AFRICA OIL CORP.

(formerly Canmex Minerals Corporation)

Consolidated Financial Statements
(Expressed in United States dollars)

For the three and six months ended June 30, 2007 and 2006

AFRICA OIL CORP.
(formerly: CANMEX MINERALS CORPORATION)
Second Quarter Report
For the Period Ending June 30, 2007

To our Shareholders:

Africa Oil Corp. (the “Company” or “Africa Oil”) is pleased to present this report to shareholders on the activities of the Company during the second quarter period ended June 30, 2007.

Dharoor and Nogal Oil Exploration Projects, Puntland

The Company holds an 80% interest in two licenses encompassing the highly prospective Dharoor and Nogal Valleys in the state of Puntland in northern Somalia. Both blocks are considered world-class exploration plays with petroleum systems geologically similar to and formerly contiguous with those in the prolific oil producing Republic of Yemen.

Combined, the two blocks cover a very large area, with the Nogal Valley Block extending over approximately 12,849,479 acres, which encompasses the Nogal Basin. The Dharoor Valley Block extends over an area of 7,166,056 acres, encompassing the entire Darin Basin. This large area, with only 5 wells drilled historically, remains one of the least explored regions in North Africa.

A comprehensive exploration work program is underway on the Nogal Valley Block, including geological fieldwork, reprocessing of prior 2D seismic, acquisition of surface high resolution geochemical surveys and review and integration of all geophysical and geological data. A drilling rig will be mobilized to site with the anticipation of spudding the first well in early 2008.

To facilitate its work program and to monitor operating and safety conditions, the Company has established its operational headquarters in Boosaaso, Puntland and has appointed Ken Watson as General Manager, who will reside in Boosaaso.

The most clearly defined basins in Puntland are the Nogal and Darin basins. These large depressions are visible on satellite imagery. The two basins are analogous to the prolific Yemen rift system found across the Gulf of Aden. The exploration concept is that the oil reserves found in the Cretaceous and Jurassic sedimentary sequence in Yemen could also be present in similar formations in the northern portion of Somalia, since these two areas were joined approximately 18 million years ago, before the movement of the Indian plate away from the African plate.

The basin fill is extremely thick, with more than 10,000 feet of sediments in some areas. The main target reservoir is the Jurassic-aged sandstones belonging to the Gabredarre Formation. These reservoir sandstones overlie the organic rich shales and marls of the Uarandab Formation, which is thought to be the source rock for the oil seeps observed along the boundary faults. The secondary reservoirs include the deep marine sandstones and shallow marine carbonates belonging to the Upper Cretaceous Gumburo Formation. The marine sandstones of the Jesomma Formation, also Upper Cretaceous in age, are also potential secondary targets. The Jesomma and Gumburo have isopach thicknesses of approximately 1,350 and 2,450 feet, respectively.

The limited historical information indicates that reservoir quality rocks are present within the Nogal Basin. Two wells drilled in the centre of the basin and the drilling reports for these two wells indicated that the Jurassic sandstone targets were not reached but that oil shows were found in some of the shallower Cretaceous sandstones. Surface seeps of oil, as well as oil shows reported in the exploration wells drilled by previous operators, indicate that the source rocks have generated hydrocarbons and that they have migrated through the system. There is not enough data yet to determine if trap formation predates hydrocarbon migration, however. The indications from the limited number of wells drilled in the basin are that the basin appears to be oil-prone.

Seismic structure maps prepared in the late 1980's and obtained from the Somali Government by the Company show that a number of fault-bounded structures with three way dip closures exist within the basin. A seismic base map for the basin indicates that approximately 2500 line miles of 2D seismic has been shot representing some 76 seismic lines.

A review of three seismic lines to date shows potentially good structuring in the subsurface with evidence of tilted fault blocks and rollover closure. These potential structures, combined with the extremely thick section of basin fill, provide multiple horizons in which hydrocarbons can be trapped.

At this time, there is insufficient data available for the Dharoor Valley Block to assess the potential within the Darin Basin. The size and proximity to the Nogal Basin suggest that it has had a similar geologic history and, as such, should have similar prospectivity to the Nogal Basin. Future exploration will be needed in order to assess this large area to determine its potential.

On the political front, the media has carried many stories about the new Petroleum Law to be considered by the Transitional Federal Government (TFG). However, the bill has not yet been placed before the TFG or debated by them. Both President Hersi of Puntland and President Yussef of the TFG have stated opposition to the bill and both have issued press releases to that effect. Africa Oil Corp. believes that the law will not be enacted because it is clearly less beneficial to both the TFG and Puntland than our existing agreements. We are very pleased by the strong commitment to the sanctity of our concession agreements shown by various key players and stakeholders.

Corporate

Africa Oil acquired its 80% participating interest in the blocks from Range Resources Ltd. (“Range”), a public company listed on the Australian Stock Exchange. As consideration for its participating interest, Africa Oil paid Range $5 million and assumed the obligation to solely fund up to $22.75 million of joint venture costs on each of the blocks ($45.5 million in total for both blocks) during a six year period. An additional $3.5 million will be payable to Range upon commencement of commercial production.

