

## **SUMMARY OF DIFFERENCES - SHAREHOLDER RIGHTS IN CANADA AND SWEDEN APPLICABLE TO AFRICA OIL CORP.**

The following is a summary of the main differences between rights of shareholders in Africa Oil Corp, (“Africa Oil” or the “Company”) based upon current British Columbia legislation, Canadian legislation, Canadian corporate governance principles and the Company’s articles of incorporation as compared to the rights of shareholders generally under Swedish corporate law (specifically those parts applicable to companies whose shares are subject to trading on a regulated market) and Swedish corporate governance principles. The Company is not required to comply with Swedish corporate governance rules. This summary is of a general nature only and is not an exhaustive review of all potentially relevant differences between Canadian and Swedish law or corporate governance requirements.

### **The business of Africa Oil**

#### **CANADA**

The articles of incorporation do not restrict the business that the Company can carry on.

#### **SWEDEN**

Under Swedish corporate law, the objectives of a corporation must be set out in the articles of association. These objectives set out the limits within which the corporation can operate.

### **Shares**

#### **CANADA**

The shares of the Company have been issued in accordance with the Business Corporations Act of British Columbia (“BCBCA”). The capital structure of the Company is composed of an unlimited number of common shares without par value.

#### **SWEDEN**

Under Swedish corporate law, a corporation may issue different classes of shares provided that such classes of shares are specified in a company’s articles of association and that the maximum number of shares in the articles of association is not exceeded.

### **Voting rights**

#### **CANADA**

Under the BCBCA, a corporation is required to prepare a list of registered shareholders and each registered shareholder on the list is entitled to vote his or her corresponding number of shares. A registered shareholder can either attend the meeting and vote him or herself or appoint someone else to vote his or her shares (a “**proxy holder**”). A shareholder appoints a proxy holder to attend and act on the shareholder’s behalf at a meeting of shareholders by giving the proxy holder a completed and executed form of proxy. A proxy holder is required to vote the shares in accordance with the shareholder’s instructions or may be provided authority by the shareholder to vote at the proxyholder’s discretion.

Many shareholders are “Non-Registered” shareholders because the shares of the company they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company (an “**intermediary**”) through which they purchased the shares. The intermediary cannot vote the shares registered in its name unless it receives written voting instructions from the beneficial owner. If the beneficial owner requests and provides an intermediary with appropriate documentation, the intermediary must appoint the beneficial owner or nominee of the beneficial owner as proxy holder.

Instead of attending a meeting, a shareholder can also vote electronically. Unless the articles otherwise provide, any meeting may be held entirely by means of a telephone or other communications medium if all shareholders and proxy holders participating in the meeting, whether by telephone, by other communications medium or in person, are able to communicate with each other.

## **SWEDEN**

Under the Swedish Companies Act (the “**SCA**”), different classes of shares may have different voting rights. However, no share may have a voting right which exceeds the voting rights of any other share by ten times. Under the SCA, shareholders of record as of the record date are entitled to vote at a general meeting (in person or by appointing a proxy holder). Shareholders who have their shares registered through a nominee and wish to exercise their voting rights at a general meeting must request to be temporary registered as a shareholder of record at the record date.

Under the SCA, in order for a shareholder in a company to participate in a shareholders’ meeting, the holder must have his shares registered in his own name in the shareholders’ register kept by the CSD on the fifth business day prior to the date of the shareholders’ meeting. Shareholders must also, if provided for in the articles of association, give notice of their intention to attend the shareholders’ meeting.

## **Shareholder meetings**

### **CANADA**

Under the BCBCA, companies are required to hold an annual meeting of shareholders at least once in each calendar year and not more than fifteen months after holding the last preceding annual meeting. Meetings of shareholders must be held in British Columbia except in certain circumstances provided for in the articles or if the location for the meeting is approved in writing by the provincially appointed Registrar of Companies before the meeting is held.

General meetings of shareholders may be called by the company’s board at any time or by a court upon the application of a director or shareholder. The holders of not less than five per cent of the issued voting shares may also requisition the directors to call a meeting of the shareholders for the purposes stated in the requisition to be held within four months after the date on which the requisition is received by the company, and if the directors fail to send notice of a general meeting within 21 days, any requisitioning shareholders, or any one or more of them holding, in the aggregate, more than 2.5 per cent of the issued voting shares of the company may send notice of a general meeting to be held to transact the business stated in the requisition.

