural Resources Limited
"Crown"	means Crown Energy AB.
"Farmin" or "Farmout"	means farmin/farmout agreement – a farmin/farmout involves the transfer of a participating interest in an exploration or production agreement with a host government in return for some form of consideration.
"Main Street 1549"	means Main Street 1549 Proprietary Limited, an entity held 49% by Africa Energy.
"Main Street 840"	means Main Street 840 Proprietary Limited, an entity held 100% by Africa Energy.
"**NI 51-101**"	means the National Instrument 51-101 — *Standard 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.
"Pancontinental Namibia"	means Pancontinental Namibia Pty Ltd., an entity held 33.3% by Africa Energy
"PEL 37"	means Petroleum Exploration Licence 37 offshore the Republic of Namibia.
"SEDAR"	means the System for Electronic Document Analysis and Retrieval.
"Thombo"	means Thombo Petroleum Ltd.
"Total"	means Total E&P South Africa BV, a wholly-owned subsidiary of Total SA.
"Transfer Agent"	means Computershare Trust Company of Canada.
"TSX-V" or "Exchange"	means the TSX Venture Exchange.

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SCHEDULE A

AFRICA ENERGY CORP.

(the "Reporting Issuer" or, "Africa Energy" or the "Company")

FORM NI 51-101F1
STATEMENT OF RESERVES DATA AND
OTHER OIL AND GAS INFORMATION
For fiscal year ended December 31, 2017

(This is the form referred to in item 1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Terms for which a meaning is given in NI 51-101 have the same meaning in this Form 51-101F1.)

TABLE OF CONTENTS

PART 1 DATE OF STATEMENT

Item 1.1 Relevant Dates

1. The date of this report and statement is: April 23, 2018.
2. The Effective Date of information provided in this statement is as of the Company's most recently completed fiscal year ended: December 31, 2017.

PART 6 OTHER OIL AND GAS INFORMATION

Item 6.1 Oil and Gas Properties and Wells

The Company holds a 90% participating interest in the Exploration Right for Block 2B offshore the Republic of South Africa ("Block 2B") and owns one-third of the shares of Pancontinental Namibia Pty Ltd., which holds a 30% participating interest in Petroleum Exploration Licence 37 offshore the Republic of Namibia ("PEL 37"). The Company's proportionate share of interest in PEL 37 is 10%, and its investment in Pancontinental Namibia Pty Ltd. is treated as an equity investment. The joint venture partnerships in each of Block 2B and PEL 37 have not drilled any wells as of the date of this report.

ITEM 6.2 PROPERTIES WITH NO ATTRIBUTED RESERVES

The Company does not have any properties with attributed reserves. At December 31, 2017, the Company held a 90% participating interest in Block 2B and owned one-third of the shares of Pancontinental Namibia Pty Ltd., which held a 30% participating interest in PEL 37.

Block 2B, offshore Republic of South Africa

Block 2B covers 3,604 square kilometers of the South African Western offshore about 300 kilometers north of Cape Town. Water depths over the block are 50 meters to 200 meters. Over the main area of interest in the block, the A-J rift graben, water depth ranges from 140 meters to 160 meters. Block 2B is an under-explored area containing a proven hydrocarbon-bearing rift basin. A well drilled by South African state company Soekor in 1988, the A-J1 well, discovered and tested oil from a Cretaceous sandstone section but there has been limited exploration since then. Block 2B contains numerous prospects identified by 3D seismic and limited work is now required to recommence drilling activities in the area.

Under the terms of the Block 2B Exploration Right, the Company and its partner, Crown Energy AB, fulfilled the obligations of the First Renewal Period that expired in March 2017. Prior to the expiry, and in accordance with the terms of the Exploration Right for Block 2B, the Company applied for entry into the Second Renewal Period which was approved in February 2018. The Block 2B joint venture partnership is currently in the Second Renewal Period of the Exploration Right which is for a period of two years commencing February 20, 2018. During the Second Renewal Period, the joint venture partners are obligated to perform studies and evaluations to determine potential commerciality, and economic sensitivity modelling to establish whether the drilling of a well could prove up potentially commercial oil volumes. If it is determined that drilling could prove up potentially commercial oil volumes, then the joint venture partnership is obligated to drill an exploration well on Block 2B. At the end of the Second Renewal Period, a decision will be made to either relinquish the right in full or renew the right into the Third Renewal Period, being the final period in the Exploration Right, with a relinquishment of not less than 15% of the current exploration area. In the event of a commercial discovery prior to expiry of the Exploration Right, the joint venture partnership has the exclusive right to apply for a Production Right with the Government of the Republic of South Africa. The Government of the Republic of South Africa has a 10% back-in right, and the joint venture partnership must make 10% of the Exploration Right available to Historically Disadvantaged South Africans at fair market value.