To fund the acquisition and the upcoming work program as well as for general working capital, the Company raised gross proceeds of Cdn $20 million by way of a non-brokered private placement.

To better reflect the Company’s new direction the name was changed to Africa Oil Corp. effective August 20, 2007.

Investor relations activities are carried out by Company personnel and include the design and maintenance of a corporate website and investor and analyst communication.

The Company looks forward to a successful venture in Puntland and will continue as well to review other opportunities in Africa and beyond as part of an aggressive growth strategy.

On Behalf of the Board

Richard Schmitt
President and CEO

August 28, 2007

AFRICA OIL CORP.

(formerly Canmex Minerals Corporation)
Consolidated Balance Sheets
(Expressed in United States dollars)
(Unaudited)

	June 30, 2007	December 31, 2006
ASSETS		
Current assets		
Cash	$ 19,268,947	$ 2,949,333
Term deposit	-	2,831,889
Accounts receivable	23,251	38,483
Prepaid expenses	1,761	3,523
	19,293,959	5,823,228
Oil and Gas interest (Note 5)	5,071,464	-
Property, plant and equipment	1,046	-
	$ 24,366,469	$ 5,823,228
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 536,966	$ 36,886
	536,966	36,886
Shareholders' equity		
Share capital (Note 6)	28,364,896	11,492,546
Contributed surplus	1,092,256	671,289
Deficit	(5,444,383)	(6,194,227)
Accumulated comprehensive income (Note 4)	(183,266)	(183,266)
	23,829,503	5,786,342
	$ 24,366,469	$ 5,823,228

Nature of Operations (Note 1)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Richard Schmitt" Director   *"Paul Conibear"* Director

AFRICA OIL CORP.

(formerly Canmex Minerals Corporation)
Consolidated Statements of Operations and Comprehensive Income
(Expressed in United States dollars)
(Unaudited)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
Expenses				
Project investigation	-	52,117	-	64,528
Salaries and benefits	131,182	-	184,949	-
Stock-based compensation (Note 6(b))	420,967	-	420,967	-
Travel	63,464	-	97,218	-
Management fees	43,740	13,364	59,104	26,352
Office and general	17,898	997	25,185	3,298
Professional fees	10,390	3,110	20,066	12,579
Stock exchange and filing fees	33,183	6,416	57,202	16,200
	720,824	76,004	864,691	122,957
Other (income) expenses				
Interest and other (income)	(112,476)	(63,433)	(137,315)	(76,303)
Foreign exchange (gain) loss	(1,391,704)	6,469	(1,477,220)	1,679
Profit (loss) for the period	783,356	(19,040)	749,844	(48,333)
Deficit, beginning of period	(6,227,739)	(5,440,605)	(6,194,227)	(5,411,312)
Deficit, end of period	$ (5,444,383)	$ (5,459,645)	$ (5,444,383)	$ (5,459,645)
Other comprehensive income				
Foreign currency translation adjustment	-	279,379	-	261,704
Comprehensive income for the period	783,356	260,339	749,844	213,371
Basic profit (loss) per share	$ 0.05	$ (0.00)	$ 0.05	$ (0.00)
Diluted profit (loss) per share	$ 0.05	$ (0.00)	$ 0.05	$ (0.00)
Weighted average number of shares outstanding				
Basic	17,103,538	12,671,187	15,177,426	12,671,187
Diluted	17,354,507	12,671,187	15,407,366	12,671,187

See accompanying notes to consolidated financial statements.

AFRICA OIL CORP.

(formerly Canmex Minerals Corporation)
Consolidated Statement of Shareholders' Equity and Deficit
(Expressed in United States dollars)
(Unaudited)

	June 30, 2007	December 31, 2006
Share capital, opening	$ 11,492,546	$ 8,066,951
Exercise of Warrants (Note 6(a))	-	3,425,595
Private placement, net (Note 6(a))	16,872,350	-
	28,364,896	11,492,546
Contributed surplus, opening	671,289	(242)
Stock based compensation (Note 6(b))	420,967	671,531
Contributed surplus, closing	1,092,256	671,289
Comprehensive income, opening	(183,266)	(177,361)
Foreign currency translation adjustment (Note 2)	-	(5,905)
Accumulated comprehensive income closing	(183,266)	(183,266)
Deficit, opening	(6,194,227)	(5,411,312)
Profit (loss) for the period	749,844	(782,915)
Deficit, closing	(5,444,383)	(6,194,227)
Shareholders' equity	$ 23,829,503	$ 5,786,342

See accompanying notes to consolidated financial statements.

AFRICA OIL CORP.

