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NEWS RELEASE

AFRICA OIL 2016 FOURTH QUARTER FINANCIAL AND FULL YEAR FINANCIAL AND OPERATING RESULTS

February 27, 2017 (AOI–TSX, AOI–Nasdaq-Stockholm) … Africa Oil Corp. ("Africa Oil" or the "Company") is pleased to announce its financial and operating results for the three months and year ended December 31, 2016.

At December 31, 2016, the Company had cash of $463.1 million and working capital of $435.0 million. The Company's liquidity and capital resource position improved dramatically during 2016 with the receipt of $439.4 million (inclusive of deposit received prior to 2015 year-end) upon completion of the farmout transaction with Maersk Olie og Gas A/S ("Maersk") whereby Maersk acquired 50% of the Company's interests in Blocks 10BB, 13T and 10BA in Kenya and the Rift Basin and South Omo Blocks in Ethiopia.

Proceeds received from Maersk include $350.0 million as reimbursement of past costs incurred by the Company prior to the agreed March 31, 2015 effective date and $89.4 million representing Maersk's share of costs incurred between the effective date and closing, including a carry reimbursement of $15.0 million related to exploration expenditures. An additional $75.0 million development carry may be available to the Company upon confirmation of existing resources. Upon Final Investment Decision ("FID"), Maersk will be obligated to carry Africa Oil for an additional amount of up to $405.0 million depending on meeting certain thresholds of resource growth and timing of first oil.

During the fourth quarter of 2016, Tullow Oil, Maersk, and Africa Oil (the "Joint Venture Partners") recommenced drilling activities in the South Lokichar oil basin located in Blocks 10BB and 13T in Kenya. One drilling rig is currently active and is undertaking an initial program of four wells and the potential to extend this by a further four wells. The first well in the drilling program, Erut-1 (Block 13T) resulted in a discovery of a gross oil interval of 55 meters with 25 meters of net oil pay at a depth of 700 meters. The overall oil column for the field is between 100 and 125 meters. Potential exists for additional pay but will need to be confirmed by laboratory analysis. The objective of the well was to test a structural trap at the northern limit of the South Lokichar Basin. Fluid samples taken and wireline logging all indicate the presence of oil. Erut-1 successfully shows that oil has migrated to the northern limit of the South Lokichar Basin and has de-risked multiple prospects in this area which will now be considered as part of the Partnership's future exploration and appraisal drilling program. Following Erut-1, the PR Marriott Rig-46 moved to Block 10BB, where it is currently drilling the Amosing-6 appraisal well. Additional prospects in the drilling program include Etete (an offset to the Etom-2 discovery) and further appraisal of the Ngamia and Amosing fields to target un-drilled flanks, with an aim of extending the size of these existing discoveries. In addition, the Joint Venture are undertaking an extensive water injection test program which commenced in the fourth quarter of 2016 to collect data to optimize the field development plans. Africa Oil holds a 25% interest in Blocks 10BB and 13T.

In addition to progressing the full field development work in Kenya, an Early Oil Pilot Scheme (EOPS) transporting oil from South Lokichar to Mombasa, utilizing road, has been approved by the Joint Venture Partners. This will provide technical and non-technical information that will assist in full field development planning. The EOPS would utilize existing upstream wells and oil storage tanks to initially produce 2,000 bopd around mid-2017, subject to agreement with National and County governments.

The Company has completed the following significant operational activities during 2016 and to date in 2017:

- During January 2017, the Company announced that the Erut-1 well in Block 13T, Northern Kenya, discovered a gross oil interval of 55 meters with 25 meters of net oil pay at a depth of 700 meters.

- The Joint Venture Partners have signed a Memorandum of Understanding with the Government of Kenya which confirms the intent of the parties to jointly progress the development of a Kenya crude oil pipeline from South Lokichar to the port of Lamu on the Kenyan Coast. The pipeline Joint Development Agreement is currently in the final stages of negotiation and sets out a structure for the Government of Kenya and the South Lokichar Joint Venture Partners to progress the development of the export pipeline. This agreement will ultimately enable important studies to commence such as FEED, ESIA, as well as studies on pipeline financing and ownership.

- On May 10, 2016, the Company announced details of an updated independent assessment of the Company's contingent resources in the South Lokichar Basin in Blocks 10BB and 13T (Kenya). The estimated gross 2C unrisked resources in the South Lokichar Basin, Kenya have increased by 150 million barrels (or 24%) since they were previously assessed during 2014 to 766 million barrels of oil (Development Pending: 754 million barrels and Development Unclarified: 12 million barrels).

- The Joint Venture Partners received a three-year extension to the Second Additional Exploration Period (expiring 18 September 2020) on Blocks 10BB and 13T.

