

**AfricaOil**  
**Corp.**

NOTICE OF  
2018 ANNUAL GENERAL MEETING  
AND  
MANAGEMENT INFORMATION  
CIRCULAR



## NOTICE OF THE ANNUAL GENERAL MEETING TO BE HELD ON APRIL 19, 2018

Notice is hereby given that the Annual General Meeting (the “Meeting”) of shareholders of Africa Oil Corp. (“Africa Oil” or the “Corporation”) will be held at 9:00 am (Pacific Daylight Time) at Suite 2000, 885 West Georgia Street, Vancouver, BC for the following purposes:

1. To receive the consolidated audited financial statements of the Corporation for the year ended December 31, 2017, together with the report of the auditors thereon.
2. To appoint PricewaterhouseCoopers, LLP as auditor of the Corporation to hold office until the next Annual General Meeting, at a remuneration to be fixed by the directors of the Corporation.
3. To fix the number of directors at six (6).
4. To elect directors to hold office for the ensuing year.
5. To consider and, if deemed advisable, to approve an advisory resolution to accept the Corporation’s approach to executive compensation.

Accompanying this Notice of Meeting are: (i) a Management Information Circular (the “Circular”); (ii) an Instrument of Proxy and Notes thereto; and (iii) a reply card for use by shareholders who wish to receive the Corporation’s interim financial statements. Reference is made to the Circular for details of the matters to be considered at the Meeting.

If you are a *registered shareholder* of the Corporation and are unable to attend the Meeting in person, please complete, sign, date and return the enclosed form of Proxy either in the addressed envelope enclosed to Proxy Department, Computershare Investor Services Inc., 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax to 1-866-249-7775. Proxies must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof.

If you are a *non-registered shareholder* of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. **If you are a non-registered shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting, either in person or by proxy.**

If you have any questions about the procedures required to qualify to vote at the Meeting or about obtaining and depositing the required form of proxy, you should contact Computershare Investor Services Inc. by telephone (toll free) at 1-800-564-6253, by fax at 1-866-249-7775 or by e-mail at [service@computershare.com](mailto:service@computershare.com).

DATED at Vancouver, British Columbia the 16<sup>th</sup> day of March, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Keith C. Hill”*

President and Chief Executive Officer

**CONTENTS**

Notice of Meeting .....5

Currency and Exchange Rates .....5

Appointment of Proxyholder and Voting by Proxy .....6

Voting Shares .....6

Business of the Annual General Meeting .....10

Mandate of the Board of Directors .....21

roles of chairman of the board and chief executive officer .....21

Independence .....22

Interlocks .....22

Orientation and Continuing Education .....22

Board Committees .....23

Nomination of Directors .....25

Committee Position Descriptions .....26

Assessments .....26

Ethical Business Conduct .....27

Directors’ and Officers’ Liability Insurance .....27

Indebtedness of Directors and Executive Officers .....27

Director Tenure .....27

Diversity .....28

Director Compensation .....29

2017 Director Compensation Program .....31

Fees Earned by Directors in 2017 .....31

DIRECTORS’ OUTSTANDING OPTION BASED AWARDS AND SHARE BASED AWARDS .....32

Value of Equity Compensation Vested or Earned During Year .....33

Director Share Ownership Guidelines & Compliance .....33

Letter to Shareholders .....34

Introduction .....36

CURRENCY OF COMPENSATION.....	37
Compensation Philosophy / Executive Compensation Principles.....	37
Changes to Executive and Director Compensation Program in 2016.....	37
Pay Comparator Group .....	38
Pay Positioning.....	39
Elements of Africa Oil’s Executive Compensation Program.....	39
EXECUTIVE Pay Mix.....	40
CEO Compensation .....	41
EXECUTIVE Compensation .....	42
NEO Base Salary .....	43
Short Term Incentive Plan.....	44
Restricted Share Units and Performance Share Units .....	46
PSU Performance Metrics .....	47
2017 LTIP Grants .....	48
Performance Graph.....	49
2017 Executive Compensation - Summary Compensation Table .....	50
Outstanding Option AND SHARE-Based Awards.....	52
Termination and Change of Control Benefits .....	54
Compensation Oversight, Governance and Risk Management .....	56
Appointment and Role of Compensation Consultants .....	57
Compensation Consultant Fees .....	58
Equity Compensation Plan Information.....	58
Management Contracts .....	58
Interest of Informed Persons in Material Transactions.....	58
Other Matters .....	58

**APPENDIX A** - Board of Directors’ Mandate  
**APPENDIX B** – Summary of Equity Plan Terms

# MANAGEMENT INFORMATION CIRCULAR

(all information as of March 16, 2018, unless otherwise noted)

---

---

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

---

---

### NOTICE OF MEETING

#### PERSONS MAKING THE SOLICITATION

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies being made by the management of Africa Oil Corp. (“Africa Oil” or the “Corporation”) for use at the Annual General Meeting of the Corporation’s shareholders (the “Meeting”) to be held on Thursday, April 19, 2018 at 9:00 a.m. (Pacific Daylight Time) at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation. All costs of this solicitation will be borne by the Corporation.

It is anticipated that this Circular, together with the accompanying Notice of Meeting and form of proxy will first be mailed to shareholders of the Corporation on or about March 23, 2018.

#### SOLICITATION OF PROXIES

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The Corporation will bear all costs of this solicitation. We have arranged to send meeting materials directly to non-registered shareholders who have consented to their ownership information being disclosed (non-objecting beneficial owners). We have arranged for intermediaries to forward the meeting materials to non-registered shareholders who have objected to their ownership information being disclosed (objecting beneficial owners). The Corporation will reimburse the intermediaries for their reasonable fees and disbursements in regards to the delivery of meeting materials to objecting beneficial owners.

### CURRENCY AND EXCHANGE RATES

Unless otherwise indicated, all monetary amounts referred to herein are stated in United States dollars, the Corporation’s reporting currency. On December 31, 2017, the reported noon exchange rate quoted by the Bank of Canada for USD \$1.00 was CAD \$1.2545.

## APPOINTMENT OF PROXYHOLDER AND VOTING BY PROXY

The individuals named in the accompanying form of proxy (the "Proxy") are directors or officers of the Corporation (the "Management Proxyholders"). **A shareholder wishing to appoint a person or company other than Management Proxyholders to attend and act for the shareholder and on the shareholder's behalf at the Meeting has the right to do so by striking out the names of the Management Proxyholders and by inserting the desired person's or company's name in the blank space provided in the proxy, or by executing a proxy in a form similar to the enclosed form. In either case, the completed form of proxy must be delivered to Computershare prior to the Meeting or any adjournment thereof. A proxyholder need not be a shareholder.**

You can choose to vote your common shares by proxy by mail, by telephone or on the Internet. If you vote your common shares by proxy by mail, completed forms of proxies must be delivered to the Corporation's transfer agent, Computershare Investor Services Inc. ("Computershare"), at Proxy Department, at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, in the envelope provided for that purpose. Telephone and Internet voting can also be completed 24 hours a day, 7 days a week. For telephone voting call 1-866-732-VOTE (8683) (toll free in Canada and the United States) from a touch-tone telephone and follow the voting instructions. International holders wishing to vote by telephone can dial 1-312-588-4290 to place their vote. If you vote by telephone, you cannot appoint anyone other than the appointees named on the proxy form as your proxyholder. For internet voting, go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions on the screen. For either telephone or internet voting, you will need your 15 digit control number which is noted on your proxy form. Duly completed forms of proxy or a vote using the telephone or over the Internet must be completed no later than forty-eight (48) hours (excluding Saturdays, Sundays, and holidays) before the time of the Meeting, or any adjournment thereof, unless the chairman of the Meeting elects to exercise his discretion to accept proxies subsequently received.

If you are a beneficial shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided by your broker or other intermediary contained in the voting instruction form ("VIF").

**If you have any questions concerning the voting of your common shares, please contact Computershare at:**

**Mail:** Computershare Investor Services  
100 University Avenue, 8th Floor  
Toronto, ON M5J 2Y1

**Telephone:** 1-800-564-6253

## VOTING SHARES

### ADVICE TO NON-REGISTERED HOLDERS OF COMMON SHARES

**The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold securities of the Corporation in their own name.** Shareholders who hold their securities through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their securities in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of voting securities will be recognized and acted upon at the Meeting. If voting securities are listed in an account statement provided to a Beneficial Shareholder by a broker, those voting securities will, in all likelihood, not be registered in the shareholder's name. Such voting securities more likely will be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name of the Canadian Depository for Securities which acts as nominee for many Canadian brokerage firms). Voting securities held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients.

**Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their voting securities are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Corporation and is commonly referred to as a **"voting instruction form"**. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions, Canada (formerly, ADP Investor Communications, Canada)("Broadridge"). Broadridge typically prepares a machine-readable voting instruction form, mails such forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote their securities directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of securities must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the securities voted. If you have any questions respecting the voting of securities held through a broker or other intermediary, please contact that broker or other intermediary promptly for assistance.** Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting securities registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the securities in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their securities as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**



## ADVICE TO HOLDERS OF EUROCLEAR SWEDEN REGISTERED SHARES

**The information set forth in this section is of significance to shareholders who hold their securities (“Euroclear Registered Securities”) through Euroclear Sweden AB, which securities trade on Nasdaq Stockholm.**

Shareholders who hold Euroclear Registered Securities are not registered holders of voting securities for the purposes of voting at the Meeting. Instead, Euroclear Registered Securities are registered under CDS & Co., the registration name of the Canadian Depository for Securities.

Holders of Euroclear Registered Securities will receive a VIF by mail directly from Computershare AB (“Computershare Sweden”). Additional copies of the VIF, together with the Corporation’s Management Information Circular, can also be obtained from Computershare Sweden and are available on the Corporation’s website ([www.africaoilcorp.com](http://www.africaoilcorp.com)). The VIF cannot be used to vote securities directly at the Meeting. Instead, the VIF must be completed and returned to Computershare Sweden, strictly in accordance with the instructions and deadlines that will be described in the instructions provided with the VIF.

**If you have any questions concerning how to complete the VIF or respecting the voting of Euroclear Registered Securities, please contact Computershare Sweden at:**

**Mail:** Computershare AB  
“General Meeting of Africa Oil Corp.”  
PO Box 610  
SE – 182 16 Danderyd  
Sweden

**Telephone:** +46 (0) 77 24 64 00

**E-mail:** [info@computershare.se](mailto:info@computershare.se)

## REVOCATION OF PROXIES

A registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered shareholder or by his attorney authorized in writing or, if the registered shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Corporation, at Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1 at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the Corporate Secretary of the Corporation or the chairman of the Meeting prior to the time of voting at the Meeting. Only registered shareholders have the right to revoke a proxy. **Beneficial Shareholders who wish to change their vote must arrange for their respective intermediaries to revoke the proxy on their behalf.**

## EXERCISE OF DISCRETION

**The Shares represented by Proxy in the form provided to shareholders will be voted or withheld from voting by the Management Proxyholder in accordance with the direction of the shareholder appointing him. If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

## RECORD DATE

Shareholders registered as at March 16, 2018 (the "Record Date") are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

## INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as may be disclosed herein, no director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of common shares of which **470,567,619** common shares are issued and outstanding as at the date hereof. Each common share is entitled to one vote.

To the knowledge of the directors and executive officers of the Corporation, there are no persons who beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, 10% or more of the issued and outstanding common shares of the Corporation, except as set forth below:

<b>Name of Shareholder</b>	<b>Common Shares Beneficially Owned, Controlled or Directed</b>	<b>Percentage of the Outstanding Common Shares</b>
Stampede Natural Resources S.a.r.l.	66,569,922	14.15%

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

## BUSINESS OF THE ANNUAL GENERAL MEETING

---

### FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The Corporation's consolidated financial statements for the year ended December 31, 2017 and the report of the auditors thereon will be placed before the Meeting. Copies of the consolidated financial statements, the auditors' report and management's discussion and analysis have been mailed to all registered shareholders and non-registered shareholders (or beneficial shareholders) who have opted to receive such materials. These documents can also be found on the Corporation's website at [www.africaoilcorp.com](http://www.africaoilcorp.com) and are also available on SEDAR at [www.sedar.com](http://www.sedar.com). No vote by shareholders is required to be taken with respect to the consolidated financial statements.

### APPOINTMENT AND REMUNERATION OF AUDITORS

The Board of Directors (the "Board") recommends the re-appointment of PricewaterhouseCoopers LLP Chartered Accountants ("PwC") as auditors of the Corporation to hold office until the termination of the next annual meeting of shareholders.

The common shares represented by the proxies solicited in respect of the Meeting on any ballot that may be called for, unless authority to do so is withheld, will be voted by the persons named therein FOR the appointment of PwC, as auditors of the Corporation until the next annual general meeting of shareholders, and to authorize the directors to fix the remuneration of the auditors. PwC have been the Corporation's auditors since October 8, 2008.

### ELECTION OF DIRECTORS

The Board presently consists of five directors. The Board is recommending that six directors be elected at the meeting. The director nominees are:

- John H. Craig
- Keith C. Hill
- Andrew D. Bartlett
- Bryan Benitz
- Gary Guidry
- Kimberley Wood

The term of office of each of the present directors expires at the Meeting. At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors at six and the six persons named above will be proposed for election as directors of the Corporation ("Proposed Directors"). Unless authority to vote is withheld, the common shares represented by the proxies hereby solicited will be voted by the persons named therein FOR the election of the Proposed Directors whose names are set forth above. With the exception of Ms. Kimberley Wood, all of the Proposed Directors are presently members of the Board and were elected to their present term by a vote of shareholders at a meeting which was accompanied by a management proxy circular. With the exception of Ms. Wood, the dates on which each director was first elected or appointed are indicated below. Management does not contemplate that any Proposed Director will be unable or unwilling to serve as a director.

The Board has adopted a policy on Majority Voting that provides that the Chairman of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after the 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 favour of his or her election, the director must immediately tender his resignation to the Chairman of the Board following the meeting, to take effect upon acceptance by the Board. The Corporate Governance and Nominating Committee will expeditiously consider the director's offer to resign and make a recommendation to the Board whether to accept the offer. Within 90 days of the shareholders' meeting, the Board will make a final decision concerning the acceptance of the director's resignation and announce that decision by way of a news release. Any director who tenders his or her resignation will not participate in the deliberations of the Board or any of its committees pertaining to the resignation. The 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 policy, the Board will not re-nominate the director. Subject to any corporate law restrictions, where the Board accepts the offer of resignation of a director and that director resigns, the 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 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 PROVISIONS*

Pursuant to the provisions in the Corporation's articles requiring advance notice (the "**Advance Notice Provisions**") adopted by the shareholders of the Corporation on June 3, 2013, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the 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 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 *Business Corporations Act (British Columbia)* S.B.C. 2002 c. 57 (the "BCA"), or a requisition of the shareholders made in accordance with the provisions of the BCA; or (c) by any person (a "**Nominating Shareholder**"): (A) who, at the close of business on the date of the giving of the notice provided for below in the Advance Notice Provisions 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 or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in the Advance Notice Provisions.

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 in proper written form to the Corporate Secretary of the Corporation at the principle executive office of the Corporation.

To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made: (a) in the case of an annual meeting of shareholders, not less than 36 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders 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 by the Nominating Shareholder is to be made not later than the close of business on the 10th day after the Notice Date in respect of such meeting; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders 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 of shareholders 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 to the Secretary of the Corporation must set forth:

- (i) For each person the Nominating Shareholder proposes to nominate for election as a director: (a) the name, age, business address and residential address of the person; (b) the principal occupation or employment of the person; (c) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned by the person as of the record date for the meeting of shareholders and as of the date of such notice; and (d) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the BCA and applicable securities laws; and
- (ii) For the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the BCA and applicable securities laws.

Pursuant to the Advance Notice Provisions, any additional director nominations for the Meeting must be received by the Corporation in compliance with the Advance Notice Provisions no later than the close of business on March 14, 2018. No such nominations have been received by the Corporation prior to the date hereof.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

The persons named in the following tables are management’s nominees to the Board. Each of the nominees, with the exception of Ms. Kimberley Wood, was elected to his present term of office by a vote of shareholders of the Corporation at a prior meeting, the notice of which was accompanied by a management information circular. The names and places of residence of the persons nominated for office as directors, the number of common shares, stock options, restricted share units, and performance share units of the Corporation beneficially owned, controlled or directed, directly or indirectly as at December 31, 2017, the period served as director, the tenure, independence, committee memberships, meeting attendance, other public board responsibilities and the principal occupation during the last five years of each are as follows:

<b>John H. Craig</b>		Mr. Craig is Chairman of the Board.
Ontario, Canada		Mr. Craig is a practicing securities lawyer and senior counsel to the firm Cassels Brock & Blackwell LLP. He is also currently a director of Lundin Mining Corporation, BlackPearl Resources Ltd., Corsa Coal Corp. and Consolidated HCI Holdings Corporation. He is a former director of Denison Mines Corp., Sirocco Mining Inc. (formerly Atacama Minerals Corp.) and Etrion Corporation.
Age: 70		
Director since: June 19, 2009		
Chairman since April 19, 2016		
Independent Director		
<b>Securities Held<sup>(1)</sup></b>	<b>Number</b>	
Common Shares:	104,200	
Stock Options:	144,000	
RSU’s	141,124	
Shareholding requirements met: <sup>(2)</sup> Yes		

<b>Board and Committee Meeting Participation</b>	<b>Meetings Attended During 2017</b>
Board of Directors – Chairman	6 of 6 meetings (100%)
Compensation Committee – Chairman	2 of 2 meetings (100%)
Corporate Governance and Nominating Committee	2 of 2 meetings (100%)

**Other Public Board Directorships**

BlackPearl Resources Inc.  
 Corsa Coal Corp.  
 Consolidated HCI Holdings Corporation  
 Lundin Mining Corporation

- (1) “Securities Held” means beneficially owned, controlled, directed, directly or indirectly and includes common shares, stock options, and restricted share units (“RSUs”) as of December 31, 2017.
- (2) Pursuant to the Corporation’s share ownership policy, non-executive directors are required to accumulate two-times their annual base retainer amounts in Common Shares or RSUs within 5 years of the date they were either elected or appointed a director of the Corporation or the implementation of this policy, whichever is the latter. The share ownership policy was made effective in January 2016. Value for the purposes of determining compliance is based on the average closing price of the Corporation’s Shares on the Toronto Stock Exchange for the 20 trading days preceding and including December 31 of the prior calendar year.

---

**Keith C. Hill**

Florida, U.S.A.

Age: 58

Director since: October 16, 2006

President & Chief Executive Officer

Non-Independent Director

Chairman from March 30, 2009 to April 19, 2016

<b>Securities Held<sup>(1)</sup></b>	<b>Number</b>
--------------------------------------	---------------

Common Shares:	923,341
----------------	---------

Stock Options:	575,000
----------------	---------

RSUs	590,534
------	---------

PSUs	713,200
------	---------

Shareholding requirements met: <sup>(2)</sup> Yes

Mr. Hill is President & Chief Executive Officer, and former Chairman of the Board.