(formerly Canmex Minerals Corporation)
Consolidated Statements of Cash Flows
(Expressed in United States dollars)
(Unaudited)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
Cash flows used in operating activities				
Profit (loss) for the period	$ 783,356	$ (19,040)	$ 749,844	$ (48,333)
Changes in non-cash operating working capital items				
Stock-based compensation	420,967	-	420,967	-
Accounts receivable and prepaid expenses	(17,644)	(43,482)	16,994	(43,023)
Accounts payable and accrued liabilities	512,385	(12,604)	500,080	(350,603)
	915,708	(56,086)	938,041	(393,626)
Net cash from (used in) operating activities	1,699,064	(75,126)	1,687,885	(441,959)
Cash flows from investing activities				
Investment in oil and gas interests	(31,739)	-	(5,071,464)	-
Property, plant and equipment	(1,046)	-	(1,046)	-
Term deposit	-	-	2,831,889	-
Net cash used in investing activities	(32,785)	-	(2,240,621)	-
Cash flows from financing activities				
Common shares issued, net of issuance costs	16,872,350	-	16,872,350	3,425,595
Share subscriptions received	(6,462,784)	-	-	-
Net cash provided by financing activities	10,409,566	-	16,872,350	3,425,595
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	-	151,562	-	139,910
Increase in cash	12,075,845	76,436	16,319,614	3,123,546
Cash, beginning of period	7,193,102	3,098,399	2,949,333	51,289
Cash, end of period	$ 19,268,947	$ 3,174,835	$ 19,268,947	$ 3,174,835
Supplementary information				
Interest paid	Nil	Nil	Nil	Nil
Taxes paid	Nil	Nil	Nil	Nil

See accompanying notes to consolidated financial statements.

1. Nature of operations:

The Company changed its name from Canmex Minerals Corporation to Africa Oil Corp. on August 20, 2007.

Africa Oil Corp. (collectively with its subsidiaries, AOC or the Company), was incorporated on March 29, 1993 under the laws of British Columbia and is an international oil and gas exploration and development company based in Canada with oil interests in Somalia.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern and thereby realize assets and discharge its liabilities in the normal course of business. The Company incurred losses before exchange gains and losses of $727,376 and $46,654, respectively from continuing operations during the months ended June 30, 2007 and 2006 and currently does not have any operating assets that generate revenues. Consequently, the Company's ability to continue as a going concern is dependant on the Company's ability to obtain additional financing if, as and when required, and, ultimately, the attainment of profitable operations.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. Change in functional and reporting currency:

During the year ended December 31, 2006, the Company changed its reporting currency from Canadian dollars to United States dollars as this reporting currency is more suitable for the Company's investors and other users of the financial statements as a result of the Company's increased focus on international oil and gas operations. In making this change in reporting currency, the Company has followed the recommendations of the Emerging Issues Committee (EIC) of the Canadian Institute of Chartered Accountants (CICA), set out in EIC-130, *Translation Method when the Reporting Currency Differs from the Measurement Currency or there is a Change in the Reporting Currency*.

Financial statements for all comparative periods during 2006 have been translated into the new reporting currency using the current rate method. Using this method, all consolidated assets and liabilities have been translated using the exchange rate at the balance sheet dates, while shareholders' equity has been translated using the historical rates of exchange in effect on the dates of the corresponding transactions. The consolidated statements of operations and deficit and cash flows have been translated using the prevailing average exchange rates for the periods. Any resulting exchange differences due to this translation are included in shareholders' equity as cumulative translation adjustments.

Prior to January 1, 2007, the Company's functional currency was Canadian dollars. Due to the Company's participating interest in the Dhahoor Valley and Nogal Valley PSAs, and the associated increase in United States dollar denominated expenditures, the United States dollar was adopted as the functional currency of the Company effective January 1, 2007.

3. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which include the following:

(a) Basis of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

All intercompany transactions and balances have been eliminated.

(b) Term deposits:

Term deposits consist of highly liquid investments, having maturity dates of three to twelve months when purchased and are recorded at the lower of cost and quoted market value.

(c) Foreign currency translation:

The Company's functional and reporting currency is United States dollars.

Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at exchange rates prevailing at the balance sheet date and non-monetary assets and liabilities are translated at rates in effect on the date of the transaction. Revenues and expenses are translated at the average rate of exchange in effect during the period other than depreciation which is translated at historical rates. Exchange gains or losses arising from translation are included in operations.

(d) Oil and gas interests:

The Company follows the full cost method of accounting for its oil and gas interests. In accordance with Accounting Guideline 16 (AcG 16) issued by the CICA, all costs relating to the exploration for and development of oil and gas reserves are capitalized in country-by-country cost centres and charged against income as set out below. Capitalized costs include expenditures for geological and geophysical surveys, concession acquisition, drilling exploration and development wells, gathering and production facilities and other development expenditures.

Capitalized costs along with estimated future capital costs to develop proved reserves are depleted on a unit-of-production basis using estimated proved oil and gas reserves. Costs of acquiring and evaluating unproved properties are excluded from costs subject to depletion until it is determined whether proved reserves are attributable to the properties or impairment occurs. Unproved properties are evaluated for impairment on at least an annual basis. If an unproved property is considered to be impaired, the amount of the impairment is added to costs subject to depletion.

The Company engages independent reservoir engineers in order to determine its share of reserves and resources.

Proceeds from the sale or farm-out of oil and gas interests are offset against the related capitalized costs and any excess of net proceeds over capitalized costs is recorded in the statement of operations. Gains or losses from the sale or farm-out of oil and gas interests in the producing stage are recognized only when the effect of crediting the proceeds to capitalized costs would result in a change of 20 percent or more in the depletion rate.