Under the BCBCA, shareholder action without a meeting may only be taken by written resolution signed by all shareholders who would be entitled to vote thereon at a meeting.

## **SWEDEN**

Under the SCA, shareholders' meetings shall be held in the city where the board of directors holds its office as specified in the articles of association. Moreover, the Swedish corporate governance code stipulates that the chairman of the board of directors together with a quorum of directors, as well as the chief executive officer, shall attend shareholders' meetings. The chairman of the shareholders' meeting shall be nominated by the nomination committee and elected at the shareholders' meeting. The minutes of a shareholders' meeting shall be available on the company's website no later than two weeks after the meeting.

## **Notices**

### **CANADA**

At least 21 days prior to the meeting date, a company is required to mail a notice of the date, time and location of a general meeting and a management proxy solicitation information circular to all registered shareholders and the beneficial owners who have requested to receive a copy and who hold shares as at the record date.

### **SWEDEN**

Under the SCA, a general meeting of shareholders must be preceded by a notice. The notice of the annual general meeting of shareholders must be given no sooner than six weeks and no later than four weeks before the date of an annual general meeting. In general, notice of other extraordinary general meetings must be given no sooner than six weeks and no later than three weeks before the meeting. Public limited companies must always notify shareholders of a general meeting by advertisement in the Swedish Official Gazette and on the company's website. Subject to its articles of association, the company must either publish the full notice in a daily newspaper with nationwide circulation or a short form message containing information regarding the notice and where it can be found. The notice shall include an agenda listing each item that will be considered at the meeting. Pursuant to the Swedish corporate governance code, a company shall, as soon as the time and venue of a shareholders' meeting have been decided, and no later than in conjunction with the third quarter report, post such information on the company's website.

## **Record date**

### **CANADA**

The record date for a meeting of shareholders is set by the board. A company is required to file on SEDAR a notice of record date and meeting date at least 25 days before the record date for the meeting. The record date must not precede the date on which the meeting is to be held by more than two months, or in the case of a general meeting requisitioned under the BCBCA, by more than four months. The record date must not precede the date on which the meeting is held by fewer than 21 days.

### **SWEDEN**

Under the SCA, the record date for a shareholders' meeting is the fifth business day prior to the date of the meeting.

## **Issue of Shares**

### **CANADA**

Under the TSX regulations, shareholder approval is required in those instances where the number of securities to be issued exceeds 25 per cent of the number of securities of the issuer which are outstanding, on a non-diluted basis.

Under the BCBCA:

- (1) shares may be issued at such times and to such persons and for such consideration as the directors may determine;
- (2) shares issued by a company are non-assessable, and the holders are not liable to the company or to its creditors in respect thereof; and
- (3) a share shall not be issued until the consideration for the share is fully paid in money or in property or past services performed by the shareholder and the value of the consideration received by the corporation for such share must equal or exceed the issue price set for the share.

### **SWEDEN**

Under the SCA, resolutions on new share issues are passed at the shareholders' meeting. A shareholders' meeting may authorize the board of directors to issue new shares, provided that the authorization is within the limits of the number of shares and share capital set out in the company's articles of association. Further, the board of directors may resolve to issue new shares without such authorization, provided that the resolution is conditioned upon the shareholders' approval and within the limits of the number of shares and share capital set out in the company's articles of association.

## **Pre-emption rights**

### **CANADA**

The articles of Africa Oil do not contain any pre-emption rights.

### **SWEDEN**

Under the SCA, shareholders of any class of shares have a pre-emption right (*Sw. företrädesrätt*) to subscribe for shares issued of any class in proportion to their shareholders. Pre-emption right to subscribe does not apply in respect of shares issued for consideration other than cash or of shares issued pursuant to convertible debentures or warrants previously granted by the company. The pre-emption right to subscribe for new shares may also be set aside by a resolution passed by two thirds of the votes cast and shares represented at the shareholders' meeting resolving upon the issue.

## **Dividends**

### **CANADA**

Under the BCBCA, a corporation may pay a dividend in money or property or by issuing shares or warrants of the corporation. A corporation shall not declare or pay a dividend if there are reasonable grounds for believing that: (a) the corporation is insolvent; or (b) the payment of the dividend would render the corporation insolvent.