Mr. Hill is the Chairman of ShaMaran Petroleum Corp.; director of Africa Energy Corp., director of BlackPearl Resources Ltd., director of TAG Oil Ltd., and director of Eco (Atlantic) Oil & Gas Ltd. Mr. Hill is a former director of Petro Vista Energy Corp., Tyner Resources Ltd., President and Chief Executive Officer of Pearl Exploration and Production Ltd. (now BlackPearl Resources Ltd.), Valkyries Petroleum Corp. and Bayou Bend Petroleum (now ShaMaran Petroleum Corp.).

---

**Board and Committee Meeting Participation**

---

**Meetings Attended During 2017**

Board of Directors

6 of 6 meetings (100%)

Reserves Committee

1 of 1 meeting (100%)

---

**Other Public Board Directorships**

Africa Energy Corp.<sup>(3)</sup>

ShaMaran Petroleum Corp.

BlackPearl Resources Inc.

Eco (Atlantic) Oil & Gas Ltd.<sup>(4)</sup>

TAG Oil Ltd.

---

(1) "Securities Held" means beneficially owned, controlled, directed, directly or indirectly and includes common shares, stock options, restricted share units ("RSUs") and performance share units ("PSUs") as of December 31, 2017.

(2) Pursuant to the Corporation's share ownership policy, the Chief Executive Officer is required to accumulate three-times his annual base salary in Common Shares or RSUs within 5 years of their date of appointment as a chief executive officer or implementation of the policy, whichever is the latter. The director shareholder ownership policy was made effective in January 2016. Value for the purposes of determining compliance is based on the average closing price of the Corporation's Shares on the Toronto Stock Exchange for the 20 trading days preceding and including December 31 of the prior calendar year.

(3) The Corporation owns 28.5% of the issued and outstanding shares of Africa Energy Corp.

(4) The Corporation owns approximately 18.9% of the issued and outstanding shares of Eco (Atlantic) Oil & Gas Ltd.

---

**Andrew D. Bartlett**

United Kingdom

Age: 60

Director since: May 27, 2015

Independent Director

<b>Securities Held<sup>(1)</sup></b>	<b>Number</b>
Common Shares:	213,500
Stock Options:	150,000
RSU's	113,300
Shareholding requirements met: <sup>(2)</sup>	Yes

Mr. Bartlett has been an Oil and Gas Advisor with Helios Investment Partners since 2011. He started his career as an offshore Petroleum Engineer with Royal Dutch Shell in the North Sea. For 18 years, he held various Petroleum Engineering and Development Management roles around the world with Shell in the upstream sector; and was a founding member and Vice President of Shell Capital running the private equity and mezzanine financing transactions in emerging markets upstream. Mr. Bartlett was formerly Global Head of the Oil & Gas M&A Advisory and CEO of Harrison Lovegrove, an FSA regulated boutique acquired by Standard Chartered in 2007. At Standard Chartered, he held positions as Global Head Oil & Gas Project Finance and Global Head Oil & Gas M&A. He has completed over 30 Oil & Gas deals in Africa including 15 in Nigeria. Mr. Bartlett is currently a board member of Bartlett Energy Advisers, a director Pegasus Investments Limited, and a director of Energean O&G PLC, London.

---

**Board and Committee Meeting Participation**

---

**Meetings Attended During 2017**

Board of Directors	6 of 6 meetings (100%)
Audit Committee – Chair	4 of 4 meetings (100%)
Compensation Committee	2 of 2 meetings (100%)
Corporate Governance and Nominating Committee	2 of 2 meetings (100%)
Reserves Committee	1 of 1 meeting (100%)
Project Finance Committee – Chair	1 of 1 meeting (100%)

---

**Other Public Board Directorships**

Pegasus Investments Limited

Energean O&G PLC

---

- (1) "Securities Held" means beneficially owned, controlled, directed, directly or indirectly and includes common shares, stock options, and restricted share units ("RSUs") as of December 31, 2017.
- (2) Pursuant to the Corporation's share ownership policy, non-executive directors are required to accumulate two-times their annual base retainer amounts in Common Shares or RSUs within 5 years of the date they were either elected or appointed a director of the Corporation or the implementation of this policy, whichever is the latter. The share ownership policy was made effective in January 2016. Value for the purposes of determining compliance is based on the average closing price of the Corporation's Shares on the Toronto Stock Exchange for the 20 trading days preceding and including December 31 of the prior calendar year.



---

**Gary S. Guidry**

Alberta, Canada

Age: 62

Director since: June 23, 2008

Independent Director

<b>Securities Held<sup>(1)</sup></b>	<b>Number</b>
Common Shares:	100,000
Stock Options:	144,000
RSU's	113,300
Shareholding requirements met: <sup>(2)</sup>	Yes

Mr. Guidry is the President and Chief Executive Officer of Gran Tierra Energy Inc. since May 2015. Previously, Mr. Guidry was the Chief Executive Officer of Onza Energy Inc. from January 2014 until May 2015. From July 2011 to July 2014, Mr. Guidry served as President and Chief Executive Officer of Caracal Energy Inc. Mr. Guidry also served as President and CEO of Orion Oil & Gas Corp. from October 2009 to July 2011, Tanganyika Oil Corp. from May 2005 to January 2009, and Calpine Natural Gas Trust from October 2003 to February 2005. Mr. Guidry currently sits on the boards of ShaMaran Petroleum Corp. (since February 2007), where he also serves as a member of the company's Audit Committee. From September 2010 to October 2011, Mr. Guidry also served on the board of Zodiac Exploration Corp., and from October 2009 to March 2014, he served on the board of TransGlobe Energy Corp. Mr. Guidry has directed exploration and production operations in Yemen, Syria and Egypt and has worked for oil and gas companies around the world in the U.S., Colombia, Ecuador, Venezuela, Argentina and Oman. Mr. Guidry is an Alberta-registered professional engineer (P. Eng.) and holds a B.Sc. in petroleum engineering from Texas A&M University.

---

**Board and Committee Meeting Participation**

---

**Meetings Attended During 2017**

Board of Directors	6 of 6 meetings (100%)
Corporate Governance and Nominating Committee - Chair	2 of 2 meetings (100%)
Reserves Committee – Chair	1 of 1 meeting (100%)
Project Finance Committee	1 of 1 meeting (100%)

---

**Other Public Board Directorships**

ShaMaran Petroleum Corp.

Gran Tierra Energy Inc.

- 
- (1) "Securities Held" means beneficially owned, controlled, directed, directly or indirectly and includes common shares, stock options, and restricted share units ("RSUs") as of December 31, 2017.
- (2) Pursuant to the Corporation's share ownership policy, non-executive directors are required to accumulate two-times their annual base retainer amounts in Common Shares or RSUs within 5 years of the date they were either elected or appointed a director of the Corporation or the implementation of this policy, whichever is the latter. The share ownership policy was made effective in January 2016. Value for the purposes of determining compliance is based on the average closing price of the Corporation's Shares on the Toronto Stock Exchange for the 20 trading days preceding and including December 31 of the prior calendar year.

---

**Bryan M. Benitz**

United Kingdom

Age: 84

Director since: September 29, 2009

Independent Director

Mr. Benitz is the former Vice Chairman and a director of Longreach Oil and Gas Ltd., the former Chairman of Kirrin Resources, Scandinavian Minerals Ltd., and of MagIndustries Corp. Mr. Benitz was a founding director of Tanganyika Oil Company Limited.

<b>Securities Held<sup>(1)</sup></b>	<b>Number</b>
Common Shares:	212,000
Stock Options:	144,000
RSU's	113,300
Shareholding requirements met: <sup>(2)</sup> Yes	

---

**Board and Committee Meeting Participation**

---

**Meetings Attended During 2017**

Board of Directors	6 of 6 meetings (100%)
Audit Committee	4 of 4 meetings (100%)
Compensation Committee	2 of 2 meeting (100%)

---

**Other Public Board Directorships**

N/A

- 
- (1) "Securities Held" means beneficially owned, controlled, directed, directly or indirectly and includes Common Shares, Stock Options, restricted share units ("RSUs") as of December 31, 2017.
- (2) Pursuant to the Corporation's share ownership policy, non-executive directors are required to accumulate two-times their annual base retainer amounts in Common Shares or RSUs within 5 years of the date they were either elected or appointed a director of the Corporation or the implementation of this policy, whichever is the latter. The share ownership policy was made effective in January 2016. Value for the purposes of determining compliance is based on the average closing price of the Corporation's Shares on the Toronto Stock Exchange for the 20 trading days preceding and including December 31 of the prior calendar year.

---

**Kimberley Wood**

Director Nominee

Buckinghamshire, United Kingdom

Director Since: N/A

Ms. Wood is an energy lawyer, with over 18 years' experience. She qualified as a Solicitor in England & Wales in 2001 at the US firm of LeBoeuf, Lamb, Greene & MacRae LLP, and has been a Partner at Norton Rose Fulbright LLP since May 2015. From February 2011 to April 2015, Ms. Wood was a Partner at Vinson & Elkins LLP, and was previously at Dewey & LeBoeuf LLP.

---

**Securities Held<sup>(1)</sup>****Number**

Common Shares: Nil

Stock Options: Nil

RSU's Nil

Shareholding requirements met:<sup>(2)</sup> No

\*Ms. Wood will have until 2023 to comply with such requirements.

Ms. Wood was included as an expert in Energy and Natural Resources in the 2018 "Expert Guide" series, and the 2017 Women in Business Law series, and a member of the Advisory Board to the City of London Geological Society.

---

**Board and Committee Meeting Participation**

N/A

---

**Meetings Attended During 2017**

N/A

---

**Other Public Board Directorships**

---

None

---

(1) "Securities Held" means beneficially owned, controlled, directed, directly or indirectly and includes common shares, stock options, and restricted share units ("RSUs") as of December 31, 2017.

(2) Pursuant to the Corporation's share ownership policy, non-executive directors are required to accumulate two-times their annual base retainer amounts in Common Shares or RSUs within 5 years of the date they were either elected or appointed a director of the Corporation or the implementation of this policy, whichever is the latter. The share ownership policy was made effective in January 2016. Value for the purposes of determining compliance is based on the average closing price of the Corporation's Shares on the Toronto Stock Exchange for the 20 trading days preceding and including December 31 of the prior calendar year.

## CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

### *CEASE TRADE ORDERS*

Other than as disclosed below, no director or officer or person holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within the past ten years before the date of this Circular has been, a director or officer of any other issuer that, while such person was acting in that capacity: (i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted in such an order after the person ceased to be a director or officer; (iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or (iv) was subject to such bankruptcy proceedings within a year of that person ceasing to act in that capacity.

Mr. John Craig was a director of Sirocco Mining Inc. ("Sirocco") until November 8, 2013. On October 13, 2014, RB Energy Inc. ("RB Energy"), a successor company to Sirocco, filed for protection under the Companies' Creditors Arrangement Act ("CCAA"). Although John Craig was never a director, officer or insider of RB Energy, he was a director of Sirocco within the 12 month period prior to RB Energy filing under the CCAA.

### *PERSONAL BANKRUPTCIES*

During the ten years preceding the date of this Circular, no director, officer or shareholder holding a sufficient number of shares of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such person, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold his or her assets.

### *PENALTIES OR SANCTIONS*

Other than as disclosed below, no director or officer of the Corporation, or shareholder holding a sufficient number of shares of the Corporation to materially affect control of the Corporation, has been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Prior to the appointment of new management and board of directors, which included Mr. Gary Guidry, Caracal Energy Inc. ("Caracal") (formerly "Griffiths Energy International Inc.") ("GEI") entered into consulting agreements (the "Agreements") with two entities owned and controlled by a foreign public official and his spouse during the period between August 30, 2009 and February 9, 2011. In addition, the spouse of the foreign public official was allowed to purchase founders shares at the same time and price as the original founders of GEI.

The discovery of the Agreements and the purchase of shares were immediately reported to the board of directors of Caracal by the new management, and a Special Committee of the board of directors was formed. The Special Committee retained outside counsel along with a forensic investigative accounting firm. Caracal self-disclosed the initial findings to Canadian and U.S. authorities (the "Authorities") and agreed to conduct a thorough internal investigation as well as committed to keep the Authorities informed as the investigation progressed. After an eight-month internal investigation costing the Company approximately CAD\$5 million, all of the findings were disclosed to the Authorities. GEI was the first Canadian resource company to self-disclose to the Authorities.

As a result of the findings of the internal investigation into the Agreements entered into by the former management and board of directors of GEI and subsequent investigation conducted by the Royal Canadian Mounted Police, on January 22, 2013, GEI agreed to plead guilty to one count of bribing a foreign public official to induce the official to use his position to influence any acts or decisions of the foreign state for which the official performs duties or functions, contrary to Section 3(1)(b) of Canada's Corruption of Foreign Public Officials Act. At sentencing on January 25, 2013, GEI paid, pursuant to an agreed statement of facts and a plea agreement with the Crown, a fine of CAD\$ 10.35 million. The U.S. Authorities agreed with the plea and fine, and declined any further action.

As acknowledged by Canadian law enforcement authorities, and the agreed statement of facts filed in the Court of Queen's Bench between her Majesty the Queen and GEI, on January 22, 2013, there is no evidence that any influence or advantage was actually obtained as a result of providing the benefits to the foreign official or his spouse.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the respective directors, officers and any control shareholder of the Corporation individually.

## ADVISORY VOTE ON EXECUTIVE COMPENSATION (SAY ON PAY)

Africa Oil undertook a comprehensive review of the Corporation's compensation and related governance practices in 2015, with support from our independent compensation consultant, Hugessen Consulting. This review helped inform a significant redesign of our executive compensation and director compensation programs, the details of which are found in the "Compensation Discussion and Analysis" section of this document beginning on page 36.

Currently, the Corporation is not proposing any modifications to our executive or director compensation programs.

In order to enhance our dialogue with shareholders with respect to our compensation programs, the Board voted to voluntarily hold an advisory vote on executive compensation on an annual basis. We hope our shareholders will carefully review the details of our compensation program to understand how these programs are aligned with our pay-for-performance philosophy, and continue to support the Corporation by once again passing the Say On Pay vote.

We are pleased to report that since adopting an advisory Say On Pay vote, our shareholders have offered their support by voting 89% in favour in 2016 and 93% in favour in 2017.

Accordingly, at the Meeting shareholders will be asked to consider and vote on the following advisory resolution:

"BE IT RESOLVED, on an advisory basis only and not to diminish the role and responsibilities of the Corporation's Board of Directors, that the shareholders of the Corporation accept the approach to executive compensation disclosed in the management information circular of the Corporation dated March 16, 2018 delivered in advance of the 2018 Annual General Meeting of Shareholders of the Corporation."

As this is an advisory vote, the results will not be binding upon the Board. However, the Board will carefully review the outcome of the vote as part of its ongoing review of executive compensation.

The Board unanimously recommends that the shareholders vote FOR the advisory vote on executive compensation and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the advisory vote on executive compensation.

---

---

## CORPORATE GOVERNANCE

---

---

The Corporation is committed to effective corporate governance and the Board believes that strong corporate governance improves the Corporation's performance and investor confidence. The following describes the Corporation's current corporate governance practices. The Corporation continually reviews its corporate governance practices, as well as ongoing developments in corporate governance best practices in Canada and elsewhere, in order to determine if additional steps are required to improve its corporate governance practices in light of its stage of development and evolving best practices and regulatory guidance.

### MANDATE OF THE BOARD OF DIRECTORS

---

The Board has a formal mandate (See Appendix A) that lists specific responsibilities, including:

- Approve the strategic direction of the Corporation;
- Identify principal risks of the Corporation's business and ensure implementation of appropriate risk management systems;
- Ensure the Corporation has management of the highest caliber; and
- Oversee the Corporation's methods of communication with its shareholders and the public generally.

In addition, the Board holds face-to-face, in person, strategy sessions at least once per year. The Board discharges its responsibilities either directly or through its committees.

### ROLES OF CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

---

The Chairman of the Board, Mr. John H. Craig, is responsible for the Board administration with the support and assistance of the CEO and other senior management at Africa Oil. These responsibilities include, but are not limited to, presiding as Chairman of all meetings of the Board, setting the meeting agenda, and ensuring the Board is organized properly and meets its obligations and responsibilities. The Chairman is also responsible for ensuring the Board has a strategic focus and represents the best interests of the Corporation, acting as the liaison between the Board and the CEO as well as other members of management when required, and ensuring the Board is operating effectively. The Chairman represents Africa Oil, at the request of the CEO, to shareholders and external stakeholders and acts as the primary spokesperson for the Board. The Chairman maintains regular communication with the CEO and Corporate Secretary of the Corporation. The Chairman and the CEO work together to ensure that all matters of importance are brought to the Board's attention in a timely manner to allow for fulsome discussions of critical issues.

The CEO, Mr. Keith C. Hill, is responsible for directly overseeing the day to day operations of Africa Oil. The CEO is the leader of an effective and cohesive management team and sets the tone for management by exemplifying values of performance in enhancing shareholder value and advancing the direction of Africa Oil, consistently forwarding the Corporation's vision and strategy and bearing the chief responsibility to ensure Africa Oil meets its short-term operational and long-term strategic goals. The CEO works with, and is accountable to, the Board with due regard to the Board's requirement to be informed and to remain independent.

The Board has not developed written position descriptions for the Chairman, the CEO, or for the Chairman of any Board committee.

## INDEPENDENCE

The Board is currently comprised of five directors: Messrs. John H. Craig, Keith C. Hill, Gary S. Guidry, Bryan M. Benitz and Andrew D. Bartlett. The majority of Africa Oil's current directors and its director nominees are independent for the purposes of Board membership. Mr. Keith Hill is not considered independent as a result of his role as President & Chief Executive Officer of the Corporation.

The Board has functioned, and is of the view that it can continue to function, independently of management, as required. The Board and its committees meet independent of management where needed, but do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. At each meeting of the Board, Audit or Compensation Committee, a determination is made as to whether an in-camera session, without management present, is required. In addition to the standing committees of the Board, independent committees may be appointed from time to time, when appropriate.

## INTERLOCKS

An "interlock" refers to two or more of the Corporation's directors who sit together on the board of directors of another reporting issuer. The Corporation's directors have the following interlocks:

- Messrs. Hill and Guidry are each directors of ShaMaran Petroleum Corp.
- Messrs. Hill and Craig are each directors of BlackPearl Resources Inc.

The Board has determined that, in its judgment, the interlocks do not adversely impact the independence of these directors or the ability of these directors to act in the best interests of the Corporation because, among other things, the Corporation is focused on the exploration and development of assets in regions in which each of ShaMaran Petroleum Corp. and BlackPearl Resources Inc. do not operate.