3. Significant accounting policies (continued):

(d) Oil and gas interests (continued):

The net amount at which oil and gas interests are carried is subject to a cost recovery test (the ceiling test). The ceiling test is a two-stage process which is performed at least annually. The first stage is a recovery test whereby undiscounted estimated future cash flows from proved reserves at oil and gas prices in effect at the balance sheet date (forecast prices) plus the cost of unproved properties less any impairment is compared to the net book value of the oil and gas interests to determine if the assets are impaired. An impairment loss exists if the net book value of the oil and gas interests exceeds such undiscounted estimated cash flows. The second stage determines the amount of the impairment loss to be recorded. The impairment is measured as the amount by which the net book value of the oil and gas interests exceeds the future estimated discounted cash flows from proved plus probable reserves at the forecast prices. Any impairment is recorded as additional depletion cost.

(e) Stock-based compensation:

The Company has a stock option plan as described in note 6(b). The Company uses the fair value method, utilizing the Black-Scholes option pricing model, for valuing stock options granted to directors, officers, consultants and employees. The estimated fair value is recognized over the applicable vesting period, except for stock options granted to consultants which are expensed immediately, as stock-based compensation expense and an increase to contributed surplus. When the stock options are exercised, the proceeds received and the applicable amounts recorded in contributed surplus are credited to share capital.

(f) Income taxes:

The Company accounts for income taxes using the asset and liability method. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward. Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is substantively enacted. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

(g) Loss per share:

Loss per share is calculated using the weighted average number of common shares outstanding during the year. For all periods presented, loss attributable to common shareholders are the same as reported net loss. For calculating diluted loss per share, the treasury stock method is used for the purposes of determining the common share equivalents with respect to outstanding stock options and warrants to be included in the weighted average number of common shares outstanding, if dilutive. For the period ended June 30, 2006, dilutive loss per share is the same as basic loss per share, as the effect of the outstanding share options would be anti-dilutive.

3. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

In the accounting for oil and gas interests, amounts recorded for depletion and amounts used for impairment test calculations are based on estimates of oil and gas reserves and future cash flows, including development costs. By their nature, the estimates of reserves and the related future cash flows are subject to measurement uncertainty and the impact on the consolidated financial statements of future periods could be material.

4. Changes in accounting policy:

On January 1, 2007, the Company adopted three new accounting standards that were issued by the Canadian Institute of Chartered Accountants: Handbook Section 1530, Comprehensive Income, Handbook Section 3861, Financial Instruments – Presentation and Disclosure and Handbook Section 3855, Financial Instruments – Recognition and Measurement. These standards have been applied prospectively; accordingly, comparative amounts for prior periods have not been restated.

(a) Comprehensive income

Section 1530 introduces comprehensive income, which consists of net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period arising from transactions and other events and circumstances from non-owner sources and includes unrealized gains and losses on financial assets classified as available-for-sale. The components of comprehensive income are disclosed in the interim consolidated statement of shareholders' equity.

(b) Financial instruments – presentation and disclosure; recognition and measurement

Section 3861 establishes standards for the presentation and disclosure of financial instruments. Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be measured at fair value on initial recognition and recorded on the balance sheet. Measurement in subsequent period depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities.

Financial assets and liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net income. Financial assets and financial liabilities considered held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost.

(Expressed in United States dollars unless otherwise indicated)

Derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value. Changes in the fair values of derivative instruments are recognized in net income with the exception of derivatives designated as effective cash flow hedges. The Company has no such designated hedges.

5. Oil and Gas Interest:

	June 30, 2007			December 31, 2006
	Land acquisition	Geological and Geophysical	Total	Total
Somalia	5,036,378	35,086	5,071,464	-

6. Share capital:

(a) The authorized and issued share capital is as follows:

Authorized:
100,000,000 common shares without par value

	June 30, 2007		December 31, 2006	
	Shares	Amount	Shares	Amount
Balance, beginning of year	13,229,912	$ 11,492,546	9,249,912	$ 8,066,951
Exercise of warrants	-	-	3,980,000	3,425,595
Private placements, net	4,000,000	16,872,350		
Balance, end of period	17,229,912	$ 28,364,896	13,229,912	$ 11,492,546

(i) During the year ended December 31, 2006, 3,980,000 share purchase warrants were exercised at a price of CAD$1.00 per share for total proceeds of $3,425,595 (CAD$3,980,000). There are no further warrants outstanding.

(ii) During the second quarter ended June 30, 2007, the Company completed a private placement consisting of 4,000,000 common shares at CDN $5.00 per share for net proceeds of $17.0 million (CAD $19.5 million).

(b) Share purchase options:

The Company has a stock option plan (the Plan) in which 1,300,000 common shares have been made available for the Company to grant incentive stock options to certain directors, officers, employees and consultants of the Company. Option exercise prices, when granted, reflect current trading values of the Company’s shares and all options are subject to a four-month “hold” period from the date of grant. The term of any option granted under the Plan will be fixed by the Board of Directors and may not exceed five years from the date of grant vesting periods are determined by the Board of Directors. No optionee shall be entitled to a grant of more than 5% of the Company's outstanding issued shares.

