Consolidated Financial Statements
(Expressed in United States dollars)

AFRICA OIL CORP.

For the three months ended March 31, 2009 and 2008

Unaudited
Prepared by Management

Africa Oil Corp.

To our shareholders,

Africa Oil Corp. (“Africa Oil” or the “Company”) recently completed the acquisition of a large portfolio of East African oil exploration projects from Lundin Petroleum AB ("Lundin Petroleum"). The projects are located within a vastly underexplored region of the rich East African rift basin petroleum system. The projects acquired include an 85% working interest in Blocks 2, 6, 7 and 8 and a 50% working interest in the Adigala Block in Ethiopia plus a 100% interest in Block 10A and a 30% interest in Block 9 in Kenya. Africa Oil has assumed operatorship of these projects, excluding Block 9 in Kenya.

The new acreage acquired is complementary to Africa Oil's existing holdings in what is considered a truly world-class exploration play fairway. The Company's total land package in this prolific region is in excess of 200,000 square kilometers - an area roughly the size of Great Britain.

The East African Rift Basin system is one of the last great rift basins to be explored. New discoveries have been announced on all sides of Africa Oil's virtually unexplored land position including the major Heritage/Tullow Albert Graben oil discovery in neighboring Uganda. Similar to the Albert Graben play model, Africa Oil's concessions have older wells, a legacy database, and host numerous oil seeps indicating a proven petroleum system. Good quality existing seismic shows robust leads and prospects throughout Africa Oil's project areas.

Africa Oil has an aggressive exploration program planned over the next two years which will include seismic and drilling in both Ethiopia and Kenya, in addition to the previously announced drilling program in Puntland, Somalia.

Pursuant to a Share Purchase Agreement, Africa Oil has paid as consideration to Lundin Petroleum approximately US $23.7 million which is being funded through a convertible loan from Lundin Petroleum maturing December 31, 2011 and at an interest rate of USD six-month LIBOR plus 3%. The loan, including any accrued and unpaid interest, will be convertible, at the option of either Africa Oil or Lundin Petroleum AB, into shares of Africa Oil on the basis of CAD $0.90 per common share.

In addition, the Company's existing CAD $6 million loan (plus accrued interest in the amount of $195,520.55) from a shareholder of the Company has now been converted to 6,521,601 units of the Company on the basis of CAD $0.95 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of CAD $1.50 per share over a period of three years. In the event that Africa Oil trades at or above CAD $2.00 for a period of 20 consecutive days, a forced exercise provision will come into effect.

The Company has also completed the sale, on a non-brokered, private placement basis, of 37,421,108 Subscription Receipts of the Company at a price of CAD $0.95 per Subscription Receipt for gross proceeds of CAD $35,549,966. Each Subscription Receipt entitles the holder to receive one Unit of the Company without further payment. One unit comprises one common share plus one share purchase warrant exercisable at CAD $1.50 per share for a period of three years. In the event that Africa Oil trades at or above CAD $2.00 for a period of 20 consecutive days, a forced exercise provision will come into effect. A 5% finder's fee was payable on a portion of the private placement. The net proceeds of the private placement will be used to finance the operations of the portfolio of East African oil exploration projects acquired from Lundin Petroleum as well as for general working capital purposes.

The Company's planned exploration program will evaluate each of these plays over the next two years. The Company has identified numerous large and robust prospects on seismic and looks forward to the opportunity of exploring within a truly world class exploration play fairway.

On Behalf of the Board,

Richard Schmitt
President

May 22, 2009

AFRICA OIL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in United States dollars unless otherwise indicated)
For the THREE MONTHS ENDED March 31, 2009 and 2008

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 audited consolidated financial statements for the years ended December 31, 2008 and 2007 and related notes thereto. The unaudited consolidated financial statements for the three months ended March 31, 2009 and 2008 have not been reviewed by the Company's external auditors.