- A draft field development plan for the discoveries in the South Lokichar Basin was submitted in December 2015 to the Kenyan authorities. Further refinement of the field development plan and engagement with the Government of Kenya is ongoing.

- During the first quarter of 2016, the Cheptuket-1 well (Block 12A) completed drilling to a depth of 3,083 meters. The well encountered oil shows, seen in cuttings and rotary sidewall cores, across a large interval of over 700 meters. Cheptuket-1 is the first well to test the Kerio Valley Basin. While shows were encouraging, upon further technical and commercial review, the Company elected to withdraw from the block during the first quarter of 2017.

- During the fourth quarter of 2016, the Company elected to relinquish its 15% working interest in the South Omo Block (Ethiopia) at the end of the exploration period.

2016 Fourth Quarter and Full Year Financial Results

Results of Operations
(Thousands United States Dollars)
(unaudited)

(thousands)	Three months ended December 31, 2016	Three months ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and benefits	$ 1,452	$ 2,411	$ 2,716	$ 3,729
Equity-based compensation	1,074	1,741	3,324	8,107
Travel	130	248	815	1,124
Office and general	175	396	318	991
Donation	300	980	1,300	2,265
Depreciation	26	3	34	20
Professional fees	134	1,317	1,605	1,763
Stock exchange and filing fees	89	1,022	691	1,739
Share of loss from equity investment	244	500	1,312	1,122
Gain on loss of control	-	-	-	(4,155)
Impairment of intangible exploration assets	8,470	70,670	8,470	70,670
Operating expenses	$ 12,094	$ 79,288	$ 20,585	$ 87,375

Operating expenses decreased $67.2 million during the fourth quarter of 2016 compared to the fourth quarter in 2015. The Company recognized an impairment relating to the Company's intangible exploration assets in Ethiopia of $6.5 million during the fourth quarter of 2016 compared to $70.7 during the same period in 2015. In addition, as part of the Company's decision to withdraw from Block 12A (Kenya), the Company wrote off $2.0 million in intangible exploration assets relating to the block. Salaries and benefits decreased due to reduced discretionary bonuses during the fourth quarter of 2016 as well as the foreign exchange benefits of Canadian denominated salaries for Canadian staff. Equity-based compensation decreased $0.6 million due to a decrease in stock-based compensation of $1.1 million which was a result of issuing less stock options to eligible plan participants in 2016 than in 2015 (Q4 2016 – 1.6 million, Q4 2015 – 2.4 million). This decrease was offset by $0.5 million of equity based compensation expenses associated with PSUs and RSUs. One-third of the fair value of the stock options is expensed immediately upon grant, the remaining expense is expected to decrease over the remaining vesting period. PSUs and RSUs were issued as part of the new LTIP which commenced during the first quarter of 2016. Professional fees decreased by $1.2 million relating to the Company entering into the Maersk farmout agreement during the fourth quarter of 2015. The Company made a donation for $0.3 million to the Lundin Foundation during the fourth quarter of 2016 compared to $1.0 million during the same period in 2015.

Operating expenses decreased $66.8 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. The Company recognized an impairment relating to the Company's intangible exploration assets in Ethiopia of $6.5 million during the fourth quarter of 2016 compared to $70.7 during the same period in 2015. In addition, as part of the Company's decision to withdraw from Block 12A (Kenya), the Company wrote off $2.0 million in intangible exploration assets relating to the block. Salaries and benefits decreased due to reduced discretionary bonuses during 2016 compared to 2015 as well as the foreign exchange benefits of Canadian denominated salaries for Canadian staff. Equity-based compensation decreased by $4.8 million during 2016 which was a result of issuing less stock options to eligible plan participants in 2016 than in 2015 (2016 – 1.6 million, 2015 – 7.8 million). This decrease was offset by $1.4 million of equity based compensation expenses associated with PSUs and RSUs. One-third of the fair value of the stock options is expensed immediately upon grant; the remaining expense is expected to decrease over the remaining vesting period. Stock exchange and filling fees decreased by $1.0 million due fees associated with multiple equity financings completed during 2015 (no equity financings in 2016). A non-cash gain of $4.2 million was recognized during 2015 due to the Company's investment in Africa Energy changing from a position of control to a position of significant influence. The Company made donations to the Lundin Foundation of $1.3 million during 2016 compared to $2.3 million during 2015.

Financial income and expense is made up of the following items:

(Thousands of United States Dollars)
(unaudited)

		Three months ended December 31, 2016		Three months ended December 31, 2015		Year ended December 31, 2016		Year ended December 31, 2015
Interest and other income	$	804	$	106		2,940		415
Bank charges		(10)		(60)		(37)		(82)
Foreign exchange loss		(22)		(81)		(80)		(397)
Finance income	$	804	$	106	$	2,940	$	415
Finance expense	$	(32)	$	(141)	$	(117)	$	(479)

Interest income increased during 2016 as a result of cash proceeds received in the first quarter of the year upon completion of the Maersk farmout. The Company holds the vast majority of its cash on hand in US dollars, the Company's functional currency. Interest Income fluctuates in accordance with cash balances, the currency that the cash is held in, and prevailing market interest rates.