(Expressed in United States dollars unless otherwise indicated)

Share purchase options outstanding, all of which are exercisable, are as follows:

	June 30, 2007		December 31, 2006	
	Number of shares	Weighted average exercise price (CAD$)	Number of shares	Weighted average exercise price (CAD$)
Outstanding, beginning of year	500,000	3.43	-	-
Granted	295,000	3.43	500,000	3.43
Expired	-	-	-	-
Exercised	-	-	-	-
Balance, end of period	795,000	3.43	500,000	3.43

An additional 295,000 stock options were granted during 2006 and were subject to shareholder approval. The fair value of these options has been recognized in the statement of operations as shareholder approval has been received at the Annual General Meeting held on June 21, 2007.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes options pricing model with the following weighted average assumptions:

	December 31, 2006
Fair value of options granted (CAD$/share)	1.52
Risk-free interest rate (%)	4.29
Expected life (years)	3.00
Expected volatility (%)	62.00
Expected dividend yield	-

The following table summarizes information regarding stock options outstanding at June 30, 2007.

Exercise price (CAD$/share)	Number outstanding	Weighted average remaining contractual life
3.43	795,000	2.29

7. Related party transactions:

The Company has entered into transactions with a related party, which were measured at the exchange amounts. The Company paid $59,104 (June 30, 2006 - $26,352) to Namdo Management Services Ltd., a private corporation owned by Lukas H. Lundin, the former President and Director of the Company, pursuant to a services agreement.

8. Presentation:

Certain figures for prior years have been reclassified in the financial statements to conform to the current year's presentation.

AFRICA OIL CORP.
(formerly Canmex Minerals Corporation)
CORPORATE DIRECTORY
JUNE 30, 2007

OFFICERS
Richard Schmitt
President
Ian Gibbs
Chief Financial Officer
Kathy Love
Corporate Secretary

DIRECTORS
Richard Schmitt
Corporate Governance and Nominating Committee
J. Cameron Bailey
Audit Committee
Compensation Committee
Corporate Governance and Nominating Committee
Paul Conibear
Audit Committee
Compensation Committee
Corporate Governance and Nominating Committee
Keith Hill
Audit Committee
Compensation Committee

AUDITORS
KPMG LLP
Vancouver, BC, Canada

BANKERS
Bank of Montreal
Vancouver, BC. Canada

SUBSIDIARIES
Canmex Holdings (Bermuda) I Ltd.
Canmex Holdings (Bermuda) II Ltd.

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1100 - 888 Dunsmuir St.
Vancouver, BC, Canada
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SOLICITOR
McCullough, O'Connor, Irwin
Vancouver, BC, Canada

SHARE CAPITAL
Authorized: 100,000,000 common shares
Issued and outstanding 17,229,912 shares

REGISTRAR AND TRANSFER AGENT
Computershare Trust Company of Canada
Vancouver, BC, Canada

SHARE LISTING
TSX Venture Exchange
(AOI)

AFRICA OIL CORP.

(formerly Canmex Minerals Corporation)

Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2007 and 2006

Unaudited
Prepared by Management

AFRICA OIL CORP.
(formerly Canmex Minerals Corporation)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in United States dollars unless otherwise indicated)
THREE and SIX MONTHS ENDED June 30, 2007 AND 2006

On August 20, 2007, the Company changed its name from Canmex Minerals Corporation to Africa Oil Corp.

Management's discussion and analysis ("MD&A") focuses on significant factors that have affected Africa Oil Corp. and its subsidiaries (the "Company" or "AOC") and such factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three and six months ended June 30, 2007 and the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2006 and related notes thereto.

The financial information in this MD&A is derived from the Company's consolidated financial statements which are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are outlined within Note 3 to the consolidated financial statements of the Company.

The effective date of this MD&A is August 23, 2007.

Additional information about the Company and its business activities is available on SEDAR at www.sedar.com.

GENERAL

Africa Oil Corp. is a Canadian-based company whose common shares are traded on the TSX Venture Exchange under the symbol "AOI". The Company is an international oil and gas exploration and development company based in Canada with oil and gas interests in Somalia.

During the first quarter of 2007, AOC entered into Production Sharing Agreements ("PSAs") and Joint Venture Agreements acquiring an 80% interest in licenses covering the highly prospective Dhahoor Valley and Nogal Valley Blocks in the state of Puntland in northern Somalia. These blocks are considered world-class exploration plays with a petroleum system identical to and formerly contiguous with those within the Republic of Yemen.

AOC acquired its 80% participating interest in the blocks from Range Resources Ltd. ("Range"), a public company listed on the Australian Stock Exchange. As consideration for its participating interest, the Company paid Range $5 million and assumed the obligation to solely fund $22,750,000 of joint venture costs on each of the blocks ($45,500,000 in total for both blocks) during the exploration period. In the event that a commercial discovery is declared on a block prior to AOC spending $22,750,000, AOC shall be deemed to have earned its interest in the block and the Company and Range will be responsible for future expenditures on the block in proportion to their respective working interests. In the event that AOC does not fund the required $22,750,000 during the two three-year exploration periods, the Company's interest in the block would be forfeited. An additional $3,500,000 will be payable to Range upon commencement of commercial production.

