

Pancontinental Oil and Gas NL attracts strategic partner into Namibian subsidiary with injection of US\$7.7 million in two stages

- **Pancontinental Namibia Pty Ltd (“PNPL”) holds a 30% interest in the highly prospective licence PEL 37, offshore Namibia.**
- **With Pancontinental Oil and Gas NL (“Pancontinental”) retaining a 66.67% ownership of PNPL, a wholly owned subsidiary of Africa Energy Corp. (“Africa Energy”) has subscribed for new shares in PNPL giving it a 33.33% interest in the Company.**
- **The consideration for the issue of those new shares is a total of US\$7.7 million (approximately A\$10 million) payable by Africa Energy in two stages. The first payment of US\$2.2 million (approximately A\$2.8 million) was received by Pancontinental at closing.**
- **Africa Energy has a highly regarded team focused on large African oil plays that will add to the technical strength of PNPL.**

Pancontinental is pleased to announce that it has, on 11 September, 2017 closed a transaction with Africa Energy Corp. (TSX-V: AFE) (“Africa Energy”), under which Africa Energy has subscribed for new shares in PNPL equivalent to one third of the issued capital of PNPL for the consideration referred to above. Pancontinental retains two thirds of the issued capital of PNPL. The first payment of US\$2.2 million was made by Africa Energy and received by Pancontinental at closing and a second payment of US\$5.5 million will be due at spud of the next well to be drilled in PEL 37.

Funding for the Company’s California drilling programs has already been advanced so funds from the AEC transaction will mainly be available for general working capital and growth activities.

Commenting on the transaction with Africa Energy, Pancontinental CEO John Begg said:

“This secures a relationship we have jointly been pursuing for some time and is an important outcome for Pancontinental. The transaction implies a value for our effective 20% retained interest in PEL 37, well in excess of our market capitalisation leading up to this announcement.

In parallel, we have two fully funded wells near term in California, the first of which has just reached total depth after encountering high gas shows in all target levels.

The deal with Africa Energy is both an endorsement of Pancontinental’s historic African asset selection process led by Barry Rushworth and of the large oil potential that international companies see in our Namibian acreage.

Once again, as more recently in California, Pancontinental has secured a high quality industry partnership, notwithstanding the challenging conditions for the oil and gas industry generally”.

The investment by Africa Energy into PNPL continues a trend of significant companies taking a position offshore Namibia, including the recent ONGC Videsh farm in to PEL 37, and news that oil major Total has also recently farmed into a deep water block elsewhere in Namibia.

About Africa Energy Corp.

Africa Energy Corp. is a Canadian oil and gas exploration company listed on the Toronto Venture Exchange under ticker symbol "AFE". The Company is part of the Lundin Group of Companies and is actively building an exploration portfolio across Africa. For more information, visit the website at: www.africaenergycorp.com

For and on behalf of
Pancontinental Oil & Gas NL

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