Consolidated Balance Sheets
(Thousands United States Dollars)
(unaudited)

	December 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 463,061	$ 104,205
Accounts receivable	213	393
Due from related party	57	87
Prepaid expenses	1,155	1,145
	464,486	105,830
Long-term assets		
Restricted cash	-	54,274
Equity investment	7,330	6,262
Property and equipment	197	32
Intangible exploration assets	534,929	934,293
	542,456	994,861
Total assets	$ 1,006,942	$ 1,100,691
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 29,501	$ 56,312
	29,501	56,312
Long-term liabilities		
Deposit for farmout	-	52,500
	-	52,500
Total liabilities	29,501	108,812
Equity attributable to common shareholders		
Share capital	1,290,389	1,290,389
Contributed surplus	49,677	46,353
Deficit	(362,625)	(344,863)
Total equity attributable to common shareholders	977,441	991,879
Total liabilities and equity attributable to common shareholders	$ 1,006,942	$ 1,100,691

Expenditures on intangible exploration assets of $48.6 million were incurred during 2016, which were offset by an impairment charge related to exploration properties that the Company does not intend to continue exploring of $8.5 million as well as a reduction to intangible exploration assets of $439.4 million relating to the completion of the farmout transaction with Maersk. The Company is debt free.

Consolidated Statement of Cash Flows
(Thousands United States Dollars)
(unaudited)

For the years ended	December 31, 2016	December 31, 2015
Cash flows provided by (used in):		
Operations:		
Net loss and comprehensive loss for the year	$ (17,762)	$ (87,439)
Items not affecting cash:		
Equity-based compensation	3,324	8,107
Depreciation	34	20
Gain on loss of control	-	(4,155)
Impairment of intangible exploration assets	8,470	70,670
Share of loss from equity investment	1,312	1,122
Unrealized foreign exchange loss	80	397
Changes in non-cash operating working capital	118	255
	(4,424)	(11,023)
Investing:		
Property and equipment expenditures	(199)	(2)
Intangible exploration expenditures	(48,576)	(219,786)
Farmout proceeds received on closing	386,970	-
Restricted cash	-	52,500
Deposit for farmout	-	(52,500)
Farmout proceeds released from restricted cash	52,500	-
Equity investment	(2,380)	(2,110)
Reduction of cash from change of control	-	(254)
Changes in non-cash investing working capital	(26,729)	(96,777)
	361,586	(318,929)
Financing:		
Common shares issued	-	273,916
Deposit of cash for bank guarantee	-	(1,799)
Release of bank guarantee	1,774	1,275
	1,774	273,392
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	(80)	(397)
Increase (decrease) in cash and cash equivalents	358,856	(56,957)
Cash and cash equivalents, beginning of the year	$ 104,205	$ 161,162
Cash and cash equivalents, end of the year	$ 463,061	$ 104,205
Supplementary information:		
Interest paid	Nil	Nil
Income taxes paid	Nil	Nil

Cash inflows during 2016 are primarily driven by the receipt of $439.4 million in proceeds relating to the completion of the farmout transaction with Maersk.

The following table breaks down the material components of intangible exploration expenditures for the years ended December 31, 2016 and 2015:

For the years ended	**December 31, 2016**			**December 31, 2015**		
(thousands)	**Kenya**	**Ethiopia**	**Total**	**Kenya**	**Ethiopia**	**Total**
Drilling and completion	$ 21,806	$ -	**$ 21,806**	$155,533	$ (5,118)	**$150,415**
Development studies	8,411	-	**8,411**	19,170	-	**19,170**
Exploration surveys and studies	2,242	232	**2,474**	18,048	5,837	**23,885**
PSA and G&A related	14,190	1,695	**15,885**	26,248	68	**26,316**
Total	$ 46,649	$ 1,927	**$ 48,576**	$218,999	$ 787	**$219,786**

The Company incurred $46.6 million of intangible exploration expenditures in Kenya for the year ended December 31, 2016. Drilling and completion expenditures primarily relate to the Cheptuket-1 exploration well in Block 12A, the water injection testing performed on the Amosing-3 appraisal well in Block 10BB, the drilling of Erut-1 in Block 13T, as well as costs associated with demobilizing and remobilizing the PR Marriott 46 Rig and associated services. Drilling costs continue to be incurred in association with the recommencement of the exploration and appraisal drilling program in the South Lokichar Basin. Development study expenditures are associated with studies aimed at progressing towards project sanction for the South Lokichar Basin. Exploration studies costs continue to be incurred in Kenya in conjunction with exploration and appraisal drilling campaign which recommenced in Q4 2016.