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters								
Three months ended	**Jun 30, 2007**	**Mar 31, 2007**	**Dec 31, 2006**	**Sep 30, 2006**	**Jun 30, 2006**	**Mar 31, 2006**	**Dec 31, 2005**	**Sep 30, 2005**
Total Revenues ($'000)	112	25	49	50	63	13	25	1
Net earnings (loss)[(1)] ($'000)	783	(34)	(767)	33	(19)	(30)	(377)	(23)
Basic and diluted earnings (loss) per share [(1)] ($)	0.05	0.00	(0.06)	0.00	0.00	0.00	(0.05)	(0.01)

(1) Earnings (loss) before extraordinary items and net earnings (loss) are the same.

The Company recorded positive earnings during the second quarter of 2007 due to $1.4 million of recognized exchange gains mostly attributable to the Company's large Canadian dollar cash position (June 30, 2007: CAD$ 20.1 million). The Company incurred a loss of $608,000 before exchange gains primarily due to $420,000 of stock-based compensation and $131,000 of salaries. Expenses, including salaries, increased during the second quarter of 2007 as the Company employed additional staff following the first quarter signing of the Dhahoor Valley and Nogal Valley Production Sharing Agreements.

The $767,000 loss incurred during the fourth quarter of 2006 was mainly due to $671,531 of stock based compensation charges during the quarter. Employment related expenses also increased with the appointment of Richard Schmitt as President and CEO.

The cause of the Company's increased loss during the fourth quarter of 2005 was increased costs associated with project investigation related activities. The Company incurred these costs investigating a large resource property located in Southeast Asia. These costs included consultant's services for technical studies on the project, data acquisition, travel, management and competitive bidding costs in pursuit of the asset.

RESULTS OF OPERATIONS

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
Profit (loss) for the period	783,356	(19,040)	749,844	(48,333)
Less: exchange gain (loss)	1,391,704	(6,469)	1,477,220	(1,679)
Loss for the period	(608,348)	(12,571)	(727,376)	(46,654)
Plus: expenses	720,824	76,004	864,691	122,957
Interest and other income	112,476	63,433	137,315	76,303

Before exchange gains and losses the Company incurred a $608,000 loss during the second quarter of 2007. Total expenses were $721,000 during the quarter, compared to $76,000 during the second quarter of 2006. The increase in expenses relates primarily to increased salary and stock based compensation expenses. Expenses are expected to increase during 2007 as the Company begins actively exploring for oil in Somalia.

During the second quarter of 2007, expenses were offset by $112,000 interest earned on the increased cash balance due to the private placement completed in April and $1,392,000 of foreign exchange gains recorded on Canadian dollar bank deposits.

The Company is currently a non-revenue generating international oil and gas company with interests in exploration stage oil properties. Accordingly, losses are expected to continue.

OIL AND GAS INTEREST

	June 30, 2007			December 31, 2006
	Land acquisition	Geological and Geophysical	Total	Total
Somalia	5,036,378	35,086	5,071,464	-

AOC incurred geological and geophysical expenses relating to reprocessing and reinterpreting previously acquired seismic data on the Dhahoor Valley and Nogal Valley blocks.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2007, the Company had cash of $19.2 million and working capital of $18.8 million as compared to cash of $2.9 million and working capital of $5.8 million at December 31, 2006. The increase of $13.0 million in working capital during the year is primarily due to $17 million net private placement proceeds being offset by the $5.0 million payment to Range as consideration for the Company's participating interest in the Dhahoor Valley and Nogal Valley Blocks.

On April 3, 2007 and April 5, 2007, AOC closed two tranches of a private placement consisting of an aggregate 4.0 million common shares of the Company at a price of CAD$5.00 per share, for gross proceeds of CAD$20.0 million. These funds will be used to explore the Dhahoor Valley and Nogal Valley Blocks in the state of Puntland in northern Somalia under the terms of the PSAs and for general corporate purposes.

The Company's current working capital position may not provide it with sufficient capital resources to meet its minimum work obligations for the initial three year exploration period under the PSAs, participation agreement and for general corporate purposes. To finance its future acquisition, exploration, development and operating costs, AOC may require financing from external sources, including from the sale of equity and debt securities. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to AOC.

FINANCIAL INSTRUMENTS

The carrying amount of financial instruments comprising cash and cash equivalents, term deposits, accounts receivable, due to and from related parties and accounts payable and accrued liabilities approximate their fair value due to the immediate or short-term nature of these financial instruments.

RELATED PARTY TRANSACTIONS

The Company has entered into transactions with a related party, which were measured at the exchange amounts. The Company paid $59,104 (June 30, 2006 - $26,352) to Namdo Management Services Ltd., a private corporation owned by Lukas H. Lundin, the former President and Director of the Company, pursuant to a services agreement.