## ORIENTATION AND CONTINUING EDUCATION

The measures that the Board takes in connection with orienting new board members regarding the role of the Board, its directors, the committees of the Board and the nature and operation of the Corporation's business include providing each new member with information concerning the role and responsibilities of a public company director and discussing with new members the Corporation's operations. New directors are also provided the opportunity to meet with management of the Corporation. As each director has a different set of skills and professional background, the Board seeks to tailor the orientation of new members according to the particular needs and experience of each new director.

The Corporation encourages continued education for its directors. The Board ensures that all directors are kept apprised of changes in the Corporation's operations and business and changes in the regulatory environment and governance trends. The Corporation arranges for legal counsel and industry experts to provide status updates and education. Board members may also attend external education seminars, at the Corporation's expense, that they determine necessary to keep themselves up-to-date with current issues relevant to their services as directors of the Corporation.

## BOARD COMMITTEES

---

### COMPENSATION

The Compensation Committee consists of three directors, namely, Messrs. John Craig (Chair), Bryan Benitz and Andrew Bartlett, all of whom are independent as that term is defined in National Instrument 52-110 *Audit Committees (“NI-52-110”)*. All members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have held senior executive or director roles within the public company sector and have a good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members combined experience in the resource sector provides them with an understanding of the Corporation’s success factors and risks, which is very important when determining metrics for measuring success.

The Compensation Committee’s mandate includes reviewing and making recommendations to the Board in respect of compensation matters relating to the Corporation’s executives which are identified in the “Summary Compensation Table” below. The Compensation Committee is responsible for:

- evaluating the CEO’s performance and establishing executive and senior officer compensation;
- administering the Corporation’s policy on remuneration;
- preparing the Board for decisions on matters relating to the principles of remuneration, and other terms of employment of the executive management;
- monitoring and evaluating programs for variable remuneration for the executive management and the current remuneration structures and levels within the Corporation, including the extent and level of participation in incentive programs, in conjunction with the Board; and
- delivering an annual statement on executive compensation.

The Compensation Committee has also been mandated to review the adequacy and form of annual compensation for non-executive directors to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director. The Compensation Committee meets at least once annually.

### AUDIT

The Corporation’s Audit Committee is comprised of three directors, namely Messrs. Andrew Bartlett (Chair), Gary Guidry and Brian Benitz. Each member of the Audit Committee is independent of the Board and financially literate, as those terms are defined in NI 52-110 and has the requisite education and experience for the performance of his duties as a member of the Corporation’s Audit Committee.

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation’s auditors are pre-approved by the Audit Committee.

The Committee is responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, quarterly review engagements, the Corporation’s internal accounting controls, the Code of Business Conduct and Ethics, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Corporation’s external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders and the compensation of the auditors. The Audit Committee meets a minimum of four times per year.



As required by NI 52-110, information about the Corporation's Audit Committee is provided in the Corporation's most recent Annual Information Form ("AIF") under "Audit Committee". The AIF may be obtained from the Corporation's disclosure documents available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## CORPORATE GOVERNANCE AND NOMINATING

The Board's Corporate Governance and Nominating committee is comprised of Gary Guidry (Chair), John Craig and Andrew Bartlett, each of whom is independent as that term is defined in NI 52-110.

The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Corporation's approach to corporate governance issues. The Committee oversees the effective functioning of the Board, oversees the relationship between the Board and management, and has the responsibility to take initiatives to ensure that the Board can function independently of management including, without limitation, recommending to the Board mechanisms, including the appointment of a committee of directors independent of management, to allow directors who are independent of management an opportunity to discuss the Corporation's affairs in the absence of management

The roles and responsibilities of the Corporate Governance and Nominating Committee include the following:

- identify, review the qualifications of, and recommend to the Board possible nominees for the Board;
- assess directors on an ongoing basis and oversee the effective functioning of the Board, including the orientation and education of new recruits to the Board;
- assess the Board's committee structure on an ongoing basis and recommend changes where appropriate;
- oversee the relationship between management and the Board and recommend improvements to such relationship;
- review the size and composition of the Board and committee structure;
- review the appropriateness of the terms of the mandate and responsibilities of the Board and the charters, mandates and responsibilities of each of the committees; and
- undertake such other initiatives as are needed to assist the Board in providing efficient and effective corporate governance for the benefit of shareholders.

The Corporate Governance and Nominating Committee of the Board may engage an outside consultant to assist in identifying qualified candidates for the Board. The nominees for directors are initially considered and recommended by the Corporate Governance and Nominating Committee of the Board, approved by the entire Board and appointed by the Corporation or elected by shareholders, as required.

The Corporate Governance and Nominating Committee meet at least once annually.

## RESERVES

The Corporation has a standing Reserves Committee that is comprised of a majority of independent directors; namely, Messrs. Gary Guidry (Chairman), Keith Hill, and Andrew Bartlett. The Reserves Committee is responsible for developing the Corporation's approach to the reporting of oil and gas resources and/or reserves and the valuation of those resources/reserves. The Reserves Committee meets at least once annually.

## PROJECT FINANCE

In 2016, the Board formed a special committee, the "Project Finance Committee" that is comprised of a majority of independent directors; namely, Messrs. Andrew Bartlett (Chairman) and Gary Guidry. The Corporation's Chief Financial Officer, Mr. Ian Gibbs, is also a member of this committee. The Project Finance Committee is responsible for overseeing the process of project financing for the Corporation's pipeline project in Kenya (the "Project Financing"), and for receiving, reviewing, assessing and making recommendations to the Board regarding the proposals received for the Project Financing. The Project Finance Committee meets at least once annually.

## NOMINATION OF DIRECTORS

---

The Corporate Governance and Nominating Committee is responsible for identifying individuals qualified to become new Board members and recommending to the Board the director nominees for each annual meeting of shareholders. With the assistance of the Board and where necessary, the Corporate Governance and Nominating Committee also develops an orientation and education program for new recruits to the Board. In identifying possible nominees to the Board, the Corporate Governance and Nominating Committee considers the competencies and skills necessary for the Board as a whole, the skills of existing directors and the competencies and skills each new nominee will bring to the Board, as well as whether or not each nominee will devote sufficient time and resources to the Board. The Corporate Governance and Nominating Committee also annually reviews and makes recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the effectiveness and contribution of the Board, its committees and individual directors, having reference to their respective mandates, charters and position descriptions.

## COMMITTEE POSITION DESCRIPTIONS

The Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, Reserves Committee, and the Project Finance Committee each have a written charter which governs the conduct of such Committee. The Board has not developed written position descriptions for the Chairman of the standing Board committees. The role of each Board committee chair is well understood by each individual and is based on customary practices for such a position.

## ASSESSMENTS

The Corporate Governance and Nominating Committee oversees a process to self-assess Board effectiveness. This assessment questions members as to their level of satisfaction with the functioning of the Board, its interaction with management and the performance of the standing committees of the Board. Board members conduct peer reviews and a self-assessment regarding their effectiveness as a Board member as part of this assessment process. To ensure the assessment process is candid, the individual assessments are returned on a confidential basis to the Chair of the Corporate Governance and Nominating Committee with a copy to the Corporate Secretary. The results are compiled for the Corporate Governance and Nominating Committee. The Committee reviews and discusses the results and makes recommendations to the Board regarding any action that may be deemed necessary or advisable to ensure the Board continues to function effectively and adequately perform its mandate. The Board aims for a 100% compliance rate for completion of the assessment by directors, which was achieved this year. The peer reviews and self-assessments by Directors are considered part of the director nomination process. Following the assessment process held in Q4 of 2017, the directors concluded that the Board and the Board Committees function very effectively.

## EXPERIENCE AND BACKGROUND OF DIRECTORS

The following table outlines the experience and background of the individual members of the Board as of December 31, 2017, based on information provided by such individuals.

	Hill	Craig	Bartlett	Guidry	Benitz
Financial literacy	√	√	√	√	√
Sound business experience	√	√	√	√	√
Governance knowledge	√	√	√	√	√
Industry Knowledge	√	√	√	√	√
Government relations	√		√	√	√
Operations experience	√	√	√	√	√
Strong ties to financial communities	√	√	√	√	√
Financing and M&A	√	√	√	√	√
Strong board skills and experience	√	√	√	√	√

## ETHICAL BUSINESS CONDUCT

---

The Corporation is committed to conducting its business in compliance with the law and the highest ethical standards. Accordingly, the Corporation has adopted a written Code of Business Conduct and Ethics (the “Code”) applicable to all directors, officers and employees of the Corporation.

The Board oversees compliance with the Code through the Audit Committee, which monitors compliance with the Code. It is the responsibility of all directors, officers, and employees to report promptly any suspected violation of the Code to the Corporation’s legal counsel. Directors, officers or employees who have concerns or questions about violations of laws, rules or regulations, or of the Code, are required to report them to the Corporation’s external legal counsel. Following the receipt of any complaints submitted hereunder, the Corporation’s legal counsel will investigate each matter so reported and report to the Board, which will take corrective disciplinary actions, if appropriate, up to and including termination of employment of those violating laws, rules, regulations or the Code. The Corporation has also established an Internal Employee Alert Policy (“Whistleblower”) to encourage employees, officers and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment. The Corporation does not tolerate any retaliation for reports or complaints regarding suspected violations of the Code that were made in good faith. There has been no departure from the Code during the Corporation’s most recently completed financial year.

All directors, officers and employees have an obligation to act in the best interest of the Corporation. Any situation that presents an actual or potential conflict between a director, officer or employee’s personal interests and the interests of the Corporation are to be reported to the Corporation’s legal counsel.

The Code is available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation’s website at [www.africaoilcorp.com](http://www.africaoilcorp.com).

## DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

---

The Corporation maintains insurance for the benefit of its directors and officers and the directors and officers of its subsidiaries, as a group, in respect of the performance by them of the duties of their offices. The total amount of insurance coverage available is up to \$50,000,000, depending on the type of claim, with a deductible of up to \$75,000, depending on the type of claim, for each claim for which the Corporation grants indemnification. The Corporation bears the entire cost of the premiums payable pursuant to this coverage.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

---

None of the directors or executive officers of the Corporation, proposed nominees for directors, or associates or affiliates of said persons, has been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

## DIRECTOR TENURE

---

The Corporation does not currently have a policy for director term limits. The Board believes that it is critical that all directors have a comprehensive understanding of the Corporation’s business, and that such an understanding is achieved through and enhanced by length of tenure. While new directors may bring fresh perspectives and new experience, directors who have served for several years accumulate valuable knowledge regarding the Corporation’s business, including industry trends and cycles, market conditions and geo-political influences.

## DIVERSITY

---

In 2017, the Board adopted a Board and Executive Officer Gender Diversity Policy (the “Diversity Policy”). This policy formalizes Africa Oil’s commitment to promote diversity, in particular gender diversity, on the Corporation’s Board and in Executive Officer positions.

The Corporation recognizes the importance of diversity, and the benefits of having a board and executive officers with varying characteristics including, but not limited to, religious and political beliefs, gender, ethnicity, education, socioeconomic background, sexual orientation and geographic location.

The Corporation recognizes the importance of women having a greater representation at key decision making points in organizations, particularly with regard to representation on boards and executive officer positions.

The Corporation believes that a diverse board and executive management structure, including diversity with regard to gender, enhances the decision making of the Board and at senior management levels.

The Board is pleased to propose that our shareholders pass a resolution approving the appointment of Kimberley Wood, as one of six nominated Directors. Kimberley’s knowledge, experience and background in the oil and gas industry, particularly from a legal and compliance perspective, will bring additional capability and diversity to the Board.

Measures taken to ensure the Diversity Policy is effectively implemented include the commitment imposed on the Corporate Governance and Nominating Committee to actively seek out highly qualified women to include in the pool from which new board nominees are evaluated and chosen. This commitment is documented in the “*Guidelines for the Composition of Africa Oil’s Board*” as found in the Mandate of the Corporate Governance and Nominating Committee, and approved by the Board.

With regard to gender diversity and senior management positions, measures are taken to ensure that the policy is effectively implemented such that the management of Africa Oil shall, as part of the hiring process of executive officers, actively seek out women having the necessary skills, knowledge and experience to evaluate as potential candidates. The Diversity Policy also states that the ultimate decision by management to recommend a candidate for appointment as an executive officer shall be made on merit and the contribution the candidate can bring to the position.

Pursuant to the Diversity Policy, the Corporate Governance and Nominating Committee is mandated to discuss targets for promoting diversity and make recommendations to the Board. While the Board and Corporate Governance and Nominating Committee have not adopted any formal quotas or targets specifically addressing the level of representation of women on its board or in executive officer positions, it is committed to advancing women, and other individuals representing a diversity of backgrounds, into leadership roles through its talent management, learning development, and succession planning processes.

With regard to a gender diversity objective for executive officer positions, the Corporate Governance and Nominating Committee did not recommend a specific target be set given the infrequent turnover of executive level positions. The Corporate Governance and Nominating Committee recommended, and the Board agreed, that any executive officer appointments be reviewed with the level of representation of women in executive officer positions in mind and consistent with the Diversity Policy, that management of the Corporation, as part of the hiring process of Executive Officers: (i) actively seek out women having the necessary skills, knowledge and experience to evaluate as potential candidates; and (ii) appointments be made based on a balance of criteria, including the merit, and experience of the candidate plus the needs of the Corporation at the relevant time.

Pursuant to the terms of the Diversity Policy, the Corporate Governance and Nominating Committee is responsible for monitoring this policy and reporting to the Board on the achievement of any targets set. It is also responsible for reviewing and monitoring the policy, and making recommendations on changes to the Board.

## DIRECTOR COMPENSATION

### CHANGES TO DIRECTORS' COMPENSATION IN 2016

In 2015, Africa Oil became aware of concerns from our shareholders and their proxy advisors regarding our non-executive director ("NE Director") compensation practices. In response to these concerns, and as part of our broader commitment to enhance our governance practices consistent with the growth and development of Africa Oil, the Compensation Committee ("Committee") undertook a review of NE Director compensation practices in 2015. We reviewed our pay philosophy, including target pay levels, the mix of cash and equity retainers, and use of equity vehicles, relative to the newly established pay comparator group (for more details, see page 38). The Committee considered the responsibilities and expectations of NE Directors, non-executive director pay practices of our closest peers, and current market trends in directors' compensation. Our review resulted in a number of changes to our NE Director compensation practices, notably to materially decrease disclosed NE Director pay levels, increase the portion of the NE Director retainer paid in cash, and replace options with restricted share units, granted under the Corporation's Long-Term Incentive Plan. These Board-approved changes were effective January 1, 2016 and have not been modified.

### ANNUAL RETAINER

When considering pay levels, the Committee considers the all Canadian pay peer group, comprised of Canadian corporations with international operations. Acknowledging the Board's additional responsibility and liability for overseeing Africa Oil's international operations and global shareholder base, the Committee believes the midpoint between median and 75<sup>th</sup> percentile to be an appropriate target pay position. The Committee determined that a flat fee structure continues to be appropriate given the size and makeup of our Board. As such, no meeting fees are paid to directors. Each director is entitled to an annual retainer as follows:

<b>Component</b>	<b>Director Compensation</b>
Cash Retainer	CAD\$60,000
Equity Retainer (RSUs)	CAD\$120,000

John Craig, as Chairman of the Board, is entitled to an additional annual retainer to reflect his added level of responsibility:

<b>Component</b>	<b>Board Chairman Additional Retainer</b>
Cash Retainer	CAD\$20,000
Equity Retainer (RSUs)	CAD\$30,000

## LONG-TERM INCENTIVE PLAN

Until 2016, NE Directors received their equity retainer in the form of stock options. As part of the director compensation review, the Committee evaluated alternative equity-based compensation vehicles for NE Directors to improve alignment with the Corporation's shareholders. At the 2016 Annual General and Special Meeting, shareholders approved a Long-Term Incentive Plan ("LTIP") to replace the use of stock options.

Under the LTIP, RSUs track the value of our common shares. RSUs granted to NE Directors vest on the third anniversary of the date of grant, at which time they are settled in shares, with the number of shares to be issued being equal to the number of RSUs vested plus any dividends paid.

## COMMITTEE FEES

Directors serving on a board committee are entitled to an additional cash retainer, depending on whether they serve as a committee chairman or as a member as per below:

<b>Committee</b>	<b>Chairman Retainer</b>	<b>Member Retainer</b>
Audit Committee	CAD\$10,000	CAD\$5,000
Compensation Committee	CAD\$7,500	CAD\$5,000
Corporate Governance & Nominating Committee	CAD\$7,500	CAD\$5,000
Reserves Committee	CAD\$7,500	CAD\$5,000
Project Finance Committee	CAD\$10,000	CAD\$5,000

## FEES FOR DIRECTORS

In the table below, we outline the total annual compensation for our NE Directors, based on the compensation program approved by the Board.

<b>Name</b>	<b>Cash Retainer (CAD\$)</b>	<b>Committee Chairman / Member Fees (CAD\$)</b>	<b>Total Cash Retainer (CAD\$)</b>	<b>Equity Retainer (CAD\$)</b>	<b>Total (CAD\$)</b>
John H. Craig	\$80,000	\$12,500	\$92,500	\$150,000	\$242,500
Gary S. Guidry	\$60,000	\$25,000	\$85,000	\$120,000	\$205,000
Bryan M. Benitz	\$60,000	\$10,000	\$70,000	\$120,000	\$190,000
Andrew Bartlett	\$60,000	\$35,000	\$95,000	\$120,000	\$215,000

## 2017 DIRECTOR COMPENSATION PROGRAM

### CASH AND EQUITY RETAINER

Prior to the review and redesign of director compensation practices in 2016, directors at Africa Oil received an annual cash retainer and grant of stock options in recognition of their service on the Board.

Since January 2016, no further option awards will be granted to NE Directors of Africa Oil. We believe that, given the NE Director's role of corporate oversight at Africa Oil, granting RSUs in accordance with the LTIP is better suited to building long-term ownership at the NE Director level.

### FEES EARNED BY DIRECTORS IN 2017

Name	Fees Earned/Paid (\$) <sup>(1)</sup>	Option-based Awards (\$)	Share-based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Gary S. Guidry <sup>(3) (5)</sup>	64,158	Nil	90,111	Nil	Nil	154,268
Bryan M. Benitz <sup>(3) (5)</sup>	52,836	Nil	90,111	Nil	Nil	142,946
John H. Craig <sup>(4) (5)</sup>	69,818	Nil	112,637	Nil	Nil	182,455
Andrew Bartlett <sup>(3) (5)</sup>	71,705	Nil	90,111	Nil	Nil	161,816

(1) Fees earned by directors are paid in Canadian dollars and converted to United States dollars for reporting purposes.

(2) The value of RSUs issued to directors is calculated in Canadian dollars and converted to United States dollars for reporting purposes. The dollar amount is calculated based on the fair value of the award on the grant date for 2017.

(3) 55,300 Restricted Share Units were issued on March 16, 2017. The Toronto Stock Exchange closing price of the Corporation's shares on March 16, 2017 was CAD\$2.17.