The financial information in this MD&A is derived from the Company's unaudited consolidated financial statements which are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are outlined within Note 2 to the consolidated financial statements of the Company.

The effective date of this MD&A is May 22, 2009.

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

RECENT ACTIVITIES

Effective April 28, 2009, the Company successfully closed an acquisition of a portfolio of East African oil exploration projects from Lundin Petroleum AB (LPAB). The projects are located within a vastly underexplored region of the rich East African rift basin petroleum system. The projects acquired include an 85% working interest in Blocks 2, 6, 7 and 8 and a 50% working interest in the Adigala Block in Ethiopia plus a 100% interest in Block 10A and a 30% interest in Block 9 in Kenya. AOC has assumed operatorship of these projects excluding Block 9 in Kenya.

Pursuant to the Share Purchase Agreement (SPA), AOC will pay as consideration to LPAB approximately $23.7 million which will be funded through a convertible loan from LPAB maturing December 31, 2011 and at an interest rate of six-month LIBOR plus 3%. The loan, including any accrued and unpaid interest, will be convertible, at the option of either AOC or LPAB, into shares of AOC on the basis of CAD$0.90 per common share.

On May 12, 2009, the Company's existing CAD$6.0 million loans (plus accrued interest) from a shareholder of the Company was converted to approximately 6.5 million Units of the Company on the basis of CAD$0.95 per Unit. Each Unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share of AOC at a price of CAD$1.50 per share over a period of three years. In the event that AOC trades at or above CAD$2.00 for a period of 30 consecutive days, a forced exercise provision will come into effect.

Concurrent with the SPA, AOC has sold, on a non-brokered, private placement basis, an aggregate of 37.4 million Units of the Company at a price of CAD$0.95 per Unit for gross proceeds of approximately CAD$35.5 million. Each Unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share of AOC at a price of CAD$1.50 per share over a period of three years. In the event that AOC trades at or above CAD$2.00 for a period of 30 consecutive days, a forced exercise provision will come into effect. A 5% finder's fee is payable on all or a portion of the private placement. Net proceeds of the private placement will be used towards the planned work programs on the Company's projects in Somalia, Ethiopia, and Kenya as well as for general corporate purposes.

GENERAL

AOC 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, Ethiopia and Kenya.

During the first quarter of 2007, AOC entered into Production Sharing Agreements ("PSAs") and Joint Venture Agreements acquiring an 80% interest in licenses covering an area of 81,000 square kilometers in the two highly prospective Dharoor 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.

During the second quarter of 2009, the Company completed an acquisition of a large portfolio of East African oil exploration projects. The projects are located within a vastly underexplored region of the rich East African rift basin petroleum system. The projects acquired include an 85% working interest in Blocks 2, 6, 7 and 8 and a 50% working interest in the Adigala Block in Ethiopia plus a 100% interest in Block 10A and a 30% interest in Block 9 in Kenya. Africa Oil will assume operatorship of these projects, excluding Block 9 in Kenya. These new acreages are complementary to AOC's existing Somalia Blocks and the Company's existing holdings in what is considered a truly world-class exploration play fairway.

The East African Rift Basin system is one of the last great rift basins to be explored. New discoveries have been announced on all sides of the Company's virtually unexplored land position including the major Heritage/Tullow Albert Graben oil discovery in neighbouring Uganda. Similar to the Albert Graben play model, the Company's concessions have older wells, a legacy database, and host numerous oil seeps indicating a proven petroleum system. Good quality existing seismic show robust leads and prospects throughout the AOC's project areas.

OPERATIONS UPDATE

Seismic Program

In Somalia, in the Nogal Block, AOC has acquired all of the more than 4,000 kilometres of existing good quality 2D data which was recorded in the late 1980's. This has enabled the Company to work up an inventory of drilling prospects from which the first two well locations will be selected.

