

Impact Oil & Gas Limited

("Impact" or "the Company")

Impact to provide funding for Main Street's participation in Block 11B/12B, South Africa, through a Capital Raising of approximately USD 12.6 million and the proceeds from the exercise of warrants by Deepkloof and Africa Oil Corp raising a further USD 23.1 million

London: 21 December, 2018, Impact Oil and Gas Limited, one of the leading independent oil exploration companies operating offshore Southern and West Africa, is pleased to announce that it has entered into a financing agreement with Arostyle Investments (Proprietary) Limited ("Arostyle"). This is to provide funding, by way of a loan, for Arostyle to complete its acquisition of a 5.1% effective interest through Main Street 1549 Proprietary Limited ("Main Street") in the Exploration Right for Block 11B/12B offshore South Africa and the first exploration well on this licence, on a risked return basis.

Impact is delighted to support Main Street (see "Financing Arrangement" below) a BEE company, in the exploration of the Paddavisie fairway, led by Total as Operator. Much of Impact's own southern Africa exploration portfolio, from the Tugela South licence in the Durban Basin to Namibia Block 2913B, is focused on this play: middle Cretaceous deep marine sands lying in large stratigraphic traps and sourced with oil from world-class Aptian source rocks.

On 19 December, Deepkloof and Africa Oil Corp each gave notice to exercise 50,343,961 warrants at a price of 18 pence per share realising USD 23.1 million. In addition, Impact intends to raise approximately USD 12.6 million through the combined placing of approximately 40 million new ordinary shares at a price of 25 pence per share, being made equally to Deepkloof Limited and Africa Oil Corp in January 2019.

Post-completion of the placing and exercise of warrants, the Company will have raised a total of approximately USD 35.7 million, with Deepkloof and Africa Oil Corp holding approximately 49% and 30%, respectively, of the issued share capital in the Company.

Block 11B/12B

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.

The Brulpadda Prospect has been defined utilising a 2D seismic survey acquired in 2005.

Total expects to drill the Brulpadda-1AX exploration well in the coming weeks to test the Brulpadda-1AX prospect within the southern Outeniqua Basin. The well will be drilled in 1,432 metres of water by the Odfjell Drilling Deepsea Stavanger semi-submersible rig to a total depth of 3,420 metres subsea. The well will test the oil potential in a mid-Cretaceous aged deep marine fan sandstone system within a combined structural / stratigraphic closure. It is expected to take approximately 85 days to drill and evaluate.

Total is Operator and holds a 45% participating interest, with Qatar Petroleum holding 25%, CNRI 20%, and Main Street 10%. Main Street is described below.

Financing Arrangement

Arostyle (a Black Empowered company) owns 51% of the shares in Main Street (which is also Black Empowered), which has entered into farm-in agreements for an aggregate 10% participating interest in Block 11B/12B. The farm-in was completed on 19 December 2018.

Impact has advanced funding to Arostyle to enable Arostyle to fund its proportionate share of Main Street's farm-in to Block 11B/12B. At closing of the farm-in, Arostyle's aggregate share of the Main Street transactions totalled USD 17.2 million. The funding from Impact will also support Arostyle's share of Main Street's initial, up-coming, exploration commitments including the Brulpadda-1AX well, working capital, contingencies and certain other geological and geophysical costs. Should this prove successful, the financing terms allow for Impact to support Arostyle's contribution to BEE Main Street's share of further appraisal costs. Impact will receive a return on the financial loan granted to Arostyle, which is representative of its corresponding financial exposure.

Siraj Ahmed, CEO, said:

"Today's transaction supports Arostyle to enable participation of Main Street in one of the most exciting frontier exploration wells in Africa.

The Brulpadda-1AX well will be the first exploration well in which Impact is associated, through its financial support of Arostyle and corresponding support of Main Street. Furthermore, as a partner, Impact is participating directly in the Venus-1 well during 2019 in Block 2913b in Namibia, also to be drilled by Total."

Enquires:

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About Impact Oil & Gas

Impact is currently privately owned. The company acquired its first asset offshore South Africa in 2011 and has subsequently expanded its asset base across the offshore margins of South and West Africa. It has since partnered with ExxonMobil and Equinor (South Africa), CNOOC (AGC – between Senegal and Guinea Bissau) and Total (Namibia and South Africa). It is currently in discussions with potential partners for a farm-in to its Gabonese assets. The company's current portfolio covers a combined area of over 90,000 km² (gross).

Impact is a pure exploration company with a strategic focus on large scale, mid to deep water plays of sufficient size to be of interest to major companies. Its management is committed to further expanding this attractive portfolio of exploration assets and securing large independents and major oil companies as partners. The company's objective is to build a world class portfolio, in a number of different geologic and geographic locations to minimise risk and with a large enough portfolio to

ultimately enhance the chance of drilling success. By doing so, and by having 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.

MAP OF BLOCK 11B/12B