(4) 69,124 Restricted Share Units were issued on March 16, 2017. The Toronto Stock Exchange closing price of the Corporation's shares on March 16, 2017 was CAD\$2.17.

(5) RSU's granted to NE directors vest on the third anniversary of the date of grant.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



## DIRECTORS' OUTSTANDING OPTION BASED AWARDS AND SHARE BASED AWARDS

The following table sets forth, for each of our NE Directors, all option-based and share based awards outstanding at the end of the year ended December 31, 2017. Prior to 2016, options were awarded to the Corporation's NE Directors to promote alignment with shareholders' interests, in recognition of the Board members' stewardship and to ensure such NE Directors continued to add value based on their extensive experience and in-depth knowledge of the international oil and gas business.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (CAD\$)	Option expiration date (Y/M/D)	Value of unexercised in-the-money options (\$) <sup>(1)(2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(3)(4)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$) <sup>(5)</sup>
Gary S. Guidry	144,000	\$2.48	2020/01/23	Nil	55,300	62,595	Nil
					58,000	65,652	Nil
Bryan M. Benitz	144,000	\$2.48	2020/01/23	Nil	55,300	62,595	Nil
					58,000	65,652	Nil
John H. Craig	144,000	\$2.48	2020/01/23	Nil	69,124	78,243	Nil
					72,000	81,499	Nil
Andrew Bartlett	150,000	\$1.98	2020/11/18	Nil	55,300	62,595	Nil
					58,000	65,652	Nil

<sup>(1)</sup> Calculated using the closing price of the common shares on the Toronto Stock Exchange on December 31, 2017 of CAD\$1.42 and subtracting the exercise price of in the money stock options. As at December 31, 2017, these stock options had not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the common shares on the date of exercise.

<sup>(2)</sup> The value of the unexercised in-the-money options was calculated in CAD\$ and converted to US\$ using the exchange rate at December 31, 2017 of US\$1.00 = CAD\$1.2545.

<sup>(3)</sup> Calculated using the closing price of the common shares on the Toronto Stock Exchange on December 31, 2017 of CAD\$1.42.

<sup>(4)</sup> The value of the share based awards that have not vested was calculated in CAD\$ and converted to US\$ using the exchange rate at December 31, 2017 of US\$1.00 = CAD\$1.2545.

<sup>(5)</sup> RSU's granted to NE directors on March 16, 2016 will vest on the third anniversary of the date of grant, or on March 16, 2019. RSU's granted to NE directors on March 16, 2017 will vest on the third anniversary of the date of grant, or on March 16, 2020.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

## VALUE OF EQUITY COMPENSATION VESTED OR EARNED DURING YEAR

Name	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year
	(\$) <sup>(1)</sup>	(\$) <sup>(4)</sup>
Gary S. Guidry <sup>(2)</sup>	6,140	Nil
Bryan M. Benitz <sup>(2)</sup>	6,140	Nil
John H. Craig <sup>(2)</sup>	6,140	Nil
Andrew Bartlett <sup>(3)</sup>	Nil	Nil

<sup>(1)</sup> Calculated using the closing price of the common shares on the Toronto Stock Exchange on the dates on which stock options vested during the financial year ended December 31, 2017, and subtracting the exercise price of in-the-money stock options.

<sup>(2)</sup> 48,000 options which were issued at CAD\$2.48 vested during 2017. The Toronto Stock Exchange closing price of the Corporation's shares on the vesting date of January 23, 2017 was CAD\$2.65, and converted to USD\$ using the exchange rate on the vesting date.

<sup>(3)</sup> 50,000 options which were issued at CAD\$1.98 vested during 2017. The Toronto Stock Exchange closing price of the Corporation's shares on the vesting date of November 17, 2017 was CAD\$1.50.

<sup>(4)</sup> RSU's granted to NE directors on March 16, 2016 will vest on the third anniversary of the date of grant, or on March 16, 2019. RSU's granted to NE directors on March 16, 2017 will vest on the third anniversary of the date of grant, or on March 16, 2020.

## DIRECTOR SHARE OWNERSHIP GUIDELINES & COMPLIANCE

In 2016, the Board approved the introduction of share ownership guidelines for NE directors in order to better align NE Director interests with shareholders. These guidelines were revised in 2017 and NE Directors are now required to own shares having a value equal to two times their annual cash retainer within five years following the later of their date of initial election or appointment, or implementation of these guidelines. The value of the shares owned or purchased for the purpose of these calculations is based on the average closing price of the Corporation's shares on the Toronto Stock Exchange for the 20 trading days preceding and including December 31 of the prior calendar year. The following table compares each NE Director's common share as at December 31, 2017, relative to their ownership guideline:

Individual	Minimum Share Ownership (2x base cash retainer)  (CAD)	Number of Shares Owned at December 31, 2017  (#) <sup>(1)</sup>	Number of Unvested RSU's at December 31, 2017  (#)	Value of Ownership on December 31, 2017 <sup>(2)</sup>  (CAD)	Meets Guidelines
John H. Craig	\$120,000	104,200	141,124	\$348,199	Yes
Gary S. Guidry	\$120,000	100,000	113,300	\$302,993	Yes
Bryan M. Benitz	\$120,000	212,000	113,300	\$462,089	Yes
Andrew D. Bartlett	\$120,000	213,500	113,300	\$464,219	Yes

(1) Information provided by each individual director.

(2) Based on the average closing price of the Corporation's shares on the Toronto Stock Exchange for the 20 trading days preceding, and including, December 31, 2017 which was CAD\$1.42.

---

# STATEMENT OF EXECUTIVE COMPENSATION

---

## LETTER TO SHAREHOLDERS

---

Fellow Shareholders:

We are pleased to provide you with the following Compensation Disclosure and Analysis which will assist you in understanding the Corporation's compensation philosophy and practices. We believe in providing transparent disclosure to help our shareholders understand the compensation paid to our executives, and the rationale behind our decisions.

### Operational Highlights

During 2017, Africa Oil's primary area of focus continued to be advancing development plans associated with the discovered oil resources in the South Lokichar basin (Blocks 10BB and 13T (Kenya)). While we are pleased to have continued drilling operations in the basin during the year, the exploration and appraisal program yielded mixed results. While additional discoveries and successful appraisal wells were drilled, the program also included unsuccessful exploration wells, appraisal wells and production tests that did not meet expectations.

A staged development has been proposed to the Government of Kenya, focused on the Amosing and Ngamia fields in the initial stage, with production capacity of 60,000 to 80,000 barrels of oil per day (bopd) and an export pipeline to Lamu, some 750 kilometers from the South Lokichar basin on the Kenyan coast. With the Final Investment Decision (FID) now expected in 2019 (previously 2018), the staged development approach is expected to bring significant benefits, taking full advantage of the current low-cost environment for both the field and infrastructure development, as well as providing the best opportunity to deliver first oil in a timeline that meets the Government of Kenya expectations. The installed infrastructure can then be utilized for the optimization of the remaining and yet to be discovered South Lokichar oil fields, allowing the incremental development of these fields to be completed in an efficient and low-cost manner post first oil.

A Joint Development Agreement (JDA), setting out a structure for the Government of Kenya and the Kenya Joint Venture Partners to progress the development of the export pipeline, was signed during 2017. The JDA allows important studies to commence such as front end engineering and design (FEED), Environmental and Social Impact Assessments (ESIA), as well as studies on pipeline financing and ownership. These have been initiated and will be continue throughout 2018.

### Financial Highlights

Our balance sheet remains strong, ending 2017 with \$392 million of cash and debt free. We reached an agreement with Maersk during the year which will see an additional \$75 million of farmout proceeds received during 2018. We increased our exposure to high impact exploration through an \$11 million investment in Eco (Atlantic) Oil and Gas Ltd. (TSXV:EOG or AIM:ECO), which holds highly prospective exploration acreage in Guyana and Namibia, areas where the oil industry is increasing its focus and where high impact drilling is underway or expected to commence in the near term. In conjunction with this investment, a strategic alliance has been formed between the companies to jointly pursue new exploration projects.

### Link between Performance and Pay

Taking into consideration the accomplishments and challenges during the year as well as share price performance, the Executive were awarded short term incentive payouts ranging from 38% to 66% of the target payout, based on an assessment of corporate performance versus expectation of 46.5%. Interim performance assessments of all outstanding PSUs are also significantly below target. In an effort to further increase the alignment between the Executives' long term compensation and successful execution of the Corporation's strategy, the Compensation Committee and the Board have resolved, commencing in 2018, to amend the weighting of the LTIP mix to 75% PSUs and 25% RSUs for Executives. The Company has not modified base pay or incentive plan targets during the year.

The Corporation's compensation structure is designed to attract highly qualified and motivated individuals, reward performance, and to be competitive with the compensation arrangements of other resource companies of similar size and scope of operations. The Compensation Committee considers a variety of factors when determining both compensation programs and individual compensation levels. These factors include the long-term interests of the Corporation and its shareholders, overall financial and operating performance of the Corporation, individual performance and contribution towards meeting corporate objectives, responsibilities, and compensation practices of industry competitors.

Considerable enhancements were made to our governance and pay practices in advance of the 2016 AGM which resulted in Shareholder approval of both the Company's new Long Term Incentive Plan and the Company's Advisory Votes On Executive Compensation (Say On Pay). These governance and pay practices continue to be followed..

On behalf of the Board and the Compensation Committee, we thank you for taking the time to read our disclosure, comments and questions are welcome and can be submitted to: [board@africaoilcorp.com](mailto:board@africaoilcorp.com) .

Regards,

*"John Craig"*

John Craig

Board Chairman / Chairman of the Compensation Committee

---

---

# COMPENSATION DISCUSSION AND ANALYSIS

---

---

## INTRODUCTION

---

In the following section, Africa Oil details the 2017 compensation programs for the Corporation's executives (the "Executives") which include the President & Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, and the Vice President Exploration. Due to the resignation Mr. Alex Budden, Vice President External Relations, early in 2017, Mr. Mark Dingley, Vice President Operations, has become a Named Executive Officer ("NEO") for the purposes of this Circular. The Vice President Operations reports to the Chief Operating Officer, and does not participate in the LTIP.

In 2017, NEOs of Africa Oil, for the purposes of this Circular, are:

1. Keith Hill, President & Chief Executive Officer
2. Ian Gibbs, Chief Financial Officer
3. Tim Thomas, Chief Operating Officer
4. Dr. Paul Martinez, Vice President Exploration
5. Mark Dingley, Vice President Operations

## CURRENCY OF COMPENSATION

---

In recognition of our cross-border talent pool and significant international operations, the Committee may grant NEO compensation in non-Canadian dollar currencies. Mr. Keith Hill, Dr. Paul Martinez, and Mr. Mark Dingley were awarded cash compensation denominated in US dollars.

## COMPENSATION PHILOSOPHY / EXECUTIVE COMPENSATION PRINCIPLES

---

The Corporation's compensation structure is designed to attract highly qualified and motivated individuals, reward performance, and to be competitive with the compensation arrangements of other resource companies of similar size and scope of operations. The Committee considers a variety of factors when determining both compensation programs and individual compensation levels. These factors include the long-term interests of the Corporation and its shareholders, overall financial and operating performance of the Corporation, individual performance and contribution towards meeting corporate objectives, responsibilities, and compensation practices of industry competitors.

## CHANGES TO EXECUTIVE AND DIRECTOR COMPENSATION PROGRAM IN 2016

---

In response to feedback from shareholders and our recognition of evolving market practices, the Compensation Committee approved a number of changes to Africa Oil's executive compensation programs for implementation in 2016 to enhance the alignment with the interests of shareholders and market best practices. This included a review of executive officer pay levels relative to a revised pay comparator group, an update of the metrics within the short term incentive program ("STIP") to better align with the Corporation's operational objectives and strategic priorities, and the introduction of a restricted share unit and performance share unit plan to fully replace the use of options for senior executives. Another area of focus for the Committee was to improve the level of transparency, detail and readability of our compensation disclosure.

Considerable enhancements were made to our governance and pay practices which resulted in Shareholder approval of the Corporation's Long Term Incentive Plan and the Corporation's Advisory Vote On Executive Compensation (Say On Pay) being passed at the Corporation's April 19, 2016 annual meeting of shareholders. We continue to follow these actions and to enhance our governance and pay practices so that we remain leaders amongst our peers:

- Board composition separating the roles of Board Chairman and CEO
- Following a structured approach to executive compensation while retaining Committee judgement over the outcomes
- Utilizing a performance share unit program to ensure the alignment between pay and performance for the Executives
- Ceasing to issue stock options to Executives
- Following a revised director compensation program, eliminating the use of stock options for directors
- Continued engagement with an independent consulting firm, Hugessen Consulting Inc. ("Hugessen"), to provide independent insight to the Compensation Committee
- Following compensation governance practices such as including stock ownership guidelines, clawback policy, and an advisory Say On Pay vote
- Continued plain language disclosure of corporate performance targets, results, and short term incentive payouts

## PAY COMPARATOR GROUP

In 2015, the Compensation Committee, with support from our independent compensation consultant, Hugessen, developed a pay comparator group to provide competitive market context to support pay level and pay mix decision-making, and to provide context regarding compensation design practices. The comparator group was developed based on the following criteria:

- Oil & gas exploration and production companies
- Companies with international operations (however, to ensure an adequately-sized comparator group, similar-sized domestic companies are also included)
- Market capitalization: between approximately 1/3x – 3x that of Africa Oil as at October 1, 2015
- Geography: Canadian headquartered

During 2018, the Committee has resolved to work with its executive compensation consultants to review and update the peer group analysis, taking into consideration changes in the Corporation's stage of development and external factors that have affected certain peers such as mergers and acquisitions, reorganizations or restructuring.

### 2016 Canadian Comparator Group

Bankers Petroleum Ltd. <sup>(1)</sup>	Mart Resources Inc. <sup>(1)</sup>	Raging River Exploration Inc.
Canacol Energy Ltd.	NuVista Energy Ltd.	Surge Energy Inc.
Crew Energy Ltd.	Oando Energy Resources Inc. <sup>(1)</sup>	TORC Oil & Gas Ltd.
Gran Tierra Energy Ltd.	Parex Resources Inc.	TransGlobe Energy Corporation

<sup>(1)</sup> These companies have ceased reporting, and will not be used for benchmarking or included in any future pay comparator groups.

In addition to referencing the Canadian peer group, the Committee also considered pay levels and practices of UK-based international exploration and production companies. The Committee believes that the UK remains an important source of executive talent for Africa Oil; particularly considering the location of our assets, our partners and that our ownership includes a significant proportion of European-based shareholders. While we do not directly target pay levels based on UK peers, we reference UK pay practices alongside other factors such as executive experience, skills and education.

### 2016 UK Reference Group

Ophir Energy Plc.	Seplat Petroleum Development Company Plc.	Premier Oil plc.
SOCO International plc.		Exillon Energy plc.

## PAY POSITIONING

---

When setting pay levels for Africa Oil's executive team, the Compensation Committee targets pay positioning including base salary, short-term incentive plan and long-term incentive plans at the 75<sup>th</sup> percentile relative to Canadian exploration and production companies with domestic and international assets. Having considered the pay levels of UK peers, the Committee estimates that this target pay position approximates the median overall. The Committee believes this pay position is most appropriate given:

- A significant portion of African-focused energy companies are based in the UK, resulting in the UK being an important source of talent for the Corporation. The Committee seeks to have a pay program which is competitive with both the Canadian and UK markets, acknowledging that total pay levels among Africa Oil's UK reference group are significantly higher than pay levels of Canadian peers.
- Our Canadian peer group is comprised of both domestic and international energy companies. Given the increased complexity of managing international operations, the Committee believes pay levels above median are warranted relative to peers operating only in North America.

Notwithstanding UK pay levels, the Committee continues to award Canadian-style compensation arrangements that include lower base salaries and greater variable pay and pay at risk relative to UK peers.

## ELEMENTS OF AFRICA OIL'S EXECUTIVE COMPENSATION PROGRAM

---

Africa Oil's executive compensation program consists of three major components: i) base salary, ii) short-term incentive plan ("STIP"), and iii) long term incentive plan ("LTIP"). The value of perquisites received by each of the Executives were not in aggregate equal to or greater than \$50,000 or 10% of the Executives' total salary for the financial year. Africa Oil does not provide its Executives with a savings plan or pension plan.



## EXECUTIVE PAY MIX

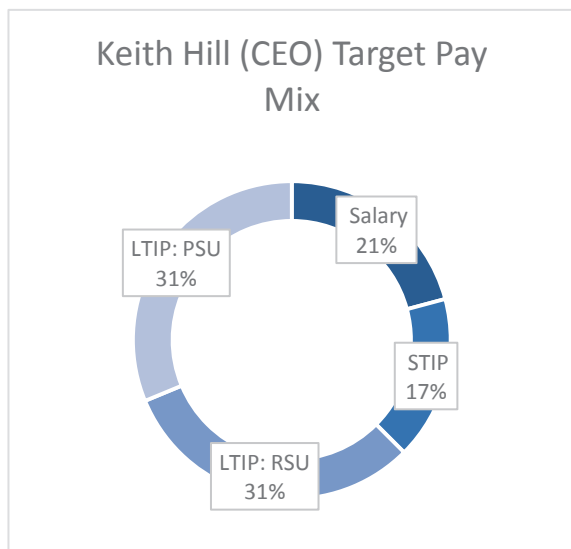
The Executives have the opportunity to receive compensation that is both fixed (guaranteed) and variable (at-risk). The majority of our Executives' target compensation is variable, at-risk pay that is dependent upon performance relative to operational, financial, and strategic objectives approved by the Committee, as well as stock price. Over 50% of total direct compensation is delivered in the form of long-term incentives. The pay mix for our President & CEO and other Executives is as follows<sup>(1)</sup>:

Component	At Risk	Objectives	Time Frame	Description
<b>Components Total Direct Compensation (TDC)</b>				
Base Salary	No	Provide market competitive level of fixed compensation	Reviewed annually	<ul style="list-style-type: none"> <li>• Only fixed component of TDC</li> <li>• Intended to remunerate the Executive for discharging job responsibilities</li> <li>• Individual Executive salary reflects level of responsibility, skills and experience</li> </ul>
Short-Term Incentive Program ("STIP")	Yes	Acknowledge progress on strategic priorities and rewards for achievement of annual performance goals	One year	<ul style="list-style-type: none"> <li>• Cash-based performance incentive</li> <li>• Payout based on combination of Board-approved financial, operational metrics, strategic objectives, and individual performance</li> </ul>
LTIP - Restricted Share Units	Yes	Incentivize the creation of shareholder value	Three years	<ul style="list-style-type: none"> <li>• Annual grants</li> <li>• 100% of RSUs granted to non-executive directors cliff vest 3 years after the date of grant; RSUs granted to all other participants vest over 3 years (1/3 on the first, second, and third anniversary of the date of grant)</li> </ul>
LTIP - Performance Share Units	Yes	Reward for performance and incentivizes the creation of shareholder value and alignment to the long-term strategy	Three years	<ul style="list-style-type: none"> <li>• Annual grants</li> <li>• 100% cliff vest 3 years after the date of grant (0-200% of units granted) based on Board-approved operational and strategic performance measures</li> </ul>

<sup>(1)</sup> The Corporation's Executives include the President & Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, and the Vice President Exploration. Due to the resignation Mr. Alex Budden, Vice President External Relations, early in 2017, Mr. Mark Dingley, Vice President Operations, has become a Named Executive Officer ("NEO") for the purposes of this Circular. The Vice President Operations reports to the Chief Operating Officer, and does not participate in the LTIP. The Vice President Operations continues to participate in the Stock Option Plan as a form of long term incentive.

