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# Africa Oil, JV partners sign on for first-ever oil development in Kenya

6/26/2019

VANCOUVER -- Africa Oil Corp. has announced that Heads of Terms agreements with the Government of Kenya and joint venture partners, Africa Oil, Tullow Oil plc and TOTAL S.A. have been signed for the development of the oil fields in the South Lokichar basin.

The Joint Venture Partners and the Government of Kenya have concluded negotiations around key fiscal and commercial principles for Project Oil Kenya with agreements between the parties documented in various Heads of Terms which were signed by the Joint Venture Partners and the Government of Kenya in Nairobi yesterday. This is a material and encouraging step forward which gives all parties confidence that the development project will be robust at low oil prices. In addition, the completion of the Front End Engineering and Design studies for both the upstream and midstream, together with recent market soundings provide increased confidence in the project's capital expenditure estimate and construction timetable that is expected to see first oil three years after the Final Investment Decision (FID).

Keith Hill, President and CEO of Africa Oil, commented, "We are very pleased with the signing of the Heads of Terms agreements as it marks an exciting step forward for the project. The conclusion of the negotiations around key fiscal and commercial principles is an important and major milestone towards a Final Investment Decision, providing a solid development framework and confidence to all parties that the project is robust at low oil prices."

The Government of Kenya continues to make good progress, both in acquiring the land for the upstream and pipeline and securing water rights for the upstream. While these activities are progressing well, they are taking longer than originally forecast. The National Environment Management Agency has requested that additional community consultation take place for the Environmental and Social Impact Assessments which will now be submitted in the second half of 2019.

All parties continue to work well together across all development workstreams and significant progress has been made so far this year. The joint venture partners and the Government of Kenya are reviewing the most likely timeline to FID which is now expected in 2020.

The partners also report significant progress has been made on the Early Oil Production Scheme (EOPS). In May 2019, EOPS production was increased from 600 bopd to 2,000 bopd and the reservoirs, wells and associated facilities have been performing well. Over 150,000 bbl of oil have been safely delivered to Mombasa so far and Tullow Oil plc expects the first export cargo to be sold and lifted in the third quarter of 2019.

Africa Oil Corp. f  
Total S.A. (25%) l



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