## **SWEDEN**

Under the SCA, only a shareholders' meeting may authorize the payment of dividends. A resolution to pay dividends may, with some exceptions, not exceed the amount recommended by the board of directors. Dividends may only be paid if, after the payment of the dividend, there is sufficient coverage for the company's restricted equity and the payment of dividends are justified, taking into consideration the equity required for the type of operations, the company's need for consolidation and liquidity as well as the company's financial position in general. Each person who is listed as a shareholder in the printout of the entire share register as of the record date for the dividend (usually the third business day following the shareholders' meeting) will be entitled to receive the dividend distribution. Dividends are normally distributed to the shareholders through Euroclear.

## **Distribution of assets on liquidation**

### **CANADA**

Under the BCBCA, a company may liquidate if it has been authorized to do so by a special resolution. In addition, a shareholder, a beneficial owner of a share, a director or any other person, including a creditor of the corporation whom the court considers appropriate, may apply to court for an order that the company be liquidated and dissolved if an event occurs which the articles of the company provides is an event that requires the company to be liquidated and dissolved or the court otherwise considers it just and equitable to do so.

After the final accounts have been approved by the liquidator and, in the case of a voluntary liquidation ordered by the court, an order of the court, the liquidator will distribute any remaining property of the corporation, after the discharge of its obligations, among the shareholders according to their respective rights.

### **SWEDEN**

Under the SCA, all shares carry equal rights in a liquidation unless otherwise provided for in articles of association.

## **Certain extraordinary corporate actions**

### **CANADA**

Under the BCBCA, certain extraordinary corporate actions, such as certain amalgamations, continuances, and sales, leases or exchanges of all or substantially all of the property of a corporation other than in the ordinary course of business, and other extraordinary corporate actions such as liquidations, dissolutions and (if ordered by a court) arrangements, are required to be approved by special resolution. A special resolution is a resolution passed at a meeting by not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution or a resolution signed by all of the shareholders entitled to vote on that resolution. In certain cases, a special resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of a separate class or series of shares.

### **SWEDEN**

Under the SCA, a merger requires a resolution passed at a shareholders' meeting. The number of votes required for a valid resolution depends on the type of company involved, however, it cannot be less than two-thirds of the votes cast and the shares represented at the meeting. A liquidation requires a resolution passed at a shareholders' meeting supported by more than half of the votes cast, unless otherwise provided in the articles of association of the company. A material change of the operations conducted by the company may require a change of the company's objects and purposes in the articles of association, see Section "*Amendment to the articles or the by-laws*" below.

## **Restrictions on change of control**

### **CANADA**

The Company does not have any shareholder rights plans in effect.

### **SWEDEN**

Not applicable.

## **Mandatory takeover bids/ squeeze-out rules**

### **CANADA**

Canadian securities laws contain procedural requirements for takeover bids and going-private transactions. In addition, the BCBCA provides that in certain circumstances a security holder or security holders who, in the aggregate, hold more than ninety per cent of the shares of any class of shares is entitled to compel the acquisition of the shares held by remaining shareholders.

If the acquiring company elects to proceed by way of takeover bid but fails to acquire the requisite percentage of the shares to permit a force-out of the minority, the company may elect to squeeze out the minority through another corporate process, such as by plan of arrangement or by amalgamation.

### **SWEDEN**

Under Swedish law an obligation to launch a takeover bid applies when a party becomes the owner of 30 per cent or more of the votes in a company whose shares are listed on a regulated market.

Under the SCA a shareholder holding more than 90 per cent of the shares in a company shall be entitled, on a compulsory basis, to buy-out the remaining shares of the other shareholders in the company. A minority shareholder whose shares may become subject to such squeeze-out is entitled to demand that the majority shareholder purchases his shares.

## **Redemption provisions**

### **CANADA**

Under the BCBCA, a corporation may redeem, on the terms and in the manner provided in its memorandum or articles, any of its shares that have a right of redemption attached to it, purchase any of its shares or otherwise acquire any of its shares. However, a corporation must not redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that the corporation is insolvent or making the payment or providing the consideration would render the corporation insolvent.