At the Dharoor Block, the acquisition of 2D seismic commenced on July 9, 2008. A total of 782 kilometers of good quality data has been acquired, comprised of 15 grid lines. The Company has combined 555 kilometers of previously acquired data into the seismic database.

In Ethiopia, in Blocks 7/8, AOC plans to acquire approximately 200 kilometres of 2D seismic data. It is anticipated that during Q2 2009, the seismic crew and equipment will mobilize. In Blocks 2/6, the Company plans to acquire 300 kilometres with plans to commence after the completion of Blocks 7/8. Finally, in the Adigala Block, AOC is expected to acquire approximately 500 kilometres of 2D seismic beginning in late Q2 2009.

In Kenya, in Block 10A, the Company plans to acquire 750 kilometres of 2D seismic data which is expected to commence in Q4 2009. Seismic data related to Block 9 was previously acquired and has led to identification of various leads and prospects.

Exploration Drilling

In Somalia, AOC has identified numerous potentially large prospects in both the Dharoor and Nogal Blocks on seismic and will select future drilling locations in late Q4 2009. In addition, the Company will start its efforts to procure and mobilize a drilling rig.

In the Kenyan non-operated Block 9, the operator has plans to spud a well during Q4 2009.

Additional drilling activity in Kenya Block 10A and the Ethiopian Blocks will await completion of seismic acquisition, processing, and interpretation.

Selected Quarterly Information

Three months ended	31-Mar 2009	31-Dec 2008	30-Sep 2008	30-Jun 2008	Mar 31 2008	Dec 31 2007	Sept 30, 2007	Jun 30, 2007
Interest Income ($'000)	2	5	11	18	44	96	121	112
Net earnings (loss) ($'000)	(555)	(1,314)	(1,376)	(1,016)	(471)	(241)	656	783
Weighted average shares - Basic ('000)	17,975	17,913	17,760	17,552	17,306	17,251	17,236	17,104
Weighted average shares - Diluted ('000)	17,975	17,913	17,760	17,552	17,306	17,251	17,593	17,355
Basic and diluted earnings (loss) per share ($)	(0.03)	(0.05)	(0.08)	(0.05)	(0.03)	(0.02)	0.04	0.05
Oil and Gas Interest Expenditures ($'000)	395	4,529	6,923	7,445	8,822	594	1,203	32

The Company recorded net losses during each quarter of 2008 and the first quarter of 2009. The continued losses reported, compared to previous quarters are mainly the result of interest expense (refer to related party section for additional details), increased stock based compensation charges and increased office and salaries cost due to increased staff levels.

Positive earnings during the third quarter of 2007 was due to recognized exchange gains, mostly attributable to the Company’s large Canadian dollar cash position during these periods and the strengthening of the Canadian dollar versus the US dollar.

RESULTS OF OPERATIONS

	For the quarter ended March 31, 2009	For the quarter ended March 31, 2008
Loss (profit) for the period	555,402	471,149
Less: exchange loss/(gain)	(97,036)	106,624
Loss before foreign exchange	652,438	364,525

Before exchange gains and losses the Company incurred a $0.7 million loss during the quarter ended March 31, 2009. Total expenses were $0.7 million during the quarter ended March 31, 2009, compared to $0.4 million during the same period in 2008. The increase in expenses relates primarily to increased salaries and wages, stock based compensation, finance expense associated with short term borrowing, travel and office costs.

The Company is currently 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

	March 31, 2009	December 31, 2008
Oil and Gas Interests	$34,982,661	$34,587,729

During the quarter ended March 31, 2009, AOC incurred $0.4 million (net) of expenditures related to oil and gas interest in Somalia. These costs relate to expenditures towards the 2-D seismic processing on the Dharoor Valley and other intangible capital items. These costs will not be subject to depletion until such time that proved oil and gas reserves are identified.