DISCUSSION OF PROPOSED TRANSACTIONS

The Company is currently evaluating new business opportunities but none that are considered to be probable to close in the immediate future.

OUTSTANDING SHARE DATA

As at August 23, 2007, the Company had 17,229,912 common shares outstanding and 835,000 stock options outstanding under its stock based compensation plan

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

Disclosure Controls

Disclosure controls and procedures encompass both financial and non-financial information and any communications the Company has with external parties. The Company has evaluated the design and effectiveness of its disclosure control framework. Based on this evaluation, the Company has concluded that the disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

The Company evaluated the design of its internal controls and procedures over financial reporting for the year ended December 31, 2006. Based on this evaluation, the Company has concluded that the design of these internal controls and procedures over financial reporting was effective as of December 31, 2006. During the first half of 2007, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to have materially affected, the Company's internal control over financial reporting.

Changes in Functional Currency and Accounting Policies

As a result of its increased focus on international oil and gas operations, the Company adopted the US dollar as its reporting currency during the year ended December 31, 2006. All opening assets and liabilities were translated into US dollars using the exchange rate in effect on January 1, 2006. For comparative purposes, historical financial statements and notes thereto up to and including December 31, 2006 have been restated into US dollars as if the Company had adopted the US dollar as its reporting currency for those periods.

The change in the reporting currency for the prior periods resulted in a currency translation adjustment of $177,361 as at December 31, 2005, which is reflected in accumulated comprehensive income, a separate component of shareholders' equity.

Prior to January 1, 2007, the Company's functional currency was Canadian dollars. Due to the Company's participating interest in the Dhahoor Valley and Nogal Valley PSAs, and the associated increase in United States dollar denominated expenditures, the United States dollar was adopted as the functional currency of the Company effective January 1, 2007.

New Accounting Pronouncements

The Company adopted the full cost method of accounting for its oil and gas interests during 2006. In accordance with Accounting Guideline 16 (AcG 16) issued by the CICA, all costs relating to the exploration for and development of oil and gas reserves are capitalized in country-by-country cost centres and charged against income as set out below. Capitalized costs include expenditures for geological and geophysical surveys, concession acquisition, drilling exploration and development wells, gathering and production facilities and other development expenditures.

Capitalized costs along with estimated future capital costs to develop proved reserves are depleted on a unit-of-production basis using estimated proved oil and gas reserves. Costs of acquiring and evaluating unproved properties are excluded from costs subject to depletion until it is determined whether proved reserves are attributable to the properties or impairment occurs. Unproved properties are evaluated for impairment on at least an annual basis. If an unproved property is considered to be impaired, the amount of the impairment is added to costs subject to depletion.

The Company engages independent reservoir engineers in order to determine its share of reserves.

Proceeds from the sale or farm-out of oil and gas interests are offset against the related capitalized costs and any excess of net proceeds over capitalized costs is included in operations. Gains or losses from the sale or farm-out of oil and gas interests in the producing stage are recognized only when the effect of crediting the proceeds to capitalized costs would result in a change of 20 percent or more in the depletion rate.

The net amount at which oil and gas interests are carried is subject to a cost recovery test (the "ceiling test"). The ceiling test is a two-stage process which is performed at least annually. The first stage is a recovery test whereby undiscounted estimated future cash flows from proved reserves at oil and gas prices in effect at the balance sheet date ("forecast prices") plus the cost of unproved properties less any impairment is compared to the net book value of the oil and gas interests to determine if the assets are impaired. An impairment loss exists if the net book value of the oil and gas interests exceeds such undiscounted estimated cash flows. The second stage determines the amount of the impairment loss to be recorded. The impairment is measured as the amount by which the net book value of the oil and gas interests exceeds the future estimated discounted cash flows from proved plus probable reserves at the forecast prices. Any impairment is recorded as additional depletion cost.

The following summarizes recent accounting pronouncements and the potential impact on the Company:

Financial Instrument - Recognition and Measurement, Hedging and Comprehensive Income

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") released the new Handbook Section 3855, "Financial Instruments –Recognition and Measurement" and Section 1530, "Comprehensive Income", effective for the interim periods and year ends for fiscal years commencing on or after January 1, 2007 on a prospective basis. The Company adopted these standards starting on January 1, 2007 on a prospective basis. As required by the new standards, prior periods have not been restated, except to reclassify the foreign currency translation adjustment balance as described under Comprehensive Income.

Section 3855 establishes standards for the recognition and measurement of all financial instruments, provides a characteristics-based definition of a derivative financial instrument, provides criteria to be used to determine when a financial instrument should be recognized, and provides criteria to be used when a financial instrument is to be extinguished. Section 1530 establishes standards for reporting comprehensive income. These standards require that an enterprise present comprehensive income and its components in a separate financial statement that is displayed with the same prominence as other financial statements.

The Company is not a counter-party to any derivative contracts nor does it believe that it has any embedded derivatives. Should the Company enter into any such contracts in the future it will account for them under these new standards.

Financial Instruments - Disclosure
In December 2006, the AcSB issued Section 3862 as a new accounting standard on disclosures about financial instruments. Section 3862 must be implemented no later than the first reporting period in the first fiscal year beginning on or after October 1, 2007.