A listed company can file a Notice of Intention to Make a Normal Course Issuer Bid with the TSX seeking approval for the company to purchase by normal market purchases over a 12 month period the greater of 10 per cent of the public float on the date of acceptance of the notice of the normal course issuer bid by the TSX; or 5 per cent of such class of securities issued and outstanding on the date of acceptance.

## **SWEDEN**

Under the SCA, a listed company may purchase a maximum of ten per cent of all outstanding shares in the company provided that a shareholders meeting has resolved upon this with a qualified majority. A shareholders' meeting may also resolve upon the redemption of the company's shares.

## **Amendments to the articles**

### **CANADA**

Under the BCBCA, any amendment to the articles generally requires approval by special resolution, which is a resolution passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution or a resolution signed by all of the shareholders entitled to vote on that resolution.

### **SWEDEN**

Under the SCA, an alteration of the articles of association requires a resolution passed at a shareholders' meeting. The number of votes required for a valid resolution depends on the type of alteration. However, it cannot be less than two-thirds of the votes cast and of the shares represented at the meeting. The board of directors is not allowed to make amendments to the articles of association.

## **Directors and the board of directors**

### **NUMBER OF DIRECTORS**

#### ***Canada***

Under the BCBCA, a public company must have no fewer than three directors. There are no Canadian residency requirements. The directors are elected at an annual meeting of the shareholders for a term expiring at the end of the next annual meeting. Under the BCBCA, the directors may also, if the articles so provide, appoint one or more additional directors, who shall also hold office for a term expiring at the end of the next annual meeting, provided that the total number of directors so elected shall not exceed one third of the number of directors elected at the previous annual meeting. Any casual vacancy occurring in the board of directors may also be filled by the directors.

#### ***Sweden***

Under the SCA, a public company shall have a board of directors consisting of at least three board members. More than half of the directors shall be resident within the European Economic Area (unless otherwise approved by the companies' registration office). The actual number of board members shall be determined by a shareholders' meeting, within the limits set out in the company's articles of association. Under the Swedish corporate governance code, not more than one director may also be a senior executive of the relevant company or a subsidiary. The Swedish corporate governance code includes certain independence requirements for the directors, according to which more than 50 per cent of the directors shall be independent of the company and two out of these shall also be independent of major shareholders

### **NOMINATION, APPOINTMENT AND REMOVAL OF DIRECTORS**

#### ***Canada***

Under the BCBCA, the term of office of each director expires at the next annual general meeting. At the meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors and the proxy circular will disclose the persons thereunder to be proposed for election as directors of the company. Any director must qualify under the BCBCA to act as a director and consent to acting as a director. In certain circumstances, a vacancy

among directors may also be filled by the remaining directors. Africa Oil's articles also contain advance notice provisions requiring that additional director nominations for any given meeting must be received by Africa Oil in advance of the meeting.

Under the BCBCA, the shareholders of a corporation may remove any director or directors from office by a special resolution which is passed by a majority of two thirds of the votes cast by the shareholders entitled to vote on the resolution. Where the holders of any class or series of shares of a corporation have an exclusive right to elect one or more of the directors such that a director so elected may only be removed by a separate special resolution of those shareholders. In addition, the directors may also remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign.

### **MAJORITY VOTING POLICY**

The board of Africa Oil (the "**AOI Board**") has adopted a policy on majority voting (the "**Majority Voting Policy**") that provides that each director of the Company should be elected by the vote of a majority of the Shares, represented in person or by proxy, at any meeting for the election of directors.

The Chair of the AOI Board will ensure that the number of shares voted in favor or withheld from voting for each director nominee of the Company is recorded and promptly made public after the relevant meeting. If any nominee for director receives, from the shares voted at the meeting in person or by proxy, a greater number of shares withheld than shares voted in favor of his or her election, the director must immediately tender his or her resignation to the Chair of the AOI Board following the meeting, to take effect upon acceptance by the AOI Board. The AOI Board shall accept the resignation absent exceptional circumstances. To assist the AOI Board in making a determination with regard to exceptional circumstances, the AOI Board will refer the resignation to the Corporate Governance and Nominating Committee who will expeditiously consider the director's offer to resign and make a recommendation to the AOI Board whether to accept the resignation. Within 90 days of the shareholders' meeting, the AOI Board will make a final decision concerning the acceptance of the director's resignation and announce that decision by way of a news release.