The Company has acquired long-lead items, including wellheads, casing and other drilling materials in order to complete the drilling of four exploration wells. These items are being stored at offsite locations in Dubai and Djibouti. As at March 31, 2009, the Company has incurred costs of $5.3 million related to these items, which are included in Oil and Gas Interest.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2009, the Company had cash of $0.02 million and negative working capital of $10.5 million (includes CAD$6.0 million of loans and accrued interest payable to a significant shareholder, which were converted into AOC shares effective May 12, 2009) as compared to cash of $0.3 million and negative working capital of $9.7 million at December 31, 2008. The decrease of $0.8 million in working capital is primarily due to the expenditures incurred related to the ongoing 2D seismic processing in Somalia and other intangibles. Subsequent to quarter end, the Company has closed a significant business acquisition, raised approximately CDN$35.5 million of gross proceeds in a private placement and negotiated the conversion of the shareholder loans into Company shares. These events will enable the Company to increase its cash position, reduce the working capital deficiency and provide cash flow for future exploration program expenditures The Company's current working capital position may not provide it with sufficient capital resources to meet its minimum work obligations for the initial exploration period under the various PSA and Production Sharing Contracts (PSC) and for general corporate purposes. To finance its future acquisition, exploration, development and operating costs, AOC may require financing from external sources, including issuance of new shares, issuance of debt or executing working interest farm-out arrangements (refer to subsequent event discussion below). 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.

STOCK-BASED COMPENSATION

The Company uses the fair value method of accounting for stock options granted to directors, officers and employees whereby the fair value of all stock options granted is recorded as a charge to operations. Stock based compensation for the three months ended March 31, 2009 was $0.2 million, as compared to $0.09 million for the period ending March 31, 2008. The Company continues to utilize its stock option plan as a method of recruiting, retaining and motivating key personnel.

RELATED PARTY TRANSACTIONS

During the third quarter of 2008, a company affiliated with a significant shareholder, provided a loan to the Company in the amount of CDN$4.0 million (USD$3.2 million) at an interest rate of prime plus 2% for short term working capital purposes. As consideration of the loan, the lender received a bonus payment of 188,679 common shares with a value of USD$0.8 million, which has been recorded as finance expense.

During the fourth quarter of 2008, a company affiliated with a significant shareholder, provided an additional loan to the Company in the amount of CDN$2.0 million (USD$1.6 million) at an interest rate of prime plus 2% for short term working capital purposes. As consideration of the loan, the lender received a bonus payment of 106,952 common shares with a value of USD$0.3 million which has been recorded as finance expense.

Effective May 12, 2009 the Company's existing CAD$6.0 million loans (plus accrued interest in the amount of $0.2 million) from a significant shareholder has been converted to 6,521,601 units of AOC on the basis of CAD$.95 per unit. Each unit comprises one common share and one share purchase warrant. Each whole warrant is exercisable into one common share of Africa Oil at a price of CAD$1.50 per share over a period of three years.

At March 31, 2009, the Company incurred costs of $0.04 million (2008 - $0.04 million) in executive management and support services fees to Namdo Management Services Ltd ("Namdo"). Namdo is a private corporation owned by a significant shareholder.

COMMITMENTS AND CONTINGENCIES

Somalia

Under the PSAs for the Nogal and Dharoor Blocks, the contractor is required to drill one exploration well in each block in each exploration period. The first three-year exploration period expires in January 2010 and the second optional three-year exploration period would be expected to expire in January 2013.

Under the Joint Venture Agreement, in exchange for the 80% working interest in each block, the Company is obligated to solely fund $22.8 million of joint venture costs on each of the blocks ($45.5 million 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 $22.8 million, 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 $22.8 million during the two three-year exploration periods, the Company's interest in the block would be forfeited. An additional $3.5 million will be payable to Range upon commencement of commercial production.

During the fourth quarter of 2008, the Company fulfilled its sole funding obligation related to the Dharoor Valley Block. As a result, Range is paying its 20% participating interest share of ongoing exploration costs related to this Block. In the Nogal Valley Block, the Company has spent approximately $3.4 million towards sole funding obligation as of March 31, 2009.