## CEO COMPENSATION

The Committee understands the importance of CEO compensation in setting the standard for compensation structure for the entire organization. Nearly 80% of our CEO's total target direct compensation is "at risk".

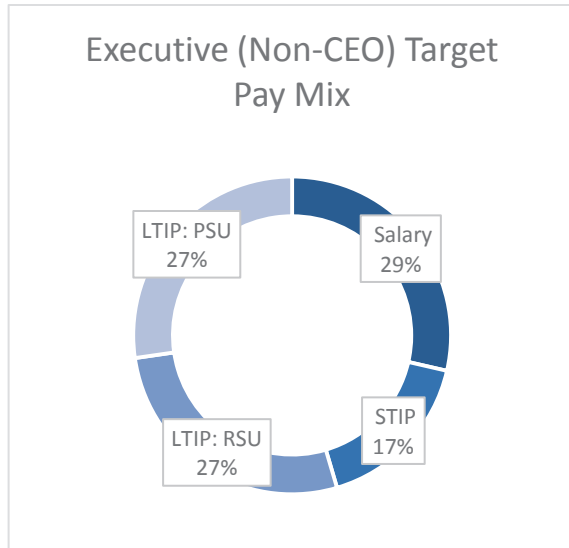


The table below summarizes 2017 target pay levels for Keith Hill.

Year	Base \$	Bonus Target		LTI Target		TDC Target \$
		% of Salary	\$	% of Salary	\$	
<b>2017</b>	\$375,000	80%	\$300,000	300%	\$1,125,000	\$1,800,000

## EXECUTIVE COMPENSATION

Similar to CEO compensation, on average more than 70% of our Executive's total target compensation is "at-risk".



Below is a summary of 2017 target pay levels among the members of Africa Oil's Executive and NEOs:

Executive	Base \$	Bonus Target		LTI Target		Target TDC \$
		% of Salary	\$	% of Salary	\$	
Ian Gibbs	CAD \$375,000	80%	CAD \$300,000	220%	CAD \$825,000	CAD \$1,500,000
Tim Thomas	CAD \$350,000	60%	CAD \$210,000	200%	CAD \$700,000	CAD \$1,260,000
Paul Martinez	\$282,000	50%	\$141,000	175%	\$493,500	\$916,500
Mark Dingley <sup>(1)</sup>	\$250,000	50%	\$125,000	75%	\$187,500	\$562,500

(1) Mr. Dingley (Vice President Operations) does not participate in the LTIP (RSUs and PSUs). Stock options are granted as his long term incentive. Mr. Dingley is the only NEO residing in Kenya, on an expatriate assignment and reports to Tim Thomas (Chief Operating Officer).

## NEO BASE SALARY

Base salaries are provided to NEOs to provide a fixed level of compensation. In determining base salary levels, the Committee references the 75<sup>th</sup> percentile of the Canadian comparator group. The base salary of each Executive is determined by the Committee based on an assessment of his responsibilities and consideration of competitive compensation levels for the markets in which the Corporation operates. In making its recommendations to the Board, the Compensation Committee also considers the particular skills and experience of the individual.

Executive	Position	2017 Base	2018 Base	% Change
Keith Hill	President & CEO	\$375,000	\$375,000	0%
Ian Gibbs	Chief Financial Officer	CAD\$375,000	CAD\$375,000	0%
Tim Thomas	Chief Operating Officer	CAD\$350,000	CAD\$350,000	0%
Paul Martinez	Vice President Exploration	\$282,000	\$282,000	0%
Mark Dingley	Vice President Operations	\$250,000	\$250,000	0%

The Executive's base salary is intended to remunerate the Executive for discharging job responsibilities and reflects the executive's performance over time. Individual salary adjustments take into account performance contributions in connection with their specific duties. The base salary of each executive officer is determined by the Compensation Committee based on an assessment of his sustained performance and consideration of competitive compensation levels for the markets in which the Corporation operates. In making its recommendations to the Board, the Compensation Committee also considers the particular skills and experience of the individual. The base salaries of executive officers and members of the senior management team are reviewed annually.

## SHORT TERM INCENTIVE PLAN

---

As a part of our Board review of executive compensation practices, the Committee introduced a more structured bonus plan and corporate performance scorecard for Executives commencing in 2016. The Committee develops bonus targets based on peer group pay practices as well as each Executive's role, responsibility and experience level. Our Executives participate in Africa Oil's STIP, which is designed to reward short-term performance relative to key financial, strategic and operational goals with an annual cash bonus.

In early 2017, the Committee approved a new short-term corporate scorecard which was used to determine the final bonus payout for each Executive. As the key goals in the 2017 corporate scorecard required a collective effort from all Executives, there was no formal individual performance component for each Executive. Notwithstanding this, when approving final performance scores for each Executive, the Committee applied discretion to reflect the individual performance of each Executive during the year.

Actual performance bonus awards may range from 0%-200% of target levels depending on the corporate and each executive's individual performance evaluation. Accordingly, the entire STIP is considered "at risk". Performance evaluations for executives are submitted to the Board by the CEO for approval, with the exception of the CEO's performance, which is evaluated independently by the Committee. The Board reserves final judgment over all STIP payouts.

## SHORT TERM INCENTIVE AWARDS – EXECUTIVES

---

During 2017, Africa Oil's primary area of focus continued to be advancing development plans associated with the discovered oil resources in the South Lokichar basin (Blocks 10BB and 13T (Kenya)). While we are pleased to have continued drilling operations in the basin during the year, the exploration and appraisal program yielded mixed results. While additional discoveries and successful appraisal wells were drilled, the program also included unsuccessful exploration wells, appraisal wells and production tests that did not meet expectations.

A staged development has been proposed to the Government of Kenya, focused on the Amosing and Ngamia fields in the initial stage, with production capacity of 60,000 to 80,000 barrels of oil per day (bopd) and an export pipeline to Lamu, some 750 kilometers from the South Lokichar basin on the Kenyan coast. With the Final Investment Decision (FID) now expected in 2019 (previously 2018), the staged development approach is expected to bring significant benefits, taking full advantage of the current low-cost environment for both the field and infrastructure development, as well as providing the best opportunity to deliver first oil in a timeline that meets the Government of Kenya expectations. The installed infrastructure can then be utilized for the optimization of the remaining and yet to be discovered South Lokichar oil fields, allowing the incremental development of these fields to be completed in an efficient and low-cost manner post-first oil.

A Joint Development Agreement (JDA), setting out a structure for the Government of Kenya and the Kenya Joint Venture Partners to progress the development of the export pipeline, was signed on 25 October 2017. The JDA allows important studies to commence such as FEED, Environmental and Social Impact Assessments (ESIA), as well as studies on pipeline financing and ownership. These have been initiated and will be continue throughout 2018.

Our balance sheet remains strong, ending 2017 with \$392 million of cash and debt free. We reached an agreement with Maersk during the year which will see an additional \$75 million of farmout proceeds received during 2018.

Taking the above 2017 performance into consideration, the Compensation Committee assessed performance against the STIP scorecard as follows:

<b>2017 Corporate Performance Scorecard</b>				
<b>Component</b>	<b>Weighting</b>	<b>Assessed</b>	<b>Key Measures</b>	<b>Factors taken into consideration in assessment</b>
Strategic Measures	45.0%	18.0%	Stakeholder engagement JV partner alignment Development related commercial agreements & structuring	Pipeline Joint Development and Early Oil Production System Agreements signed, following delay. Early Oil Production deferred until 2018.  Continued focused interactions with JV Partners and project stakeholders to advance development plans towards FID. Target FID deferred until 2019.  Farmouts not advanced on 100% held/operated exploration concessions.
Finance and Administration Measures	10.0%	6.0%	Manage budget and costs Progress development project financing Human resource management	Agreement reached with Maersk for payment of \$75 million advance development carry in quarterly installments during 2018.  2017 program delivered within budget.  Considerable reductions in estimated capital expenditure to first oil in Kenya.
Operational Measures	45.0%	22.5%	Development planning Capital allocation and resource management Prospect generation and subsurface modeling Health, safety, environmental and community action plan	Exploration and appraisal drilling program extended, yielding results below expectation negatively impacting potential resource growth and certainty.  Alignment reached surrounding phased development, with initial 60,000 - 80,000 bopd capacity and export oil pipeline.  Reached joint venture alignment on critical derisking activities in South Lokichar basin including water injection pilot program.  Compliance with Environmental and Social Action Plan & IFC Independent Monitoring Group results
<b>Total</b>	<b>100.0%</b>	<b>46.5%</b>		

In recognition of these accomplishments and challenges, the NEOs were awarded short term incentive payouts ranging from 38% to 66% of the target payout. The Vice President Operations was awarded a short term incentive payout of 66% of target, taking into consideration his contributions as an expatriate employee, based in Nairobi.

<b>Executive</b>	<b>2017 Base \$</b>	<b>2017 Bonus</b>						
		<b>Target</b>				<b>Award</b>		
		<b>% of Salary</b>	<b>Performance Factor</b>		<b>Min \$</b>	<b>Max \$</b>	<b>\$</b>	<b>% of Target</b>
<b>Keith Hill</b>	\$375,000	80%	0%	200%	Nil	\$600,000	\$150,000	50%
<b>Ian Gibbs</b>	CAD \$375,000	80%	0%	200%	Nil	CAD \$600,000	CAD \$125,000	42%
<b>Tim Thomas</b>	CAD \$350,000	60%	0%	200%	Nil	CAD \$420,000	CAD \$80,000	38%
<b>Paul Martinez</b>	\$282,000	50%	0%	200%	Nil	\$282,000	\$55,000	39%
<b>Mark Dingley</b>	\$250,000	50%	0%	150%	Nil	\$187,500	\$83,000	66%

## LONG TERM INCENTIVE PLAN

---

Executives, including the President and Chief Operating Officer and executive reporting directly to him, are entitled to participate in Africa Oil's LTIP (See Appendix B), which is designed to promote their long-term motivation and retention. Historically, Africa Oil's LTIP consisted solely of stock options, and we believe this structure was best suited for our Corporation during our earlier exploration stage. However, recognizing our growth and maturity in recent years, the Compensation Committee set out to evaluate alternative long-term incentive vehicles for our executives. As a result of the compensation review done in 2015, the Committee recommended, and the Board approved, a LTIP mix for our Executives participating in the LTIP of 50% restricted share units ("RSUs") and 50% performance share units ("PSUs").

In an effort to further increase the alignment between the Executives, who participate in the LTIP, long term compensation and successful execution of the Corporation's strategy, the Compensation Committee and the Board have resolved, commencing in 2018, to amend the weighting of the LTIP mix to 75% PSUs and 25% RSUs for Executives. This change better aligns our Executives to our strategic goals and long-term shareholder return in the future.

Africa Oil no longer grants stock options to Executives, including the President and Chief Operating Officer and executive reporting directly to him, but continues to do so for certain key employees, including Mr. Mark Dingley, Vice President Operations. Beginning in 2016, independent directors of the Board receive an annual restricted share unit grant, while the Corporation's Executives receive an annual grant of both restricted and performance share units.

## RESTRICTED SHARE UNITS AND PERFORMANCE SHARE UNITS

---

Africa Oil's long-term incentive plan was introduced in 2016 to provide Executives with long-term retention and motivation. RSUs are a notional share instrument which tracks that value of common shares. RSUs granted to Executives vest over three years (1/3 on the first, second and third anniversary of the grant date). Upon payout, RSUs may be settled in cash or treasury shares.

Similar to RSUs, PSUs are notional share instruments which track the value of common shares. However PSUs are subject to additional performance conditions that serve to enhance the alignment of executives to key strategic, financial and operational milestones of the company. PSUs will cliff vest three years from the date of grant, at which point the Committee will assign a performance multiple ranging from 0% – 200%, based on actual results relative to the PSU performance scorecard (subject to Committee discretion). During the three-year term of the PSUs, the Compensation Committee will perform an interim evaluation of performance against the stated performance conditions applicable to granted PSUs. In addition, the Committee will perform a final assessment of performance over the entire three-year PSU term. To determine the final performance multiple, the Committee will provide a 20% weighting to each of the interim annual performance assessments and a 40% weighting to the overall three-year combined assessment. PSUs may be settled in cash or treasury shares.

The RSU and PSU plans form part of the Corporation's compensation risk mitigating strategy by providing a meaningful amount of total executive pay in variable compensation. These programs align the interests of the Corporation to those of shareholders by motivating executives to grow share price through execution of our business strategy. The staggered vesting and payout schedule of annual RSU and PSU grants also creates a significant retention mechanism for our Executives.

## PSU PERFORMANCE METRICS

When determining performance metrics for the PSU plan, the Committee evaluated a number of alternatives, including relative total shareholder return (“TSR”). The Committee decided that relative TSR would not be an effective measure of Africa Oil’s performance given the limited number of Canadian-based, international exploration and production companies that would be suitable as performance peers. The Committee instead developed a performance scorecard based on long-term strategic, financial and operational milestones suited to measure and reward long-term value creation and reflecting Africa Oil’s current stage of development. The Committee retains the right to exercise discretion in assessing ultimate performance and share price performance will be taken into consideration.

The performance framework for each year’s PSU grants is developed by the CEO and reviewed and approved by the Compensation Committee. The metrics chosen have been primarily focused on achieving key milestones required to continue progressing development of the South Lokichar Basin (Blocks 10BB and 13T in Kenya) through a final investment decision and towards first oil, including actions required to complete the Maersk farmout transaction and maximize the value realized from the contingent development carry terms.

The following tables provide a summary of how performance has been assessed in comparison to target for the PSUs that have been granted since the LTIP was established (effective 1<sup>st</sup> January 2016). To date, performance has been assessed as below target, with an estimated achievement to date ranging between 70% to 74% (maximum potential award: 200%).

2016 Performance Scorecard:		Assessment (interim)						Primary Factors Affecting Interim Assessment
Performance Condition	Weighting	Performance Year				Average Assessment to Date	Average Achievement to Date	
		2016	2017	2018	Three years: 2016 - 2018			
Farmout Completion and Resource Confirmation	37.0%	34.6%	52.0%	-	-	43.3%	117.1%	Completion of Maersk farmout and agreement with regards to payment of \$75 million advance carry in installments during 2018
Resource Growth	20.0%	16.8%	4.0%	-	-	10.4%	52.1%	Exploration and appraisal activities yielding below expectation results in comparison to target resource growth
Operational and Development Milestones	33.0%	24.3%	1.3%	-	-	12.8%	38.7%	Final Investment Decision date has been deferred during evaluation period
Financial and First Oil Milestones	10.0%	8.4%	0.0%	-	-	4.2%	42.1%	Financing plan for development has not proceeded according to projected timeline
	100.0%	84.2%	57.3%			70.7%		
<b>Weighting of Assessment Period</b>		<b>20.0%</b>	<b>20.0%</b>	<b>20.0%</b>	<b>40.0%</b>			



2017 Performance Scorecard:		Assessment (interim)						Primary Factors Affecting Interim Assessment
Performance Condition	Weighting	Performance Year				Average Assessment to Date	Average Achievement to Date	
		2017	2018	2019	Three years: 2017 - 2019			
Resource Growth & Certainty	40.0%	23.0%	-	-	-	23.0%	57.5%	2017 exploration and appraisal program yielded results below expectation
FID Timing & Development Concept	37.5%	16.0%	-	-	-	16.0%	42.7%	FID deferral to 2019
Financial & Strategic	22.5%	19.3%	-	-	-	19.3%	85.8%	Strong balance sheet Deploying capital to increase exposure to high impact exploration Continued evaluation of strategic options
	100.0%	58.3%	-	-	-	58.3%		
<b>Weighting of Assessment Period</b>		<b>20.0%</b>	<b>20.0%</b>	<b>20.0%</b>	<b>40.0%</b>			

## 2017 LTIP GRANTS

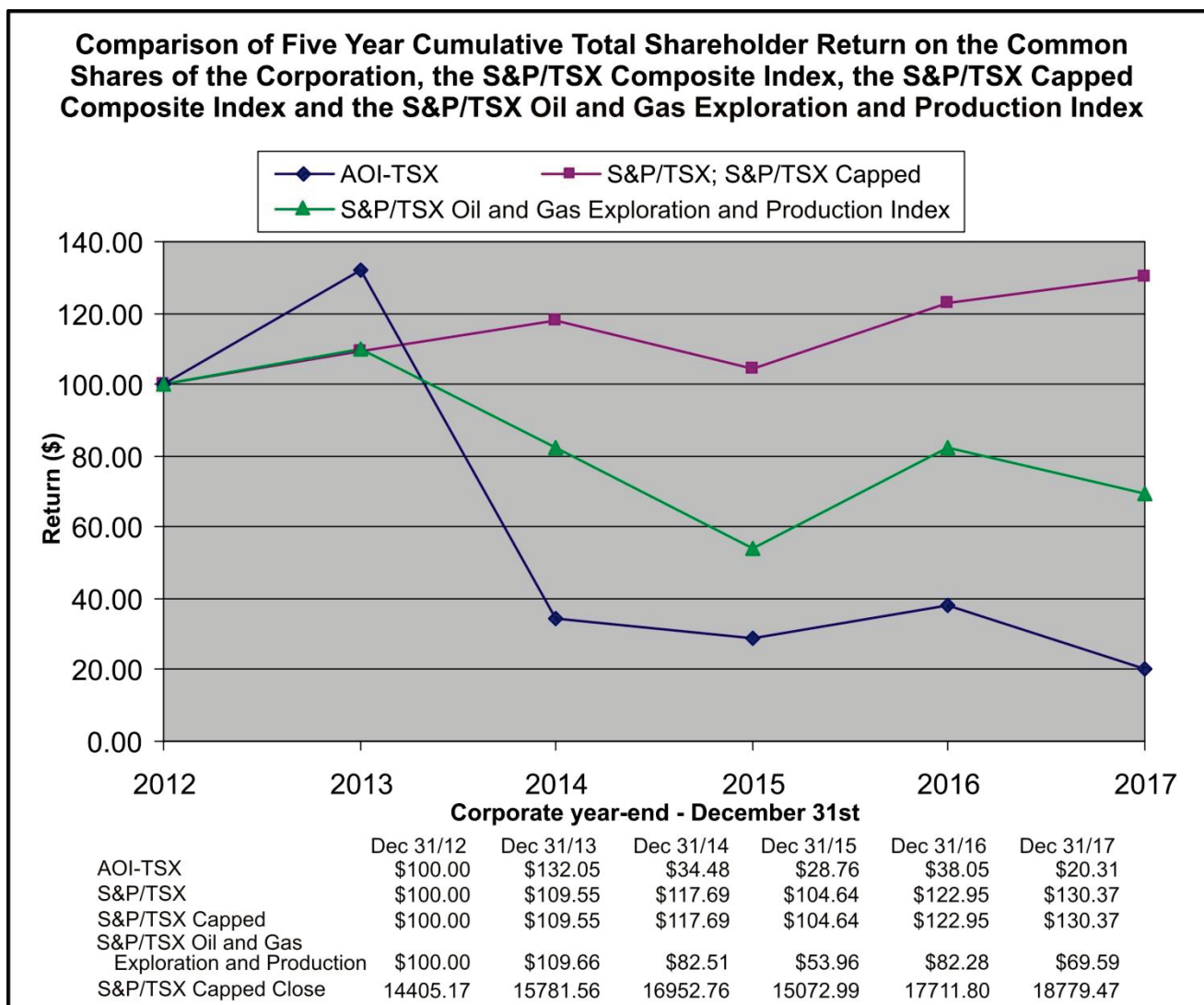
Per the Corporation's updated pay philosophy, the Committee developed 2017 LTIP targets having considered peer group pay practices as well as each executive's role, responsibility and experience level. In 2017, Africa Oil granted our Executives RSUs and PSUs in line with their target LTIP. These RSU and PSU grants served to both motivate the executive toward increasing share value and to enable the executive to share in the future success of the Corporation.