The Majority Voting Policy applies only to uncontested elections, where the number of nominees as director is equal to the number of directors to be elected.

If the director fails to tender his or her resignation as contemplated in the Majority Voting Policy, the AOI Board will not re-nominate the director. Subject to any corporate law restrictions, where the AOI Board accepts the offer of resignation of a director and that director resigns, the AOI Board may exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a new director whom the AOI Board considers to merit the confidence of the shareholders, or call a special meeting of shareholders to elect a new nominee to fill the vacant position.

### **ADVANCE NOTICE POLICY**

The AOI Board has adopted an advance notice policy (the "**Advance Notice Policy**"). The purpose of the Advance Notice Policy is to provide shareholders, directors and management of the Company with direction on the nomination of directors. The Advance Notice Policy fixes a deadline by which holders of record of Shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

Pursuant to the Advance Notice Policy, nominations of persons for election to the AOI Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors: (a) by or at the direction of the AOI Board, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the BCBCA, or a requisition of the shareholders made in accordance with the provisions of the BCBCA; or (c) by any person (a **"Nominating Shareholder"**): (A) who, at the close of business on the Notice Date (as defined below) and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Policy.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form in accordance with the provisions of the Advance Notice Policy.

To be timely, a Nominating Shareholder's notice must be made: (a) in the case of an annual meeting of shareholders, not less than 30 days nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date (the **"Notice Date"**) on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement; and (b) in the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

To be in proper written form, a Nominating Shareholder's notice must set forth particulars as to each person whom the Nominating Shareholder proposes to nominate for election as director, including their name, age, address, principal occupation, and the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Policy; provided, however, that nothing in the Advance Notice Policy shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the BCBCA. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

### ***Sweden***

Under Swedish law, the board of directors shall, except for any employee representatives, be elected by the annual general meeting of shareholders, unless the articles of association provide otherwise. The members of the board of directors are usually elected for the period until the end of the next annual general meeting of shareholders, unless a longer term of up to four financial years is set out in the articles of association. It is possible for a board member to be re-elected for a new term of office.

Companies to which the Swedish corporate governance code applies shall have a nomination committee. In addition to nominating directors, the nomination committee shall nominate the chairman of the board of directors and the auditors and shall also propose fees to each director and to the auditors. The nomination committee's proposals are to be presented in the notice of the shareholders' meeting and on the company's website. At the same time, the nomination committee is to issue a statement on the company's website explaining its proposals and providing more information about the candidates proposed for election or re-election.

Under the Swedish corporate governance code, the annual general meeting of shareholders shall either appoint the members of a nomination committee or pass a resolution specifying how the members are to be appointed. The nomination committee shall have at least three members, the majority of which shall be independent of the company. One of the independent members shall also be independent of the company. One of the independent members shall also be independent of the major shareholders. The chief executive officer and other senior executives may not be members of the nomination committee.

## **REMUNERATION**

### ***Canada***

According to the articles of the Company, the directors shall be paid such remuneration for their services as the board may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. The articles permit that the remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director. The directors shall also be entitled to be reimbursed for reasonable expenses incurred in and about the business of the Company.

### ***Sweden***

Under the SCA, the remuneration to the board of directors shall be determined by the annual general meeting of shareholders, specifying the amount for each director. For companies complying with the Swedish corporate governance code, the nomination committee's proposal to the annual general meeting of shareholders shall include a proposal regarding the remuneration to each member of the board.

In addition, companies shall, pursuant to the Swedish Code, have a remuneration committee. The remuneration committee shall prepare the board of directors' resolutions regarding executive compensation and shall also monitor and evaluate the company's principals and levels of remuneration to the executive management, including programs for variable compensation. The Swedish Code also stipulates that variable compensation paid in cash to the executive management shall be subject to predetermined limits regarding the total outcome. The board of directors shall consider (i) to make payment conditional on the performance proving to be sustainable over time, and (ii) to introduce the right to reclaim remuneration that has been paid on the basis of information which later proves to be manifestly misstated. Furthermore, all share and share-price related incentive schemes for the executive management shall be approved by a shareholders' meeting.