Ethiopia

Under the terms of the Blocks 7/8 PSA, the initial 4 year exploration period expires in July 2011, the Company is obligated to complete certain geological and geophysical (G&G) operations (including seismic acquisition) with a minimum expenditure of $11.0 million gross ($9.4 million net). In addition, AOC is required to drill one exploration well with a minimum expenditure of $6.0 million gross ($5.1 million net).

In accordance with the PSA for Blocks 2/6, the initial 4 year exploration period expires in November 2010, AOC is obligated to complete certain G&G operations (including seismic acquisition) with a minimum expenditure of $10.8 million gross ($9.2 million net).

Kenya

Under the terms of the Block 10A PSC, the initial 4 year exploration period expires in October 2011, the Company is obligated to complete G&G operations (including seismic acquisition) with a minimum expenditure of $7.8 million. Additionally, AOC is required to drill one exploration well with a minimum expenditure of $8.5 million.

SUBSEQUENT EVENT

Subsequent to March 31, 2009, AOC entered into a farm-out agreement with Black Marlin Energy Limited (Black Marlin) that had previously been negotiated by LPAB. Under the agreement, Black Marlin will receive a 30 percent working interest in Blocks 2/6 and 7/8 in Ethiopia and a 20 percent working interest in Block 10A in Kenya.

The terms of the farm-out agreement specify that the Company will receive remuneration for a portion of accumulated prior costs and a promotional carry on planned 2D seismic programs to be carried out in 2009 – 2010. AOC remains Operator of all blocks associated with this transaction.

This farm-out transaction is subject to approvals of the appropriate regulatory authorities and the Governments of Ethiopia and Kenya, in addition to waiver of pre-emptive rights by an existing partner in the Ethiopian Blocks.

DISCUSSION OF PROPOSED TRANSACTIONS

The Company is currently evaluating new business opportunities in East Africa and the Middle East.

FINANCIAL INSTRUMENTS

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

OUTSTANDING SHARE DATA

As at May 22, 2009 the Company had 61,918,162 common shares outstanding and 3,505,000 stock options outstanding under its stock based compensation plan.

OFF-BALANCE SHEET ARRANGEMENTS

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

New Accounting Pronouncements and Changes in Accounting Policies

On January 1, 2009, the Company adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook sections:

- The CICA issued section 3064, "Goodwill and Other Intangible Assets", replacing section 3062, "Goodwill and Other Intangible Assets". Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to its initial recognition. The adoption of this standard has had no material impact of the Company's financial statements.

International Financial Reporting Standards

On February 13, 2008, the Accounting Standards Board confirmed that the transition date to International Financial Reporting Standards ("IFRS") from Canadian GAAP will be January 1, 2011 for publicly accountable enterprises. Therefore the Company will be required to report its results in accordance with IFRS starting in 2011, with comparative IFRS information for the 2010 fiscal year.

The Company is assessing the potential impacts of this changeover and is developing its implementation plan accordingly, however, at this time, the impact on our future financial position and results of operations is not reasonably determinable.

The Company has commenced the conversion project and is establishing a functional steering committee to oversee the conversion. Regular reporting is provided to our executive management team and to the Audit Committee of our Board of Directors. Our project consists of four phases: impact assessment, planning & solution development, implementation and post implementation review.

We have completed the impact assessment which included a diagnostic of the major differences between current Canadian GAAP and IFRS. The area which will have the highest impact on the financial statements and require the highest implementation effort will be accounting for and assessing impairment of property, plant and equipment and foreign currency exchange. We are currently in the planning & solution development phase which has included working on examining the elective exemptions from retroactive restatement offered in IFRS 1 and defining changes required to accounting and operations information systems.

During the implementation phase, activities will include executing the required changes to accounting and operational information systems as well as to disclosure controls and internal controls over financial reporting, writing accounting policies and training employees.