PEL 37, offshore Republic of Namibia

PEL 37 covers an area of 17,295 square kilometers of the northern Namibian offshore region located about 420 kilometers south of the Angolan/Namibian border. Water depths over PEL 37 range from 400 meters to 1,500 meters and over the main prospective area where the Cormorant and other prospects (Albatross, Seagull and Gannet) have been delineated, range from 400 meters to 600 meters. In 2013, oil was recovered from the Wingat-1 well, located in the block directly south of PEL 37. The Murombe-1 well, drilled in the same license as Wingat-1, intersected a world-class mature oil-prone source in the Aptian sequence. The acquisition of a 3,440 square kilometer 3D seismic survey on PEL 37 resulted in the delineation of a number of significant prospects consisting of Lower Cretaceous submarine fan that are stratigraphically trapped. The joint venture partnership for PEL 37 plans to spud the Cormorant-1 well on September 1, 2018.

The PEL 37 joint venture partnership is currently in the Second Renewal Period of the Exploration Licence which is for a period of two years commencing March 20, 2018. During the Second Renewal Period, which is the last exploration period, the joint venture partnership is obligated to drill an exploration well on PEL 37. In the event of a discovery prior to expiry of PEL 37, the joint venture partnership may agree a two-year appraisal program, at the end of which the joint venture partnership may apply for a Production License with the Government of the Republic of Namibia. The Government of the Republic of Namibia does not have back-in rights for PEL 37.

ITEM 6.2.1 SIGNIFICANT FACTORS OR UNCERTAINTIES RELEVANT TO PROPERTIES WITH NO ATTRIBUTED RESERVES

As at the effective date of this report, reserves have yet to be attributed to the Company's interest in Block 2B or PEL 37. Prospective and contingent resources have been attributed to the Block 2B. Resources have not been attributed to PEL 37 as the Company has not had any of the identified prospects audited or prepared by an independent qualified reserves evaluator or auditor in accordance with the Canadian Oil and Gas Evaluation Handbook.

Block 2B

The Company did not have its attributed contingent and prospective resources audited at December 31, 2017. The Company's contingent and prospective resources in Blocks 2B were assessed by an independent qualified reserves evaluator in accordance with the Canadian Oil and Gas Evaluation Handbook with an effective date of December 31, 2016, and the following is a summary of the results of that assessment:

Summary of Light and Medium Crude Oil Contingent Resources as of December 31, 2016											
	GROSS Unrisked Contingent Resources (mmbo)			Chance of Commerciality (%)	GROSS Risked Contingent Resources (mmbo)			AEC Working Interest (%)	NET Risked Contingent Resources (mmbo)		
Prospect	Low (1C) Estimate	Best (2C) Estimate	High (3C) Estimate		Low (1C) Estimate	Best (2C) Estimate	High (3C) Estimate		Low (1C) Estimate	Best (2C) Estimate	High (3C) Estimate
Gazania	11.5	36.7	118.2	30	3.4	11.0	35.5	90	3.1	9.9	31.9

All contingent oil resources assessed are associated with the A-J1 discovery well drilled on Block 2B in 1988. This area is known as the **Gazania prospect**. The A-J1 well found and tested stratigraphically trapped oil within a sedimentary section of Lower Cretaceous age, known as the Lacustrine Sequence. One drill-stem test in the lower part of the Lacustrine Sequence flowed 36 degree API gravity oil at an average rate of 190 barrels per day over a 36 hour duration flow period. There is significant uncertainty in the thickness, quality, connectivity and areal extent of the Lacustrine Sequence away from A-J1. The estimated gross 2C unrisked contingent resources associated with the A-J1 oil discovery were assessed at 36.7 million barrels of oil. These contingent oil resources are assigned to the project maturity sub-class "Development Unclarified" and considered "Light Crude and Medium Crude Oil", as defined in the COGE Handbook, on the basis that significant further appraisal is needed to clarify potential for development. Successful exploitation of the A-J1 well oil discovery is contingent on further appraisal drilling to better define the extent of the accumulation and the continuity of the reservoir, the demonstration of commercial well flow rates, the definition of development plans and the demonstration of commerciality before they can be classified as reserves. A 30% chance of development for the contingent resources has been predicted.

The project development plan for these contingent resources is a conceptual study, given that additional drilling and assessment is needed, as well as additional well testing, before consideration can be given to development. The economic status of these contingent resources is undetermined since further exploration work is needed to determine whether economic recoverable volumes are present in the area. There is uncertainty that it will be commercially viable to produce any portion of the contingent resources.