## **Powers of the board of directors**

### **CANADA**

Directors of corporations governed by the BCBCA have fiduciary obligations to the corporation. Under the BCBCA, the duty of loyalty requires directors of a Canadian corporation to act honestly and in good faith with a view to the best interests of the corporation, and the duty of care requires that the directors exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The AOI Board is responsible for the stewardship of the business and for acting in the best interests of the Company and its shareholders. The specific duties of the AOI Board are contained in the AOI Board of Directors' Mandate, a copy of which is attached as Appendix B to the Company's Management Information Circular dated April 25, 2014.

## **SWEDEN**

Under the SCA, the board of directors in a public company shall appoint a managing director and may also appoint one or more deputy managing directors. The managing director is responsible for the day-to-day management of the company in accordance with law, which normally includes appointing the other senior executives. The managing director shall be resident within the European Economic Area (unless otherwise approved by the company's registration office).

## **Right to indemnification**

### **CANADA**

Under the BCBCA, a corporation may indemnify a current or former director or officer, a current or former director or officer of another company at the request of the corporation or at a time when the company is or was an affiliate of the corporation (an "Indemnifiable Person"), against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal, administrative, investigative or other proceeding to which he or she is made a party by reason of being or having been a director or officer of such corporation or such body corporate, if: (a) he or she acted honestly and in good faith with a view to the best interests of such corporation or associated company; and (b) in the case of a proceeding that is not a civil proceeding, if he or she had reasonable grounds for believing that his or her conduct was lawful.

### **SWEDEN**

Swedish corporate law does not contain specific provisions requiring that the articles of association provide for indemnification of board members, officers or other persons. It is not uncommon, however, for listed Swedish companies to have specific insurance protection arrangements for its board members and officers. Under the SCA, the annual general meeting of shareholders shall resolve on the discharge of the board of directors from liability. An action for damages on behalf of the company may be available in certain circumstances against a founder, board member, managing director, auditor or shareholder of the company. Such an action may be instituted where at a general meeting of shareholders the majority, or a minority comprising the owners of at least one-tenth of all shares, has supported the proposal that such an action be instituted. The action for damages in favor of a company may be conducted by owners of at least one-tenth of all shares.

## **Financial statements, auditor's reports, auditors and audit committee**

### **CANADA**

Under the BCBCA, the directors of a company must place before the shareholders at every annual meeting (a) comparative financial statements as prescribed relating separately to the period that began immediately after the end of the last completed financial year and ended not more than six months before the annual meeting, and the immediately preceding financial year; and (b) the report of the auditor, if any.

Issuers are required to prepare and file on SEDAR its annual financial statements and annual management discussion and analysis along with the report of the auditor, if any, within 90 days of financial year-end. Issuers are required to prepare and file on SEDAR its quarterly financial statements and interim management discussion and analysis within 45 days of the end of the first, second and third financial quarter.

The Audit Committee is appointed by the board pursuant to provisions of the BCBCA. The primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the board. The Audit Committee is a standing committee of the board established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.

## **SWEDEN**

Under the SCA, the annual general meeting shall adopt the balance sheet and the profit and loss statement. Further, it makes decisions in respect of the disposition of the company's profit or loss (such as payment of dividends). The annual report must be prepared not later than five months after the end of financial year and then be reviewed by the auditor. Swedish companies whose shares are subject to trading on a regulated market are required to make their annual reports public not later than four months after the end of the financial year.

The annual report, together with the auditor's report, must be presented at a shareholders annual meeting held within six months after the end of the financial year.

Auditors are appointed by a general meeting of shareholders, whereby a registered account firm may be appointed as auditor. The Swedish corporate governance code requires that the board of directors shall at least once annually meet the company's auditor without any member of the executive management present.

Companies whose shares are listed on a regulated market must have an audit committee, unless the assignments of such committee, unless the assignments of such committee are carried out by the board of directors. The audit committee shall (i) monitor the company's financial reporting; (ii) monitor the efficiency of the company's internal control, internal audit and risk management; (iii) keep itself informed regarding the audit of the annual report and consolidated financial statements; (iv) review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than auditing services; and (v) assist in the preparation of a proposal to the general meeting for a resolution regarding the election of auditors.

