

AFRICA OIL CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

(Expressed in thousands of United States dollars unless otherwise indicated)

(Unaudited)

15) Supplementary information:

The following table reconciles the changes in non-cash working capital as disclosed in the consolidated statement of cash flows:

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Changes in non-cash working capital				
Accounts receivable	\$ 262	\$ (10)	\$ 527	\$ (9)
Prepaid expenses	(347)	(88)	(465)	(148)
Due to related party	(32)	-	18	-
Accounts payable and accrued liabilities	(4,485)	477	(731)	(3,957)
	(4,602)	379	(651)	(4,114)
Relating to:				
Operating activities	\$ (299)	\$ (86)	\$ (557)	\$ (141)
Investing activities	(4,303)	465	(94)	(3,973)
Changes in non-cash working capital	\$ (4,602)	\$ 379	\$ (651)	\$ (4,114)

16) Subsequent event:

On July 3, 2019, the Company announced that its newly incorporated wholly-owned subsidiary, Africa Oil SA Corp., has entered into a definitive farmout agreement with Azinam Limited ("Azinam"), whereby Africa Oil will acquire a 20% participating interest and operatorship in the Exploration Right for Block 3B/4B, offshore South Africa. Azinam will retain a 20% participating interest and Ricocure (Pty) Ltd retains a 60% participating interest.

In accordance with the farmout agreement, the Company paid an initial deposit of \$0.8 million to Azinam subsequent to the quarter, and, upon completion of the agreement, the Company will be obligated to pay additional consideration of up to \$3.0 million. Additionally, the Company will be obligated to carry 50% of Ricocure (Pty) Ltd's share of all costs associated with the Government Work Program Commitments and Work Program and Budget for the carry period. The carry period is concluded when the partnership commits to drilling an exploratory well. Completion of the farmout agreement is subject to standard conditions for a transaction of this type, including approval of the South African government.