Summary of Light and Medium Crude Oil Prospective Resources as of December 31, 2016											
	GROSS Unrisked Prospective Resources (mmbo)			Chance of Success (%)	GROSS Risked Prospective Resources (mmbo)			AEC Working Interest (%)	NET Risked Prospective Resources (mmbo)		
Prospect	Low Estimate	Best Estimate	High Estimate		Low Estimate	Best Estimate	High Estimate		Low Estimate	Best Estimate	High Estimate
Ursinia	8.0	17.5	38.4	29	2.4	5.1	11.3	90	2.1	4.6	10.2
Pelargonium	7.6	20.8	56.8	20	1.5	4.2	11.4	90	1.4	3.7	10.2
S2C	9.6	30.7	81.6	21	2.0	6.3	16.8	90	1.8	5.7	15.1
S2A	17.1	49.3	110.8	18	3.0	8.7	19.5	90	2.7	7.8	17.6
S1	14.0	43.8	111.8	9	1.3	3.9	10.1	90	1.1	3.5	9.1

The prospective oil resources of prospects identified by the Company in Block 2B were also assessed. Prospectivity was identified within the lacustrine succession penetrated by the A-J1 well, and in deeper pre-lacustrine sequences; one of them (the S1 interval) was not intersected in the well (see table above).

Lower risk prospectivity lies within the same lacustrine succession intersected in A-J1 that has been mapped up-dip and beyond the bounds of the Gazania prospect:

1. To the north and west of the Gazania prospect where a prominent seismic amplitude anomaly in the upper part of the lacustrine succession defines the **Ursinia prospect**. Here the key risk is seal as trap is likely a combination of pure stratigraphic closure and sub-crop closure beneath the overlying Hauterivian unconformity.

2. To the south where a number a stacked seismic amplitude anomalies define the **Pelargonium prospect**. The trap is a seismic amplitude constrained on-lap against basement. The lacustrine succession is significantly thinner than in the Gazania area and reservoir quality is unknown due to distance from the nearest control at A-J1. However, in mitigation of this, the lacustrine succession is at a shallower burial depth than in Gazania area and furthermore this area is likely to have been the most proximal area to sedimentary input which will likely have resulted in cleaner reservoirs with higher sand to shale ratios. Once again seal is not an insignificant risk here as the lacustrine succession is cut by faulting that could have resulted in leakage up into shallower formations.

The **Pelargonium, Gazania and Ursinia** prospects are closely related and constitute a NNW-SSE trending play fairway thought to be the result of an axial lacustrine delta system that built out into the sedimentary basin:

Further prospectivity has been defined in the pre-lacustrine S2 and S1 intervals; here the key risks are:

- Seal, (top, base and side) which is required to stratigraphically trap any expelled oil in all prospects.
- Source, a deeper source rock is unproven
- Reservoir quality also is a risk as this increases with burial depth, and those potential reservoirs intersected in A-J1 are thin and of poor quality.
- Trap definition is also more difficult to define due to lower seismic resolution and less well defined amplitudes at depth.

The company has recently called on its extensive experience of exploration of rift basins and has identified further potential prospect leads along the eastern margin of the basin. These are currently work in progress and therefore have yet to be certified by a qualified reserves evaluator. These leads could nevertheless represent significant upside in the event of successful follow-up drilling in the lacustrine play.

It should be noted that there is no certainty that any portion of these resources will be discovered. If discovered, there is no certainty that they will be commercially viable to produce any portion of the resources.

ITEM 6.3 FORWARD CONTRACTS

The Company is not party to any agreements relating to the transportation or marketing of oil and gas.

ITEM 6.5 TAX HORIZON

The Company was not required to pay income taxes during 2017. Given the Company is in the exploration stage and does not currently have reserves, no reasonable estimate may be made as to when the Company will be required to pay income taxes in the future.

ITEM 6.6 COSTS INCURRED

The Company incurred $0.2 million of net exploration costs during 2017, all of which relate to Block 2B.

ITEM 6.7 EXPLORATION AND DEVELOPMENT ACTIVITIES

In 2017, the Company's technical exploration team analysed and high-graded exploration drilling prospects and leads in respect of Block 2B.

ITEM 6.8 PRODUCTION ESTIMATES

The Company is unable to estimate production or future net revenue from its oil and gas activities as of December 31, 2017.

ITEM 6.9 PRODUCTION HISTORY

The Company had no oil and gas production history as of December 31, 2017

SCHEDULE B

Form 51-101F3

Report of Management and Directors on Oil and Gas Disclosure

This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Terms to which a meaning is ascribed in NI 51-101 have the same meaning in this form.

Report of Management and Directors on Reserves Data and Other Information

The Reserves Committee of the board of directors of **Africa Energy Corp.** (the "Company") has reviewed the oil and gas activities of the Company and has determined that the Company had no reserves as of December 31, 2017.

An independent qualified reserves evaluator or qualified reserves auditor has not been retained to evaluate the Company's reserves data. No report of an independent qualified reserves evaluator or qualified reserves auditor will be filed with securities regulatory authorities with respect to the financial year ended on December 31, 2017**.**

The Reserves Committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing information detailing the Company's oil and gas activities; and
(b) the content and filing of this report.

/s/Garrett Soden
Garrett Soden, President and Chief Executive Officer

/s/Jeromie Kufflick
Jeromie Kufflick, Chief Financial Officer

/s/Keith Hill
Keith Hill, Director

/s/Ashley Heppenstall
Ashley Heppenstall, Chairman

Date: April 23, 2018