## **Corporate governance reports and website**

### **CANADA**

Companies listed on the TSX must provide corporate governance information in the management information circular (usually referred to as a proxy circular). The circular is distributed together with the company's notice of annual shareholders' meeting and is filed on SEDAR. There is no requirement to include the management information circular on the company's website, or to have the management information circular reviewed by the company's auditors. The content of the management information circular is regulated by Canadian securities laws, and the circular must, among other things include a discussion of the company's compliance with the Canadian corporate governance principles. Although there are no legal requirements regarding the information on the Company's website, the Company does include information useful to investors.

## **SWEDEN**

Swedish companies with shares listed on a regulated market are obliged by law to prepare an annual corporate governance report, with information about, among other things, the key elements of the internal control systems, information about major shareholders, information about the board of directors and its committees and any mandates for the board of directors to issue new shares or acquire treasury shares.

The Swedish corporate governance code requires that the company states which rules of the Swedish corporate governance code it has not complied with and to explain the reasons for each case of non-compliance, and describe the solution it has adopted instead. The company must also have a section on its website devoted to corporate governance matters, where the company's three most recent corporate governance reports are to be posted, together with, among other things, the articles of association, information about upcoming shareholders' meetings and minutes from general meetings held during the past three years.

## **Company's obligation to disclose changes in its share capital**

### **CANADA**

A company is required to file a report with the TSX within ten days of the end of each month in which any change to the number of outstanding or reserved listed securities has occurred (including a reduction in such number that results from a cancellation or redemption of securities).

### **SWEDEN**

A company is required, under Swedish law, to report any changes in the number of shares or votes. Such disclosure shall be made on the last trading day of the calendar month in which the increase or decrease of shares or votes occurred.

## **Distribution of information to the Canadian and Swedish markets**

The content and format of the disclosure obligations of Canadian issuers is mandated under National Instrument 51-102 and other National Instruments. The Canadian Securities Administrators have implemented National Policy 51-201 Disclosure Standards to provide "best disclosure" practices in order that everyone investing in securities will have equal access to information that may affect their investment decisions. Canadian securities legislation prohibits a reporting issuer from selective disclosure or informing any person or company in a special relationship with a reporting issuer, other than in the necessary course of business, of a material fact or a material change before that material information has been generally disclosed. Securities legislation also prohibits anyone in a special relationship with a reporting issuer from purchasing or selling securities of the reporting issuer with knowledge of a material fact or material change about the issuer that has not been generally disclosed.

The Company maintains a disclosure policy to ensure that communications to the investing public about the Company are (i) timely, factual and accurate and (ii) broadly disseminated in accordance with all applicable legal and regulatory requirements. The disclosure policy extends to all employees, consultants and the AOI Board and its subsidiaries and those individuals authorized to speak on behalf of the Company or its subsidiaries.

The Company is subject to the rules on disclosure of the NASDAQ OMX Rulebook for Issuers. Financial reports and press releases will be published on the Company's website at [www.africaoilcorp.com](http://www.africaoilcorp.com) and by its news distributors. Financial reports and press releases are also filed on SEDAR at [www.sedar.com](http://www.sedar.com). The information will be in English only.

## **Swedish insider reporting rules**

In addition to any reporting requirements under applicable Canadian laws, persons holding an insider position (Sw. *insynställning*) in Africa Oil are, by reason of the listing on the NASDAQ OMX Stockholm, required to report their holdings of Shares and other financial instruments to the Swedish Financial Supervisory Authority (the “**SFSA**”). Such reporting shall be made in accordance with the Swedish Act on Reporting Obligations for Certain Holdings of Financial Instruments (SFS 2000:1087). These reports are publicly available on the SFSA’s website [www.fi.se](http://www.fi.se). In addition, the same act stipulates a trading ban for the chief executive officer, the deputy chief executive officer(s), the members and deputy members of the board, and the external auditor and deputy auditor of the Company during the thirty days preceding the publication of the Company’s ordinary quarterly interim reports (including the day of publication).

Furthermore, the Company must publish information on any acquisitions or transfers resulting in the portion of the Shares or votes in the Company held by the Company itself reaching, exceeding or falling below 5, 10, 15, 20, 25, 30, 50,  $66\frac{2}{3}$ , or 90 per cent of the aggregate number of Shares or voting rights in the Company. The Company is also subject to additional disclosure rules of NASDAQ OMX Stockholm.

Dated: July 1, 2014