Section 3862 places an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how those risks are managed.

The additional disclosures will be evaluated by the Company.

Accounting Changes
In July 2006 the CICA issued revised Section 1506, Accounting Changes.

The main features are as follows:
Voluntary changes in accounting policy are made only if they result in the financial statements providing reliable and more relevant information.

- Changes in accounting policy are applied retrospectively unless doing so is impracticable.
- Prior period errors are corrected retrospectively.
- New disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors.

The revised Section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2007. The requirements of this new section are being addressed as circumstances dictate.

Capital Disclosures
In December 2006, the CICA issued a new accounting standard on disclosures about capital. Section 1535, Capital Disclosures, must be implemented no later than the first reporting period in the first fiscal year beginning on or after October 1, 2007. Section 1535 requires an entity to disclose information about its objectives, policies and processes for managing capital, as well as its compliance with any externally imposed capital requirements. The Section requires entities to describe and provide quantitative data about what they manage as capital. The Company is analyzing the additional disclosure requirements and will address these issues at or on October 1, 2007.

International Financial Reporting Standards
Within the next five years, Canadian generally accepted accounting principles for publicly accountable enterprises are expected to be replaced with International Financial Reporting Standards (IFRSs). The CICA anticipates a five-year transition period (ending around 2011). The Company will address the impact of the adoption of IFRSs as and when the transition requirements become more clearly defined. It is possible that the adoption of IFRS will have a material impact on the Company's financial statements.

RISK FACTORS

The Company is subject to various risks and uncertainties, including, but not limited to, those listed below.

International Operations
AOC participates in oil and gas projects located in emerging markets, including Somalia. Oil and gas exploration, development and production activities in these emerging markets, including Somalia, are subject to significant political and economic uncertainties which may adversely affect the Company's operations. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, nationalization, renegotiation or nullification of existing or future concessions and contracts, the

imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change in taxation policies, and the imposition of currency controls. These uncertainties, all of which are beyond the Company's control, could have a material adverse effect on AOC's business, prospects and results of operations. In addition, if legal disputes arise related to oil and gas concessions acquired by the Company, AOC could be subject to the jurisdiction of courts other than those of Canada. The Company's recourse may be very limited in the event of a breach by a government or government authority of an agreement governing a concession in which AOC acquires an interest. The Company may require licenses or permits from various governmental authorities to carry out future exploration, development and production activities. There can be no assurance that AOC will be able to obtain all necessary licenses and permits when required.

Uncertainty of Title

Although the Company conducts title reviews prior to acquiring an interest in a concession, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise that may call into question AOC's interest in the concession. Any uncertainty with respect to one or more of AOC's concession interests could have a material adverse effect on the Company's business, prospects and results of operations.

Competition

The petroleum industry is intensely competitive in all aspects including the acquisition of oil and gas interests, the marketing of oil and natural gas, and acquiring or gaining access to necessary drilling and other equipment and supplies. AOC competes with numerous other companies in the search for and acquisition of prospects.

Risks Inherent in Oil and Gas Exploration and Development

AOC's business is subject to all of the risks and hazards inherent in businesses involved in the exploration for, and the acquisition, development, production and marketing of, oil and natural gas, many of which cannot be overcome even with a combination of experience and knowledge and careful evaluation. The risks and hazards typically associated with oil and gas operations include fire, explosion, blowouts, sour gas releases, pipeline ruptures and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment or personal injury.

Capital Requirements

To finance its future acquisition, exploration, development and operating costs, AOC may require financing from external sources, including from the sale of equity and debt securities. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to AOC. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of AOC may be diluted. If unable to secure financing on acceptable terms, AOC may have to cancel or postpone certain of its planned exploration and development activities and may not be able to take advantage of acquisition opportunities.

OUTLOOK

AOC has commenced exploration activities on the Dhahoor Valley and Nogal Valley Blocks in Puntland, Somalia and plans are being prepared to potentially commence drilling in early 2008. To facilitate its work program and to monitor operating and safety conditions, the Company has established its operational headquarters in Boosaaso, Puntland and has appointed Ken Watson as General Manager, who will reside in Boosaaso. The timing of the Company's exploration activities will be dependant upon political and security considerations in Puntland, Somalia. The Company continues to monitor the progress of a proposed new Petroleum Law to be considered by the Transitional Federal

Government (TFG). The Company looks forward to a successful venture in Puntland and will continue to review other opportunities in Africa and beyond as part of an aggressive growth strategy

Forward Looking Statements

This MD&A may contain forward-looking statements and information. Forward-looking statements are statements that are not historical fact and are generally identified by words such as believes, anticipates, expects, estimates or similar words suggesting future outcomes. By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements and information. Risks and uncertainties include, but are not limited to, risk with respect to general economic conditions, regulations and taxes, civil unrest, corporate restructuring and related costs, capital and operating expenses, pricing and availability of financing and currency exchange rate fluctuations. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

The Company does not undertake to update or re-issue the forward-looking statements and information that may be contained herein, whether as a result of new information, future events or otherwise.