Executive	2017 Base	2017 LTIP					
		Target		Award			
		% of Salary	\$	Stock Options (#)	PSUs (#)	RSUs (#)	\$
Keith Hill	\$375,000	300%	\$1,125,000	Nil	345,200	345,200	\$1,125,000
Ian Gibbs	CAD\$375,000	220%	CAD\$825,000	Nil	190,100	190,100	CAD\$825,000
Tim Thomas	CAD\$350,000	200%	CAD\$700,000	Nil	161,300	161,300	CAD\$700,000
Paul Martinez	\$282,000	175%	\$493,500	Nil	151,400	151,400	\$493,500
Mark Dingley	\$250,000	75%	\$187,500	160,000	Nil	Nil	\$78,752

Ian Gibbs (Chief Financial Officer), Tim Thomas (Chief Operating Officer) and Paul Martinez (Vice President Exploration) report directly to Keith Hill (President and Chief Executive Officer) and participate in the LTIP (RSUs and PSUs). Mark Dingley, Vice President Operations reporting to Tim Thomas (Chief Operating Officer), is the only NEO continuing to receive stock options.

## PERFORMANCE GRAPH

The following graph illustrates Africa Oil's five-year cumulative shareholder return, as measured by the closing price of the Common Shares at the end of each financial year, assuming an initial investment of C\$100 on December 31, 2012, compared with the S&P/TSX Composite Index, S&P TSX Capped Energy Index, and S&P/TSX Oil and Gas Exploration and Production Index, assuming the reinvestment of dividends where applicable.



The Compensation Committee and Board are committed to ensuring Africa Oil's compensation program for its Executives is aligned with the growth and maturity of the Corporation, while also considering the experience of our shareholders. Africa Oil revamped the Executive compensation program in 2016, transitioning from stock options to full-value shares as a form of long term incentive, and adjusting pay levels and pay mix to better reflect a company of our size and stage of development. By providing a significant portion of our Executive pay in the form of equity-based compensation, the take home pay of our Executives has been better aligned with Africa Oil's share price performance. As described above, equity-based compensation expense has decreased dramatically since revamping the Executive compensation program. Just as shareholder return has been below expectation in the years since implementing the plan, both LTIP and STIP awards to Executives have been below expectation.

For full details of our revised compensation program, see the “Compensation Discussion and Analysis” section of this document starting at page 36.

## 2017 EXECUTIVE COMPENSATION - SUMMARY COMPENSATION TABLE

The following table sets forth, for the fiscal years ended December 31, 2017, December 31, 2016, and December 31, 2015, the compensation paid by the Corporation to the Executives and NEOs for services rendered. All currency values are in US dollars for reporting purposes.

Name and principal position	Year	Salary <sup>(1)</sup>	Option-based awards <sup>(2)</sup>	Share-based awards <sup>(3)</sup>	Non-equity incentive plan compensation		All Other compensation <sup>(4)</sup>	Total compensation
					(\$)			
					Annual incentive plans	Long-term incentive plans		
Keith Hill <sup>(5)</sup> <i>President &amp; CEO</i>	2017	375,000	N/A	1,125,000	150,000	N/A	26,688	1,676,688
	2016	375,000	N/A	1,125,000	250,000	N/A	26,688	1,776,688
	2015	288,857	615,480	N/A	437,500	N/A	3,158	1,344,995
Ian Gibbs <sup>(6)</sup> <i>Chief Financial Officer</i>	2017	288,777	N/A	619,532	94,349	N/A	3,510	1,006,168
	2016	283,048	N/A	617,430	150,959	N/A	7,715	1,059,152
	2015	273,713	492,384	N/A	342,141	N/A	7,354	1,115,593
Tim Thomas <sup>(7)</sup> <i>Chief Operating Officer</i>	2017	269,525	N/A	525,674	60,384	N/A	7,042	862,624
	2016	264,178	N/A	523,880	95,859	N/A	11,139	895,056
	2015	185,734	483,850	N/A	123,171	N/A	7,881	800,636
Paul Martinez <sup>(8)</sup> <i>Vice President Exploration</i>	2017	282,000	N/A	493,410	53,407	N/A	6,728	838,660
	2016	264,178	N/A	458,395	80,008	N/A	10,869	813,451
	2015	273,713	358,344	N/A	209,195	N/A	10,622	878,874
Mark Dingley <sup>(9)(10)</sup> <i>Vice President Operations</i>	2017	250,000	78,752	N/A	83,000	N/A	153,418	565,170
	2016	250,000	197,770	N/A	144,000	N/A	164,738	756,508
	2015	250,000	403,421	N/A	188,000	N/A	152,396	993,817

- (1) Salaries for the Executives and NEOs are paid in Canadian dollars and converted to United States dollars for reporting purposes, except for Mr. Hill, Dr. Martinez, and Mr. Dingley whose salary is denominated in USD.
- (2) These amounts represent the value of stock options granted to the respective Executive or NEO. The fair value of each option granted is estimated on the date of grant using the Black-Scholes options pricing model taking into account the following assumptions on a weighted average basis: (i) risk-free interest rate (%); (ii) expected life (years); and (iii) expected volatility (%). This is consistent with the accounting values used in the Corporation's financial statements. The dollar amount in this column represents the total value ascribed to the stock options; however, all of these stock options are subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years from the date of grant.
- (3) These amounts represent the value of RSUs and PSUs granted to the respective Executive. PSUs are notional share instruments which track the value of the common shares and are subject to non-market performance conditions related to key strategic, financial and operational milestones. PSUs cliff vest three years from the date of grant, at which time the Board of Directors will assign a performance multiple ranging from nil to two hundred percent to determine the ultimate vested number of PSUs. PSUs may be settled in shares issued from treasury or cash, at the discretion of the Board of Directors. The non-market performance conditions include: i) metrics relating to completion of the Maersk farmout agreement and confirming resource quantities providing entitlement to associated advance, and contingent carry; ii) metrics relating to the growth in contingent resources and reserves; and iii) additional milestones related to South Lokichar development, pipeline development and financing associated with these developments. The Corporation accounts for PSUs as

equity based awards whereby the estimated fair value of the grant is expensed evenly throughout the remaining vesting period. RSUs are notional share instruments which track the value of the common shares. RSUs granted to Executives vest over three years (1/3 on the first, second and third anniversary of grant). RSUs may be settled in shares issued from treasury or cash, at the discretion of the Board of Directors. The Corporation accounts for RSUs as cash settled awards whereby the estimated fair value of the grant is expensed evenly throughout the remaining vesting period.

- (4) Amounts reflected under this column typically consist of benefits such as life insurance premiums, parking benefits, and the payment of living expenses related to long-term foreign assignment.
- (5) Amounts reflected under the column "Non-equity incentive plan compensation – Annual incentive plans" reflect the cash bonuses received by Mr. Hill in the amount of: \$150,000 for the financial year ended December 31, 2017; \$250,000 for the financial year ended December 31, 2016; \$437,500 for the financial year ended December 31, 2015. During the financial year ended December 31, 2017, Mr. Hill was awarded 345,200 Performance Share Units and 345,200 Restricted Share Units. During the financial year ended December 31, 2016, Mr. Hill was awarded 368,000 Performance Share Units and 368,000 Restricted Share Units. These awards are reflected under the column "Share-based awards." During the financial year ended December 31, 2015, Mr. Hill was awarded incentive stock options to purchase 575,000 common shares of the Corporation over a period of five years at an exercise price of CAD\$2.48 per share. These awards are reflected under the column "Option-based Awards".
- (6) Amounts reflected under the column "Non-equity incentive plan compensation – Annual incentive plans" reflect the cash bonuses received by Mr. Gibbs in the amount of: CAD\$125,000 for the financial year ended December 31, 2017; CAD\$200,000 for the financial year ended December 31, 2016; and CAD\$437,500 for the financial year ended December 31, 2015. During the financial year ended December 31, 2017, Mr. Gibbs was awarded 190,100 Performance Share Units and 190,100 Restricted Share Units. During the financial year ended December 31, 2016, Mr. Gibbs was awarded 198,000 Performance Share Units and 198,000 Restricted Share Units. These awards are reflected under the column "Share-based awards." During the financial year ended December 31, 2015, Mr. Gibbs was awarded incentive stock options to purchase 460,000 common shares of the Corporation over a period of five years at an exercise price of CAD\$2.48 per share. These awards are reflected under the column "Option-based Awards".
- (7) Mr. Thomas has been employed by the Corporation as Chief Operating Officer since April 2015. Amounts reflected under the column "Non-equity incentive plan compensation – Annual incentive plans" reflect the cash bonuses received by Mr. Thomas in the amount of: CAD\$80,000 for the financial year ended December 31, 2017; CAD\$127,000 for the financial year ended December 31, 2016; and CAD\$157,500 for the financial year ended December 31, 2015. During the financial year ended December 31, 2017, Mr. Thomas was awarded 161,300 Performance Share Units and 161,300 Restricted Share Units. During the financial year ended December 31, 2016, Mr. Thomas was awarded 168,000 Performance Share Units and 168,000 Restricted Share Units. These awards are reflected under the column "Share-based awards." During the financial year ended December 31, 2015, Mr. Thomas was awarded incentive stock options to purchase 500,000 common shares of the Corporation over a period of five years at an exercise price of CAD\$2.25 per share. This award is reflected under the column "Option-based Awards".
- (8) Amounts reflected under the column "Non-equity incentive plan compensation – Annual incentive plans" reflect the cash bonus received by Dr. Martinez in the amount of: \$55,000 for the financial year ended December 31, 2017; CAD\$106,000 for the financial year ended December 31, 2016; and CAD\$262,500 for the financial year ended December 31, 2015. During the financial year ended December 31, 2017, Dr. Martinez was awarded 151,400 Performance Share Units and 151,400 Restricted Share Units. During the financial year ended December 31, 2016, Dr. Martinez was awarded 147,000 Performance Share Units and 147,000 Restricted Share Units. These awards are reflected under the column "Share-based awards". During the financial year ended December 31, 2015, Dr. Martinez was awarded incentive stock options to purchase 360,000 common shares of the Corporation over a period of five years at an exercise price of CAD\$2.48 per share. These awards are reflected under the column "Option-based Awards".
- (9) Amounts reflected under the column "Non-equity incentive plan compensation – Annual incentive plans" reflect the cash bonuses received by Mr. Dingley in the amount of: \$83,000 for the financial year ended December 31, 2017; \$144,000 for the financial year ended December 31, 2016; and \$188,000 for the financial year ended December 31, 2015. During the financial year ended December 31, 2017, Mr. Dingley was awarded incentive stock options to purchase 160,000 common shares of the Corporation over a period of five years at an exercise price of CAD\$1.38 per share. During the financial year ended December 31, 2016, Mr. Dingley was awarded incentive stock options to purchase 330,000 common shares of the Corporation over a period of five years at an exercise price of CAD\$2.48 per share. During the financial year ended December 31, 2015, Mr. Dingley was awarded incentive stock options to purchase 200,000 common shares of the Corporation over a period of five years at an exercise price of CAD\$2.48 per share, and 264,000 common shares of the Corporation over a period of five years at an exercise price of CAD\$1.99 per share. These awards are reflected under the column "Option-based Awards".
- (10) The Corporation's Executives include the President & Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, and the Vice President Exploration. Due to the resignation Mr. Alex Budden, Vice President External Relations, and a former Executive and NEO of the Corporation, early in 2017, Mr. Mark Dingley, Vice President Operations, has become a NEO for the purposes of this Circular. However, Mr. Dingley is not considered an Executive of the Corporation, and does not participate in the LTIP. Mr. Dingley is an expatriate employee on a work assignment based in Kenya. As part of Mr. Dingley's expatriate compensation package, the Corporation pays for certain Kenyan living expenses including housing, automobile, housing utilities. The housing benefit included under "All other compensation" was \$78,000 in 2017, and \$69,000 in 2016, and \$108,000 in 2015.

Other than as set out above, no perquisites have been included as they do not reach the prescribed threshold of the lesser of CAD\$50,000 or 10% or more of total salary for the financial year.

## OUTSTANDING OPTION AND SHARE-BASED AWARDS

The following table sets out all of the awards outstanding for each Executive and NEO at the end of the most recently completed financial year:

Name	Option-based Awards				Share-based Awards					
	Number of securities underlying unexercised options (#)	Option exercise price (CAD\$)	Option expiration date (Y/M/D)	Value of unexercised in-the-money options (\$) <sup>(1)(3)</sup>	Number of PSUs that have not vested (#)	Market or payout value of PSUs that have not vested (\$) <sup>(2)(3)(4)</sup>	Market or payout value of vested PSUs not paid out or distributed (\$) <sup>(2)(3)(4)</sup>	Number of RSUs that have not vested (#)	Market or payout value of RSUs that have not vested (\$) <sup>(2)(3)(5)</sup>	Market or payout value of vested RSUs not paid out or distributed (\$) <sup>(2)(3)(5)</sup>
Keith C. Hill <i>President and Chief Executive Officer</i>	nil	nil	nil	nil	345,200	390,741	nil	345,200	390,741	nil
	575,000	\$2.48	2020/01/23	nil	368,000	416,548	nil	245,333	277,699	nil
Ian Gibbs <i>Chief Financial Officer</i>	nil	nil	nil	nil	190,100	215,179	nil	190,100	215,179	nil
	460,000	\$2.48	2020/01/23	nil	198,000	224,121	nil	132,000	149,414	nil
Tim Thomas <i>Chief Operating Officer</i>	nil	nil	nil	nil	161,300	182,580	nil	161,300	182,580	nil
	500,000	\$2.25	2020/03/20	nil	168,000	190,163	nil	112,000	126,776	nil
Paul Martinez <i>Vice President Exploration</i>	nil	nil	nil	nil	151,400	171,373	nil	151,400	171,373	nil
	360,000	\$2.48	2020/01/23	nil	147,000	166,393	nil	98,000	110,929	nil
Mark Dingley <i>Vice President Operations</i>	160,000	\$1.38	2022/12/19	5,102	nil	nil	nil	nil	nil	nil
	265,000	\$2.12	2021/12/16	nil	nil	nil	nil	nil	nil	nil
	264,000	\$1.99	2020/12/22	nil	nil	nil	nil	nil	nil	nil

- (1) Calculated using the closing price of the common shares on the Toronto Stock Exchange on December 29, 2017 of CAD\$1.42 and subtracting the exercise price of in-the-money stock options. As at December 31, 2017, these stock options had not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the common shares on the date of exercise.
- (2) Calculated using the closing price of the common shares on the Toronto Stock Exchange on December 29, 2017 of CAD\$1.42. As at December 31, 2017, these RSUs and PSUs have not vested.
- (3) The value of the unexercised in-the-money options, market or payout value of PSUs that have not vested, market or payout value of vested PSUs not paid out or distributed, market or payout value of RSUs that have not vested, and market or payout value of vested RSUs not paid out or distributed were calculated in CAD\$ and converted to US\$ using the exchange rate at December 31, 2017 of US\$1.00 = CAD\$1.2545.
- (4) PSUs granted to Executives are notional share instruments which track the value of the common shares and are subject to non-market performance conditions related to key strategic, financial and operational milestones. PSUs cliff vest three years from the date of grant, at which time the Board of Directors will assign a performance multiple ranging from nil to two hundred percent to determine the ultimate vested number of PSUs. A one to one ratio was used for the purpose of this valuation.
- (5) RSUs granted to Executives vest over three years (1/3 on the first, second and third anniversary of grant).

