



## Impact Oil & Gas Limited

### Interest in Block 11B/12B, South Africa

#### *Impact to become major shareholder in Africa Energy Corp.*

**London:** 24 August 2020, **Impact Oil & Gas Limited**, a privately-owned, African-focused exploration company, ("**Impact**" or the "**Company**"), is pleased to announce that it has signed definitive agreements which will result in its indirect interest in Block 11B/12B offshore South Africa, held through its wholly owned subsidiary, Impact Oil & Gas SA Blocks 11B-12B Limited ("**Impact 11B/12B**") being consolidated under Africa Energy Corp. ("**Africa Energy**") and Impact becoming a major shareholder in Africa Energy.

#### **SIRAJ AHMED, CEO OF IMPACT OIL & GAS, SAID:**

*"We are pleased to be part of the proposed consolidation of the interests of all Main Street stakeholders under Africa Energy, resulting in Africa Energy holding a direct 10% interest in Block 11B/12B. This transaction is a significant milestone for Impact, providing the Company with liquid stock in Africa Energy and retaining a significant exposure to one of the most exciting oil and gas exploration plays in the world today, ahead of the Luiperd-1X well results. In line with our strategy, the transaction provides Impact with additional options for monetisation of our participation in the Block following our first successful exploration well last year."*

In December 2018, Impact 11B/12B entered into a loan agreement (the "**Arostyle Loan Agreement**") with Arostyle Investments (RF) (Proprietary) Limited ("**Arostyle**") and Main Street 1549 (Proprietary) Limited ("**Main Street**"). Under the Arostyle Loan Agreement, Impact 11B/12B has advanced funds to Arostyle to fund Arostyle's proportionate share of Main Street's Block 11B/12B entry costs and subsequent exploration expenditures related to Main Street's 10% participating interest in Block 11B/12B (the "**Participating Interest**"). The terms of the Arostyle Loan Agreement provide Impact 11B/12B with a risk-adjusted return linked to the proceeds of any future sale of the Participating Interest.

Africa Energy has committed to fund 100% of Main Street's costs relating to the upcoming drilling program on Block 11B/12B and, in conjunction with this commitment, Impact 11B/12B and the Company have entered into an investment agreement (the "**Investment Agreement**") with Africa Energy whereby Africa Energy will subscribe for new shares in, and obtain control of, Impact 11B/12B (the "**Investment**").

Impact has entered into a subscription agreement (the "**Subscription Agreement**") with Africa Energy to subscribe for 509,092,771 common shares in Africa Energy ("**Subscription Shares**"), conditional upon completion of the Investment.

Impact will have the right, for so long as it holds not less than 10% of the issued and outstanding common shares of Africa Energy, to appoint one nominee to the board of directors of Africa Energy. The Investment Agreement also provides for certain orderly market covenants in respect of any dispositions by Impact of Subscription Shares, customary standstill provisions for a period of 12 months and certain restrictions on the issuance of common shares (or securities convertible into common shares) of Africa Energy prior to completion of the Investment.



In parallel with the Investment Agreement, Africa Energy and Arostyle have entered into an implementation agreement that, among other things, grants Africa Energy the right to exercise an option with Arostyle, which holds 51% of the shares in Main Street, to acquire Main Street's interest in Block 11B/12B (the "**Arostyle Transaction**").

Closing of the Investment Agreement and Subscription Agreement are independent of the Arostyle Transaction but subject to Africa Energy disinterested shareholder approval and TSX Venture Exchange approval.

Auctus Advisors LLP is acting as financial advisor to Impact in connection with the transaction.

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**About Impact Oil & Gas**

Impact is a privately owned oil and gas exploration company with a strategic focus on large scale, mid to deep water plays of sufficient materiality to be of interest to major companies. The company's objective is to build a world class portfolio of drillable prospects, in a number of different geologic and geographic locations to minimise risk. By doing so, and by having high-calibre oil industry partners validate its exploration concepts and ideas, management believes that the Company is best placed to potentially deliver substantial shareholder value in the medium to longer term.

The company acquired its first asset offshore South Africa in 2011 and has subsequently expanded its asset base across the offshore margins of Southern and West Africa, partnering with super-majors across its portfolio. The company's current portfolio covers a combined area of over 110,000 km<sup>2</sup> (gross) (including an indirect interest in Block 11b/12b, South Africa).

**About Africa Energy**

Africa Energy Corp. is a Canadian oil and gas company with exploration assets offshore South Africa and Namibia. Africa Energy is listed in Toronto on TSX Venture Exchange (ticker "AFE") and in Stockholm on Nasdaq First North Growth Market (ticker "AEC"). Africa Energy is part of the Lundin Group of Companies and currently has 798,984,935 common shares outstanding.

**About Block 11B/12B, offshore South Africa**

Block 11B/12B is located in the Outeniqua Basin approximately 175 kilometres off the southern coast of South Africa. The block covers an area of 18,734 square kilometres with water depths ranging from 200 to 2,000 meters. In 2019, the Block 11B/12B joint venture announced the Brulpadda gas condensate discovery and expects the Luiperd-1X prospect to spud in August 2020.



Main Street holds a 10% participating interest in Block 11B/12B (Africa Energy currently holds 49% of the shares in Main Street and Arostyle currently holds 51% of the shares in Main Street), Total E&P South Africa B.V. is operator and has a 45% participating interest in Block 11B/12B, while Qatar Petroleum International Upstream LLC and CNR International (South Africa) Limited have 25% and 20% participating interests, respectively, in Block 11B/12B.