The Company incurred $1.9 million of intangible exploration expenditures in Ethiopia for the year ended December 31, 2016, which consists of license fees and general and administrative costs.

Consolidated Statement of Equity
(Thousands United States Dollars)
(unaudited)

	December 31, 2016	December 31, 2015
Share capital:		
Balance, beginning of the year	$ 1,290,389	$ 1,014,772
Private placement, net	-	270,071
Exercise of options	-	5,546
Balance, end of the year	1,290,389	1,290,389
Contributed surplus:		
Balance, beginning of the year	$ 46,353	$ 39,947
Equity-based compensation	3,324	8,107
Exercise of options	-	(1,701)
Balance, end of the year	49,677	46,353
Deficit:		
Balance, beginning of the year	$ (344,863)	$ (257,673)
Net loss and comprehensive loss attributable to common shareholders	(17,762)	(87,190)
Balance, end of the year	(362,625)	(344,863)
Total equity attributable to common shareholders	977,441	991,879
Non-controlling interest:		
Balance, beginning of the year	$ -	$ -
Net loss and comprehensive loss attributable to non-controlling interest	-	(249)
Derecognition of non-controlling interest on loss of control	-	249
Balance, end of the year	-	-
Total equity	$ 977,441	$ 991,879

The Company’s consolidated financial statements, notes to the financial statements, management’s discussion and analysis for the years ended December 31, 2016 and 2015, and the 2016 Annual Information Form have been filed on SEDAR (www.sedar.com) and are available on the Company’s website (www.africaoilcorp.com).

Outlook

In light of the current and forecast short to mid-term oil price environment, the Company has worked closely with its joint venture partners to focus efforts on advancing the South Lokichar Basin development in Blocks 10BB and 13T (Kenya) by undertaking activities aimed at increasing resource certainty and progressing development studies and planning. We are pleased that Maersk have acquired a 25% interest in the project given the vast financial and technical capabilities they bring to the joint venture and related development activities.

A draft South Lokichar Field Development Plan was submitted to the Government of Kenya in December 2015 and will assist discussions as we progress towards a potential final investment decision. Preparation for FEED is under way. Scoping studies and terms of reference for the detailed upstream environmental and social impact assessments have been submitted to the regulatory authorities in Kenya.

The Kenya Joint Venture Partners have signed an MoU with the Government of Kenya which confirms the intent of the parties to jointly progress the development of a Kenya crude oil pipeline which will run from South Lokichar to the port of Lamu. The pipeline Joint Development Agreement is currently in the final stages of negotiation and sets out a structure for the Government of Kenya and the South Lokichar joint venture partners to progress the development of the export pipeline. This agreement will ultimately enable important studies to commence such as FEED, ESIA, as well as studies on pipeline financing and ownership.

The vast resource potential of the South Lokichar Basin has been highlighted by our recent independent assessment of contingent resources. We are pleased to have recommenced drilling activities in the South Lokihar Basin during the fourth quarter of 2016 with the first well, Erut-1, resulting in an additional oil discovery. Following Erut-1, the PR Marriott Rig-46 moved to Block 10BB, where it is currently drilling the Amosing-6 appraisal well. Additional prospects in the drilling program include Etete (an offset to the Etom-2 discovery) and further appraisal of the Ngamia and Amosing fields to target un-drilled volumes, with an aim of extending the size of these existing discoveries. Other activity during the year included water injection trials which were successfully completed on the Amosing discovery in the South Lokichar Basin. Data from the trials shows the viability of water injection for development planning and a similar program of water injection tests on the Ngamia discovery is scheduled to commence later this month

About Africa oil

Africa Oil Corp. is a Canadian oil and gas company with assets in Kenya and Ethiopia. The Company is listed on the Toronto Stock Exchange and on Nasdaq Stockholm under the symbol "AOI".

Additional Information

The information in this release is subject to the disclosure requirements of Africa Oil Corp. under the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was publicly communicated on February 27 2017 at 5:00 p.m. Pacific Time.

The Company also announces that the Annual General Meeting of Shareholders will be held on Wednesday, April 19, 2017, at 9:00 a.m. (Vancouver time) at the Suite 2000, 885 West Georgia Street, Vancouver, British Columbia.

FORWARD LOOKING INFORMATION

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable Canadian securities legislation). Such statements and information (together, "forward looking statements") relate to future events or the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities, ultimate recovery of reserves or resources and dates by which certain areas will be explored, developed or reach expected operating capacity, that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect, "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in oil prices, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government or other regulatory approvals, actual performance of facilities, availability of financing on reasonable terms, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements.

ON BEHALF OF THE BOARD

"Keith C. Hill"
President and CEO

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