## INCENTIVE PLAN AWARDS

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each Executive or NEO:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)(9)</sup>	Share-based awards – Value vested during the year (\$) <sup>(8)(9)</sup>
Keith C. Hill <sup>(2)</sup> <i>President &amp; Chief Executive Officer</i>	24,516	199,853
Ian Gibbs <sup>(3)</sup> <i>Chief Financial Officer</i>	19,613	107,530
Tim Thomas <sup>(4)</sup> <i>Chief Operating Officer</i>	Nil	91,237
Paul Martinez <sup>(5)</sup> <i>Vice President Exploration</i>	15,349	79,833
Mark Dingley <sup>(6)(7)</sup> <i>Vice President Operations</i>	9,769	Nil

- (1) Calculated using the closing price of the common shares on the Toronto Stock Exchange on the dates on which stock options vested during the financial year ended December 31, 2017 and subtracting the exercise price of in-the-money stock options.
- (2) 191,667 options which were issued at CAD\$2.48 vested during 2017. The Toronto Stock Exchange closing price of the Corporation's shares on the vesting date was CAD\$2.65. 122,667 RSUs which were issued in 2016, vested during 2017. The volume weighted average trading price of the common shares on the Toronto Stock Exchange for the five (5) immediately preceding trading days of the vesting date was CAD\$2.16.
- (3) 153,333 options which were issued at CAD\$2.48 vested during 2017. The Toronto Stock Exchange closing price of the Corporation's shares on the vesting date was CAD\$2.65. 66,000 RSUs which were issued in 2016, vested during 2017. The volume weighted average trading price of the common shares on the Toronto Stock Exchange for the five (5) immediately preceding trading days of the vesting date was CAD\$2.16.
- (4) 167,667 options which were issued at CAD\$2.25 vested during 2017. The Toronto Stock Exchange closing price of the Corporation's shares on the vesting date was CAD\$2.19. 56,000 RSUs which were issued in 2016, vested during 2017. The volume weighted average trading price of the common shares on the Toronto Stock Exchange for the five (5) immediately preceding trading days of the vesting date was CAD\$2.16.
- (5) 120,000 options which were issued at CAD\$2.48 vested during 2017. The Toronto Stock Exchange closing price of the Corporation's shares on the vesting date was CAD\$2.65.
- (6) 49,000 RSUs which were issued in 2016, vested during 2017. The volume weighted average trading price of the common shares on the Toronto Stock Exchange for the five (5) immediately preceding trading days of the vesting date was CAD\$2.16. 53,333 options which were issued at CAD\$1.38 vested during 2017. The Toronto Stock Exchange closing price of the Corporation's shares on the vesting date was CAD\$1.41.
- (7) 88,333 options which were issued at CAD\$2.12 vested during 2017. The Toronto Stock Exchange closing price of the Corporation's shares on the vesting date was CAD\$2.12. 88,000 options which were issued at CAD\$1.99 vested during 2017. The Toronto Stock Exchange closing price of the Corporation's shares on the vesting date was CAD\$1.45. 66,667 options which were issued at CAD\$2.48 vested during 2017. The Toronto Stock Exchange closing price of the Corporation's shares on the vesting date was CAD\$2.65.
- (8) The Corporation's Executives include the President & Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, and the Vice President Exploration. Due to the resignation Mr. Alex Budden, Vice President External Relations, and a former Executive and NEO of the Corporation, early in 2017, Mr. Mark Dingley, Vice President Operations, has become a NEO for the purposes of this Circular. However, Mr. Dingley is not considered an Executive of the Corporation, and does participate in or receive share grants under the LTIP.
- (9) Value vested amounts were calculated in CAD\$ and converted to US\$ using the exchange rate at December 31, 2017 of US\$1.00 = CAD\$1.2545.

## OPTIONS EXERCISED DURING 2017

---

No stock options were exercised by NEOs during 2017.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

---

The Corporation and its subsidiaries have not entered into any compensatory plan or arrangement in respect of compensation received or that may be received by any of the Executives or NEOs in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control, except for those disclosed below.

### Keith Hill, President and Chief Executive Officer

In December 2015 the Corporation entered into an open-ended executive employment agreement with Mr. Keith Hill, the President and Chief Executive Officer of the Corporation, providing for an annual salary of \$375,000, replacing the previous executive employment agreement dated January 15, 2010.

Pursuant to the terms of Mr. Hill's employment agreement, the Corporation may terminate Mr. Hill's employment without notice or payment in lieu of notice for cause. Additionally, the agreement may be terminated by the Corporation by notice to Mr. Hill if he becomes permanently disabled. Upon the termination of Mr. Hill's employment for cause or if Mr. Hill voluntarily elects to terminate his agreement, Mr. Hill shall not be entitled to any severance payment other than compensation earned by Mr. Hill up to the date of termination.

Mr. Hill may be terminated by the Corporation for any reason other than specified above, upon one year's written notice of the termination of his employment agreement.

In the event that there is a change of control of the Corporation, Mr. Hill is entitled to resign within 180 days of such change of control, and to receive the equivalent of two years' base salary in a lump sum (equivalent to \$750,000) plus the continuation of all of benefits for two years, at the highest level provided to Mr. Hill at any time within the one year period prior to the change of control (an estimated value of approximately \$53,376). In addition, Mr. Hill's outstanding incentive stock option awards, RSUs and PSUs in the Corporation would fully vest and become immediately exercisable upon a change of control occurring (valued at \$ 1,614,577 as at December 31, 2017).

A "change of control" is deemed to occur if: (i) there is a direct or indirect sale or transfer of beneficial ownership of all or substantially all of the assets of the Corporation; (ii) there is a consolidation, merger, amalgamation or similar transaction as a result of which shareholders of the Corporation prior to the transaction hold less than fifty percent (50%) of the outstanding shares after completion of the transaction; or (iii) there is a sale or transfer of beneficial ownership to an acquirer of: (A) securities of the Corporation possessing more than fifty (50%) of the combined voting power; or (B) the right to appoint a majority of the Corporation's Board, as a result of which a majority of the Board elected at the next shareholders' meeting are non-incumbent directors who are nominees of such acquirer.

### Ian Gibbs, Chief Financial Officer

In December 2015 the Corporation entered into an open-ended executive employment agreement with Mr. Ian Gibbs, the Chief Financial Officer of the Corporation, providing for an annual salary of CAD\$375,000, replacing the previous executive employment agreement dated September 14, 2009.

Pursuant to the terms of Mr. Gibbs' employment agreement, the Corporation may terminate Mr. Gibbs' employment without notice or payment in lieu of notice for cause. Additionally, the agreement may be terminated by the Corporation by notice to Mr. Gibbs if he becomes permanently disabled. Upon the termination of Mr. Gibbs' employment for cause or if he voluntarily elects to terminate his agreement, Mr. Gibbs shall not be entitled to any severance payment other than compensation he earned up to the date of termination.

Mr. Gibbs may be terminated by the Corporation for any reason other than specified above, upon one year's written notice of the termination of his employment agreement.

In the event that there is a change of control of the Corporation, Mr. Gibbs is entitled to resign within 180 days of such change of control and to receive the equivalent of two years' base salary in a lump sum (equivalent to CAD\$750,000) plus the continuation of all of benefits for two years, at the highest level provided to Mr. Gibbs at any time within the one year period prior to the change of control (an estimated value of approximately CAD\$7,020). In addition, Mr. Gibbs' outstanding incentive stock option awards, RSUs and PSUs in the Corporation would fully vest and become immediately exercisable upon a change of control occurring (valued at \$878,600 as at December 31, 2017).

A "change of control" is deemed to occur if: (i) there is a direct or indirect sale or transfer of beneficial ownership of all or substantially all of the assets of the Corporation; (ii) there is a consolidation, merger, amalgamation or similar transaction as a result of which shareholders of the Corporation prior to the transaction hold less than fifty percent (50%) of the outstanding shares after completion of the transaction; or (iii) there is a sale or transfer of beneficial ownership to an acquirer of: (A) securities of the Corporation possessing more than fifty (50%) of the combined voting power; or (B) the right to appoint a majority of the Corporation's Board, as a result of which a majority of the Board elected at the next shareholders' meeting are non-incumbent directors who are nominees of such acquirer.

Tim Thomas, Chief Operating Officer

In March 2015 the Corporation entered into an open-ended executive employment agreement with Mr. Thomas providing for an annual salary of CAD\$300,000. Effective January 1, 2016, Mr. Thomas' base annual salary was increased to CAD\$350,000 per annum.

Pursuant to the terms of Mr. Thomas' employment agreement, the Corporation may terminate Mr. Thomas' employment without notice or payment in lieu of notice for cause. Additionally, the agreement may be terminated by the Corporation by notice to Mr. Thomas if he becomes permanently disabled. Upon the termination of Mr. Thomas' employment for cause or if he voluntarily elects to terminate his agreement, Mr. Thomas shall not be entitled to any severance payment other than compensation he earned up to the date of termination.

Mr. Thomas may be terminated by the Corporation for any reason other than specified above, upon six months written notice of the termination of his employment agreement.

In the event that (i) the Corporation sells a controlling interest in all or substantially all of its assets or of one or more of its subsidiaries that owns, taken together, substantially all of the assets of the Corporation, or (ii) there is a change of control of the Corporation, Mr. Thomas is entitled to resign and to receive the equivalent of two years' base salary in a lump sum (equivalent to CAD\$700,000) plus the continuation of all of benefits for two years, at the highest level provided to Mr. Thomas at any time within the one year period prior to the change of control (an estimated value of approximately \$14,084). In addition, Mr. Thomas' outstanding incentive stock option awards, RSUs and PSUs in the Corporation would fully vest and become immediately exercisable upon a change of control occurring (valued at \$745,485 as at December 31, 2017).

A "change of control" is deemed to occur if there is a successful take-over of the Corporation.

Dr. Paul Martinez, Vice President Exploration

In August 2015 the Corporation entered into an open-ended executive employment agreement with Dr. Martinez providing for an annual salary of CAD\$350,000. Effective January 1, 2017, Dr. Martinez's base annual salary was revised to \$282,000 per annum.

Pursuant to the terms of Dr. Martinez's employment agreement, the Corporation may terminate Dr. Martinez's employment without notice or payment in lieu of notice for cause. Additionally, the agreement may be terminated by the Corporation by notice to Dr. Martinez if he becomes permanently disabled. Upon the termination of Dr.



Martinez's employment for cause or if he voluntarily elects to terminate his agreement, Dr. Martinez shall not be entitled to any severance payment other than compensation he earned up to the date of termination.

Dr. Martinez may be terminated by the Corporation for any reason other than specified above, upon 60 days written notice of the termination of his employment agreement.

In the event that (i) the Corporation sells a controlling interest in all or substantially all of its assets or of one or more of its subsidiaries that owns, taken together, substantially all of the assets of the Corporation, or (ii) there is a change of control of the Corporation, Dr. Martinez is entitled to resign and to receive the equivalent of two years' base salary in a lump sum (equivalent to \$564,000) plus the continuation of all of benefits for two years, at the highest level provided to Dr. Martinez at any time within the one year period prior to the change of control (an estimated value of approximately \$13,456). In addition, Dr. Martinez' outstanding incentive stock option awards, RSUs and PSUs in the Corporation would fully vest and become immediately exercisable upon a change of control occurring (valued at \$675,532 as at December 31, 2017).

#### Mark Dingley, Vice President Operations

In accordance with the Corporation's Previous Stock Option Plan, Mr. Dingley's outstanding incentive stock option awards in the Corporation would fully vest and become immediately exercisable upon a change of control occurring (valued at \$6,400 as at December 31, 2017).

A "change of control" is deemed to occur if there is a successful take-over of the Corporation.

## **COMPENSATION OVERSIGHT, GOVERNANCE AND RISK MANAGEMENT**

The Corporation's executive compensation program is administered by the Compensation Committee of the Board. Risk management is a primary consideration of the Compensation Committee when implementing its compensation program. It does not believe that its compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Corporation.

The Corporation's directors and executive officers are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the director or officer.

### **CLAWBACK POLICY**

The Corporation's Board has adopted a clawback policy that will apply to all incentive payments awarded on or after January 1, 2016, including bonus payments, stock options, and PSU awards. The clawback policy will apply to the CEO and CFO of the Corporation, and provides the Board discretion to recover any or all incentive compensation that would have otherwise not been paid if the Board determines that:

- a) There has been a material misstatement in the Corporation's financial statements resulting in the awarding of more PSUs and/or options, or the awarding of a larger bonus than would have otherwise occurred; AND
- b) The participant engaged in gross negligence or intentional misconduct, fraud or other misconduct or willful act engaged in by the applicable executive which resulted in the financial restatement by the Corporation.

The actual clawback of incentive awards, if any, will be at the sole discretion of the Board. The Board will have up to a one year period following the date the incentive payment is settled to enforce the clawback policy, if necessary.

## SHARE OWNERSHIP GUIDELINES

The Corporation's share ownership guidelines were revised in 2017, and apply to the CEO, CFO, and COO. The CEO is required to hold shares equal in value to three times salary, and the CFO and COO are required to hold shares equal in value to two times salary, within five years following implementation of these guidelines or their promotion to the role, whichever is later. The following table compares the CEO, CFO, and COO's common share ownership relative to the guidelines:

Individual	Minimum Share Ownership (CAD\$)	# of Common Shares and RSUs Currently Owned <sup>(2)</sup>	Value of Current Ownership <sup>(3)</sup> (CAD\$)	Meets Guidelines
Keith Hill <sup>(4)</sup> <i>CEO</i>	CAD\$1,460,925 <sup>(1)</sup>	1,513,875	CAD\$2,150,459	Yes
Ian Gibbs <sup>(5)</sup> <i>CFO</i>	CAD\$750,000	1,103,138	CAD\$1,567,007	Yes
Tim Thomas <sup>(6)</sup> <i>COO</i>	CAD\$600,000	273,300	CAD\$388,222	No <sup>(7)</sup>

(1) Converted to Canadian dollars using average 2017 Bank of Canada exchange rate (1.2986)

(2) Information provided by each individual CEO, CFO, or COO.

(3) Based on the average closing price of the Corporation's Shares on the Toronto Stock Exchange for the 20 trading days preceding and including December 31, 2017 of CAD\$1.4205.

(4) Mr. Hill is required to hold shares equal in value to three times salary.

(5) Mr. Gibbs is required to hold shares equal in value to two times salary.

(6) Mr. Thomas is required to hold shares equal in value to two times salary.

(7) Mr. Thomas has until January 2021 to comply with such requirements.

## APPOINTMENT AND ROLE OF COMPENSATION CONSULTANTS

Following concerns raised by shareholders and proxy advisors in 2015 regarding Africa Oil's compensation practices, and the failure to receive shareholder approval of the Corporation's Previous Stock Option Plan at the annual general meeting, the Compensation Committee engaged the services of Hugessen Consulting Inc. ("Hugessen"). As an independent advisor, Hugessen supports the Committee by providing independent insight.

Hugessen's mandate involved an initial diagnostic review of Africa Oil's pay and pay governance practices. The results of these findings lead to a redesign of Africa Oil's compensation plans, including:

- Development of compensation peer groups (Canadian peers and UK reference peers)
- Benchmarking of pay levels for Executive Officers, and non-executive directors of Africa Oil, relative to compensation peers and development of a formal pay structure
- Design and implementation of incentive plans, including Long Term Incentive Plan
- Support with implementation of pay governance policies, including share ownership guidelines, say on pay, and clawback provisions

The Compensation Committee reviews information and advice provided by Hugessen, among other factors, in making its executive compensation decisions. The Committee also has the authority to hire and fire its independent advisor and reviews Hugessen's performance regularly.

## COMPENSATION CONSULTANT FEES

The table below summarizes all fees paid to Hugessen, our compensation consultant, in 2017. At no time prior to engaging Hugessen has any other compensation consultant or advisor been retained by Africa Oil.

Executive / Director Compensation Related Fees	Year	Consultant	Fees
	2017	Hugessen Consulting	\$4,843.43 <sup>(1)</sup>

(1) Converted to United States dollars using the Bank of Canada exchange rate on March 31, 2017 (\$0.7506).

## EQUITY COMPENSATION PLAN INFORMATION

Compensation plans under which equity securities of the Corporation are authorized for issuance, at the fiscal year ended December 31, 2017, are aggregated as follows:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options or rights	(b) Weighted-average exercise price of outstanding option (CAD\$)	(c) Number of securities remaining available for future issuance under the Plans (excluding securities reflected in column (a))
Equity Compensation Plans approved by securityholders:			
• Stock Option Plan	9,539,333	\$2.15	13,291,521
• LTIP	4,225,024	N/A	14,031,658
<b>Total</b>	<b>13,764,357</b>		<b>27,323,179</b>

## MANAGEMENT CONTRACTS

Other than as disclosed herein, management functions of the Corporation and its subsidiaries are performed by directors, executive officers or senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the insiders of the Corporation or any proposed nominee for election as director, nor any associate or affiliate of said persons has had any material interest, direct or indirect, in any transaction, which has materially affected or will materially affect the Corporation or any of its subsidiaries during the fiscal year ended December 31, 2017.

## OTHER MATTERS

Management of the Corporation knows of no other matters which will be brought before the Meeting, other than those referred to in the Notice of Meeting.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR under the Corporation's profile at [www.sedar.com](http://www.sedar.com). Financial information regarding the Corporation is provided in the consolidated annual financial statements and related management's discussion and analysis ("MD&A") for its most recently completed financial year.

Copies of the consolidated financial statements and related MD&A, as well as a copy of the Corporation's Annual Information Form ("AIF") for the fiscal year ended December 31, 2017, may be accessed on the Corporation's website at [www.africaoilcorp.com](http://www.africaoilcorp.com) or shareholders may contact the Corporation to request copies of the consolidated financial statements, MD&A and AIF, as follows:

e-mail: [africaoilcorp@namdo.com](mailto:africaoilcorp@namdo.com)  
telephone: 604-689-7842  
mail: Africa Oil Corp. - Attn: Investor Relations  
Suite 2000, 885 West Georgia Street  
Vancouver, B.C., V6C 3E8

---

---

## APPENDIX A – BOARD OF DIRECTORS’ MANDATE

---

---

The following is a description of the mandate and responsibilities of the Board of Directors (the “Board”) of Africa Oil Corp. (the “Company”):

- a. The principal responsibilities of the Board are to supervise and evaluate management, to oversee the conduct of the Company’s business, to set policies appropriate for the business of the Company and to approve corporate strategies and goals. The Board is to carry out its mandate in a manner consistent with the fundamental objective of enhancing shareholder value.
- b. In discharging its duty of stewardship over the Company, the Board expressly undertakes the following specific duties and responsibilities:
  - i. adopting, supervising and providing guidance on the Company’s strategic planning process including, reviewing on at least an annual basis, a strategic plan which takes into account the opportunities and risks of the Company’s business;
  - ii. identifying the principal risks of the Company’s business and ensuring the implementation of appropriate risk management systems;
  - iii. ensuring that the Company has management of the highest caliber and maintaining adequate and effective succession planning for senior management;
  - iv. placing limits on management’s authority;
  - v. overseeing the integrity of the Company’s internal control and management information systems; and
  - vi. overseeing the Company’s communication policy with its shareholders and with the public generally.

The Board’s independent directors shall meet without management and non-independent directors present on a quarterly basis. If a Lead Director has been appointed, such meetings of the independent directors will be presided over by the Lead Director.

### Outside Advisors and Fulfilling Responsibilities

A director may, with the prior approval of the Chairman of the Board, engage an outside advisor at the reasonable expense of the Company, where such director and the Chairman of the Board determine that it is appropriate in order for such director to fulfill his or her responsibilities, provided that the advice sought cannot properly be provided through the Company’s management or through the Company’s advisors in the normal course. If the Chairman of the Board is not available in the circumstances, or determines that it is not appropriate for such director to so engage outside counsel, the director may appeal the matter to the Corporate Governance and Nominating Committee, whose determination shall be final.

---

---

## APPENDIX B – SUMMARY OF EQUITY PLAN TERMS

---

---

### *Long Term Incentive Plan*

The following summarizes the key terms of the LTIP as adopted by the Board. Capitalized terms used in the summary of the LTIP below that are not otherwise defined herein, shall have the meanings given to such terms in the LTIP.

*Administration.* The Board will administer the LTIP and has the right to delegate the administration and operation of the LTIP, in whole or in part, to a committee of the Board.

*Awards Available for Grant.* Pursuant to the LTIP, the Board may grant restricted share units (“RSUs”) and performance share units (“PSUs”) and any combination of the foregoing.

*Eligible Participants.* As designated by the Board, RSUs and PSUs may be granted to any officer, director or employee of the Corporation or a Consultant of the Corporation or any Affiliates and any such person’s personal holding company.

*Number of Shares.* The maximum number of Shares which may be reserved for issuance under the LTIP in respect of grants of RSUs and PSU to Eligible Participants, and for dividend-equivalent payments in respect thereof, cannot exceed 18,256,682 Shares. As of December 31, 2017, there were 1,270,000 RSUs and 1,024,000 PSUs outstanding under the LTIP, representing, in aggregate, 12.5% of the maximum number of Shares reserved for issuance. There are 14,031,658 Shares available, being 76.9% of the maximum number of Shares reserved for issuance under the LTIP.

*Participation Limits.* Unless the Corporation has received requisite shareholder approval, under no circumstances shall the LTIP, together with all other Share Compensation Arrangements of the Corporation, result, at any time, in: (i) the aggregate number of Shares reserved for issuance to insiders (as a group) at any point in time exceeding 10% of the Corporation’s issued and outstanding Shares; (ii) the issuance to insiders (as a group), within a one-year period, of an aggregate number of Shares exceeding 10% of the Corporation’s issued and outstanding Shares; (iii) the aggregate number of Shares reserved for issuance to all non-employee directors of the Corporation exceeding 1% of the Corporation’s issued and outstanding Shares; or (iv) the grant to any individual non-employee director of the Corporation of more than CAD\$150,000 worth of Shares annually.

Subject to compliance with the foregoing limitations, the LTIP does not provide for a maximum number of Shares which may be issued to an individual pursuant to the LTIP.

*Vesting.* Each Grant Agreement will describe the vesting dates for RSUs and PSUs. The Corporation intends that for non-executive directors, RSUs will cliff vest three years after the date of grant and for all other participants, RSUs will have ratable vesting over three years. PSUs will cliff vest three years after the date of grant.

*Term and Settlement.* RSUs and PSUs will be settled on the first business day following the applicable vesting date but in all events in the calendar year in which such first business day occurs. RSUs and PSUs will be settled by the Corporation in Shares issued from treasury, unless the Participant elects to settle in cash in which case the cash payment will be determined by the number of Shares the Participant would be eligible to receive multiplied by the Market Value. The Corporation has the right to override the Participant’s election and settle such RSUs or PSUs in shares issued from treasury.

*Cessation.* Unless otherwise provided in the applicable Grant Agreement, if a Participant ceases to be an Eligible Person due to his or her termination or resignation without good reason, any unvested Units held by that Participant shall expire. The expiration of a Unit renders it void and incapable of settlement.

If the Participant ceases to be an Eligible Person because of a resignation with good reason or his or her death, then any unvested Units held by that Participant will immediately vest and become available for settlement. If the Participant ceases to be an Eligible Person because of his or her retirement, such Participant will continue to participate in the LTIP as if the Participant continued to be actively employed with the Corporation. If the Participant ceases to be an Eligible Person because of a disability, all unvested Units held by such Participant will vest based on a pro-rated amount of months between the date of grant and the termination date and be settled in accordance with the LTIP. In respect of PSUs, the Board will calculate the actual performance criteria for the purposes of settlement.

*Assignability.* In no event may the Units under the LTIP be assigned or transferred in any way, except to the extent such Units may pass to a beneficiary or legal representative upon death of a participant.

*Amendments.* The Board may amend, revise or discontinue the terms and conditions of the LTIP in its sole discretion subject to certain limitations under the LTIP. The Board may, from time to time, in its discretion and without the approval of shareholders, make changes to the LTIP which do not require shareholder approval, which may include an amendment that: (i) is necessary to comply with any applicable law or any requirement of a stock exchange; (ii) is in respect of the administration of or eligibility for participation in the LTIP; (iii) is to alter, extend or accelerate the vesting or settlement terms of any Unit; or (iv) is of a “housekeeping nature”, including those which are made to clarify the meaning of an existing provision of the LTIP, is to correct or supplement any provision of the LTIP that is inconsistent with any other provision of the LTIP, correct any grammatical or typographical errors or amend the definitions in the LTIP regarding administration of the LTIP.

The Board may not amend the LTIP without approval from the shareholders if any applicable law, or stock exchange rule, regulation or policy, requires that the amendment be approved by the Shareholders. Shareholder approval of an amendment to the LTIP is specifically required where the amendment: (i) increases the maximum number of Shares issuable under the LTIP; (ii) alters the participation limits for insiders or non-employee directors; (iii) extends the time for which a Unit expires beyond its original expiry date; (iv) permits the assignment or transfer of a unit other than for normal estate settlement purposes; or (v) amends the amendment provisions of the LTIP.

*Market Value.* Market Value means, in relation to a Share, the volume weighted average trading price of the Share on the Toronto Stock Exchange (the “TSX”) for the five immediately preceding trading days.

*Adjustments.* The LTIP provides that appropriate adjustments, if any, will be made by the Board in connection with a reclassification, reorganization, or other change of shares, consolidation, distribution, merger or amalgamation, in order to maintain the participant’s economic rights in respect of their units in connection with such change in capitalization.

*Dividend Equivalents.* If a dividend becomes payable by the Corporation on its Shares, participants will be entitled to be credited with dividend equivalent payments in the form of additional RSUs and/or PSUs, as applicable, which additional units will be settled at the same time that the underlying RSUs and/or PSUs, as applicable, are settled.

*Black-out period.* A Participant that receives Shares in satisfaction of a Unit during a black-out period may not sell or otherwise dispose of those Shares during the black-out period. If a Participant chooses to receive cash on the settlement of Units and the settlement date falls during a black-out period, then the Cash Equivalent will be calculated with a Market Value on the date that is seven days following the date the relevant black-out period is lifted, terminated or removed.

*Change of Control.* In the event of a change of control transaction in which there is an acquiring or surviving entity, the Board may provide for substitute or replacement units of similar value from the acquiring or surviving entity or one or more of its subsidiaries. In addition, if a participant is terminated without cause or resigns with good reason, within twelve months following a change of control, unvested Units or replacement equivalents become fully vested. In addition, on a change of control, the Market Value of a Share underlying a Unit will be determined on the date of the change of control and such Unit will convert into the entitlement to receive a cash payment in accordance with the terms of the LTIP.

*Clawback.* The Board has adopted a clawback policy that will apply to all incentive payments awarded on or after January 1, 2016, including bonus payments, stock options, and PSU awards. The clawback policy will apply to the CEO and CFO of the Corporation, and provides the Board discretion to recover any or all incentive compensation that would have otherwise not been paid if the Board determines that: (i) there has been a material misstatement in the Corporation's financial statements resulting in the awarding of more PSUs and/or options, or the awarding of a larger bonus than would have otherwise occurred; and (ii) the participant engaged in gross negligence or intentional misconduct, fraud or other misconduct or willful act engaged in by the applicable executive which resulted in the financial restatement by the Corporation. The actual clawback of incentive awards, if any, will be at the sole discretion of the Board. The Board will have up to a one year period following the date the incentive payment is settled to enforce the clawback policy, if necessary.

### ***Stock Option Plan***

The following summarizes the key terms of the Stock Option Plan, approved by shareholders on April 19, 2016. Capitalized terms used in the summary of the Stock Option Plan below that are not otherwise defined herein, shall have the meanings given to such terms in the Stock Option Plan.

Commencing in 2016, stock options are no longer awarded to NE directors and Executives.

*Administration.* The Board will administer the Stock Option Plan and has the right to delegate the administration and operation of the Stock Option Plan, in whole or in part, to a committee of the Board.

*Eligible Participants.* As designated by the Board, options may be granted to any employees, directors, officers and consultants of the Corporation and its Affiliates.

*Number of Shares.* The Stock Option Plan provides that the maximum number of Shares issuable upon the exercise of options shall not exceed 5% percent of the issued and outstanding Shares from time to time (on a non-diluted basis). As a result, should the Corporation issue additional Shares in the future, the number of Shares issuable pursuant to the Stock Option Plan will increase accordingly. Any Shares subject to an option which has been exercised by a Participant or for any reason is cancelled or terminated without having been exercised, will again be available for grants under the Stock Option Plan. As of December 31, 2017, there were 456,617,074 Shares issued and outstanding. As of December 31, 2017, there were 9,535,333 options outstanding under the Stock Option Plan and the Rolling Stock Option Plan (the "Previous Stock Option Plan, being 2% of the number of Shares issued and outstanding. Therefore, a balance of 13,291,521 Shares, representing 3% of the number of Shares issued and outstanding are potentially issuable under the Stock Option Plan.

*Participation Limits.* Unless the Corporation has received requisite shareholder approval, under no circumstances will the Stock Option Plan, together with all other Share Compensation Arrangements of the Corporation, result, at any time, in: (i) the aggregate number of Shares reserved for issuance to insiders (as a group) at any point in time exceeding 10% of the Corporation's issued and outstanding Shares; (ii) the issuance to insiders (as a group), within a one-year period, of an aggregate number of Shares exceeding 10% of the Corporation's issued and outstanding Shares; (iii) the aggregate number of Shares reserved for issuance to all non-employee directors of the Corporation exceeding 1% of the Corporation's issued



and outstanding Shares; or (iv) the annual grant to any individual non-employee director of the Corporation under all Share Compensation Arrangements exceeding a grant value of CAD\$100,000 in options or CAD\$150,000 in full value equity awards.

*Exercise Price.* The exercise price may not be less than the closing price of the Shares on the TSX on the trading day that immediately preceded the date of the grant.

*Vesting.* The vesting schedule for any option outstanding under the Stock Option Plan is determined by the Board, acting in its sole discretion, and is stated in the Stock Option Certificate. Once vested, an option holder may exercise such options and the Corporation will issue Shares from treasury in accordance with the Stock Option Plan.

*Term.* An option granted under the Stock Option Plan has a maximum term of five years from the date it was granted.

*Cessation.* Unless the Board decides otherwise, options granted under the Stock Option Plan expire at the earlier of their expiry date and: (i) 30 days after the option holders' termination by the Corporation with cause or resignation without good reason; (ii) 3 years after the option holders' retirement; (iii) 12 months after the option holders' death; and (iv) 90 days after resignation with good reason or termination by the Corporation without cause.

*Assignability.* Options are not assignable or transferrable by an option holder and may only be exercised during the lifetime of the option holder by the option holder personally. Options may be transferred upon the death of an option holder (subject to the cessation limitations above).

*Amendments.* Subject to compliance with TSX rules, the Board may, without shareholder approval, amend, suspend or terminate the Stock Option Plan or the terms of any option previously granted, provided that such amendments do not require approval of the shareholders, which may include amendments: (i) to amend the vesting provisions of an option; (ii) as is necessary to comply with any applicable law or any requirement of a stock exchange; or (iii) that are of a "housekeeping nature", including those which are made to clarify the meaning of an existing provision of the Stock Option Plan, is to correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan, correct any grammatical or typographical errors or amend the definitions in the Stock Option Plan regarding administration of the Stock Option Plan.

However, shareholder approval (as well as compliance with applicable TSX rules) is required if the Board seeks to amend the Stock Option Plan for any of the following purposes: (i) to increase the maximum reserve of Shares permitted under the Stock Option Plan; (ii) to reduce the exercise price of outstanding options, cancel and reissue options or extend the expiry date of an option or a substitution of options with cash or other awards on terms more favourable to a participant; (iii) to amend the insider participation limits; (iv) any change that would materially modify the eligibility requirements for participation in the Stock Option Plan; (v) any amendment relating to the grant of options to non-employee directors; (vi) any amendment to the amendment provisions; or (vii) to allow for an option to be transferable or assignable, other than for normal estate settlement purposes.

*Adjustments.* The Stock Option Plan provides that appropriate adjustments, if any, will be made by the Board in connection with a reclassification, reorganization, or other change of shares, consolidation, distribution, merger or amalgamation, in order to maintain the participant's economic rights in respect of their options in connection with such change in capitalization, including adjustments to the exercise price or the number of Shares to which a participant is entitled upon exercise of options, or permitting the immediate exercise of any outstanding options that are not otherwise exercisable.

*Black-out Period.* No option will be granted during a black-out period or other trading restriction imposed by the Corporation or any other time when the Board or the Corporation has material undisclosed information. An option holder may not exercise an option if the Corporation has imposed a black-out period. If an option would expire during or within nine days of a black-out period, then the expiry date of that option will automatically extend to the date that is 10 business days following the date that the black-out period ends.

*Change of Control.* In the event of a change of control transaction in which there is an acquiring or surviving entity, the Board may provide for substitute or replacement options of similar value from the acquiring or surviving entity or one or more of its subsidiaries. In addition, if a participant is terminated without cause or resigns with good reason, within twelve months following a change of control, unvested options or replacement equivalents become fully vested.

### ***The Rolling Plan***

Previous to shareholder approval of the Corporation's Stock Option Plan on April 19, 2016, the issuance of stock options was governed by a stock option plan (the "Previous Stock Option Plan") that was initially adopted by shareholders at the annual and special meeting held on June 23, 2008 and ratified and approved by shareholders on June 3, 2014. However, the Corporation failed to obtain shareholder approval for the ratification and confirmation of an amended version of the Previous Stock Option Plan at the Annual General and Special Meeting on June 11, 2015, and no options have been granted under the Previous Stock Option Plan since that date.

The Previous Stock Option Plan will continue to govern awards previously granted under such plan and be retained until the outstanding options that were granted pursuant to the Previous Stock Option Plan have been exercised or expire. Capitalized terms used in the summary of the Previous Stock Option Plan below that are not otherwise defined herein, shall have the meanings given to such terms in the Previous Stock Option Plan.

*Administration.* The Previous Stock Option Plan is administered by the secretary of the Corporation, or such director or senior officer or employee of the Corporation as may be designated as the administrator of the Previous Stock Option Plan from time to time, on the instructions of the Board.

*Eligible Participants.* Stock options may be granted to an employee, director, officer or management company, employee of the Corporation, or other persons who perform management or consulting services or investor relations services for the Corporation or any of its subsidiaries on an ongoing basis.

*Number of Shares.* The aggregate number of shares issuable upon the exercise of all stock options granted under the Previous Stock Option Plan is not to exceed 10% of the issued and outstanding share capital of the Corporation on a non-diluted basis at any time, and such aggregate number of shares shall automatically increase or decrease as the number of issued and outstanding shares changes. As of December 31, 2017, an aggregate of 4,485,000 options under the Previous Stock Option Plan are currently under grant, representing less than 1% of the issued and outstanding Shares of the Corporation on a non-diluted basis. Because the Previous Stock Option Plan was not ratified and confirmed at the 2015 Annual and Special General Meeting, there will be no further grants made under the Previous Stock Option Plan.

*Vesting.* Vesting of options granted pursuant to the Previous Stock Option Plan was determined by the Board on the date of the option grant and as indicated in the option grant and related option agreement.

*Term.* The term of options granted pursuant to the Previous Stock Option Plan was fixed by the Board on the date of the option grant, except that in the event that the expiry date of an Option falls during or within two business days following

the end of a blackout period of the Corporation pursuant to its policies, the expiry date of such Option shall be extended for a period of ten business days following the end of the blackout period.

*Cessation.* In the event that an option holder should die while he or she is still a director or employee of the Corporation, the expiry date of the option is one year from the date of death of the option holder.

In the event that an option holder who has received stock options in his or her capacity as a director of the Corporation ceases to be a director of the Corporation other than by reason of death, the expiry date of the options will be the 30th day following the date the option holder ceases to be a director of the Corporation unless the option holder continues to be engaged by the Corporation as an employee, in which case the expiry date will remain unchanged, or where the option holder ceases to be a director of the Corporation as a result of ceasing to meet the qualifications under section 124 of the BCA, a special resolution being passed by the shareholders of the Corporation pursuant to subsection 128(3) of the BCA, or by order of the British Columbia Securities Commission, the TSX or any regulatory body having jurisdiction to do so, in which case the expiry date will be the date the option holder ceases to be a director of the Corporation.

In the event that an option holder who has received stock options in his or her capacity as an employee of the Corporation ceases to be an employee of the Corporation other than by reason of death, or if the employee is a party providing investor relations services or management or consulting services to the Corporation and ceases to continue providing such services to the Corporation, the expiry date of the option will be the 30th day following the date the option holder ceases to be an employee of the Corporation or ceases to continue providing such investor relations, management and consulting services to the Corporation, subject to the terms and conditions of the Plan.

*Exercise Price.* The exercise price per share was determined by the Board at the time the options were granted.

*Assignability.* Options may not be assigned or transferred other than by will or by the applicable laws of descent and may only be exercised by the option holder.

*Adjustments.* The Previous Stock Option Plan provides that appropriate adjustments, if any, will be made by the Board in connection with a reclassification, reorganization, or other change of shares, consolidation, distribution, merger or amalgamation, in order to maintain the participant's economic rights in respect of their options in connection with such change in capitalization, including adjustments to the exercise price or the number of Shares to which a participant is entitled upon exercise of options, or permitting the immediate exercise of any outstanding options that are not otherwise exercisable.

*Change of Control.* In the event that a change of control occurs, each option will become fully vested and may be exercised by the option holder. After such change of control the option may be exercised as to all or any of the optioned shares in respect of which the option has not been exercised, on or before the earlier of the expiry of the option and that date which is 60 days after the date of notice to the holder of such change of control event. After such date the provisions of the option shall reapply with respect to the balance of the optioned shares in respect of which the option has not been exercised, subject to the terms of the Previous Stock Option Plan.

*Termination.* The Board may terminate the Previous Stock Option Plan at any time provided that such termination will not alter the terms or conditions of any option or impair any right of any option holder pursuant to any option awarded prior to the date of such termination and notwithstanding such termination the Corporation, such options, option holders, directors and employees and shares shall continue to be governed by the provisions of the Previous Stock Option Plan.

*Amendments.* Without shareholder approval, but subject to compliance with TSX rules, the Board may amend, suspend or terminate the Previous Stock Option Plan or the terms of any option previously granted for the following purposes: (i) making minor or technical modifications to any of the provisions of the Rolling Plan; (ii) to correct any ambiguity, defective provisions, error or omission; (iii) to add or change provisions relating to any form of financial assistance provided by the Corporation to Eligible Persons that would facilitate the purchase of securities under the Rolling Plan; or (iv) to add a

cashless exercise feature to any option or to the Previous Stock Option Plan, providing for the payment in cash or securities upon the exercise of options.

However, disinterested shareholder approval (as well as compliance with applicable TSX rules) is required if the Board would like to amend the Previous Stock Option Plan for any of the following purposes: (i) to increase the maximum reserve of Shares permitted by the Previous Stock Option Plan; (ii) to reduce the exercise price of outstanding options; (iii) to extend the term of any option; (iv) to remove or exceed the insider or non-employee director participation limits; (v) to allow for an option to be transferable or assignable, other than for normal estate settlement purposes; or (vi) an amendment to the amendment provisions of the Previous Stock Option Plan.