The post implementation review will include the compilation of IFRS compliant financial statements and make any required process changes. The Company will also continue to monitor the IFRS conversion efforts of many of its peers and will participate in any related industry initiatives, as appropriate.

Accounting for Business Combinations

As of January 1, 2011, the Company will be required to adopt CICA Handbook section 1582, “Business Combinations” which replaces the previous business combinations standard. The standard requires assets and liabilities acquired in a business combination, contingent consideration, and certain acquired contingencies to be measured at their fair value as of the date of the acquisition. The adoption of this standard will only impact the accounting treatment of future business combinations.

RISK FACTORS

The Company is subject to various risks and uncertainties, including, but not limited to, those listed below. Refer to the Company’s Annual Information Filing for further risk factor disclosures.

International Operations

AOC participates in oil and gas projects located in emerging markets, including Somalia, Ethiopia and Kenya (East Africa). Oil and gas exploration, development and production activities in these emerging markets, including East Africa, 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.

The Company has been made aware that other entities have made claims concerning areas covered by the Company's concessions. The Company believes that there is no merit to any of these claims. Accordingly, the Company proposes to proceed with its exploration and development program as previously disclosed

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 issuance of new shares, issuance of debt or executing working interest farm-out agreements. 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 an aggressive exploration program planned for the next two years, which will include seismic and drilling in both Ethiopia and Kenya, as well as a drill program on its blocks in Somalia. In Somalia, a seismic program was completed earlier in 2008 on the Dharoor Block and AOC became the first operator to record seismic data in Somalia for over 20 years. The data is now in the final stages of interpretation and the Company's technical staff is extremely encouraged by the data so far. In the Nogal Block, AOC has acquired all of the more than 4,000 kilometers of good quality 2D data which was recorded in the late 1980's.

New discoveries have been announced on all sides of the Company's virtually unexplored land position in Ethiopia and Kenya including the major Heritage/Tullow Albert Graben oil discovery in neighbouring Uganda. Similar to the Albert Graben play model, the Company's concessions have older wells, a legacy database, and host numerous oil seeps indicating a proven petroleum system. Good quality existing seismic show robust leads and prospects throughout the AOC's project areas.

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.

AFRICA OIL CORP.

Consolidated Balance Sheets
(Expressed in United States dollars)
(Unaudited)

		March 31 2009		December 31, 2008
ASSETS				
Current assets				
Cash	$	21,908	$	253,324
Accounts receivable		47		370,581
		21,955		623,905
Long-term assets				
Oil and Gas interest (note 6)		34,982,661		34,587,729
		34,982,661		34,587,729
	$	35,004,616	$	35,211,634
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	5,673,661	$	5,429,893
Loans payable (note 11)		4,804,200	$	4,906,800
		10,477,861		10,336,693
Shareholders' equity				
Share capital (note 7)		31,586,737		31,586,737
Contributed surplus		2,371,328		2,164,112
Deficit		(9,248,044)		(8,692,642)
Accumulated comprehensive income		(183,266)		(183,266)
		24,526,755		24,874,941
	$	35,004,616	$	35,211,634

Commitments and contingencies (note 10)

Subsequent event (note 12)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

“RICHARD SCHMITT” *“KEITH HILL”*

RICHARD SCHMITT, DIRECTOR **KEITH HILL, DIRECTOR**

AFRICA OIL CORP.

Consolidated Statements of Operations, Comprehensive Loss and Deficit
(Expressed in United States dollars)
(Unaudited)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Expenses		
Salaries and benefits	$ 178,995	$ 80,710
Stock-based compensation (note 7(b))	207,216	96,730
Interest and bank charges	77,304	-
Travel	58,935	67,265
Management fees (note 11)	40,355	46,663
Office and general	63,290	82,178
Professional fees	28,025	14,717
Stock exchange and filing fees	-	20,708
	654,120	408,971
Other (income) expenses		
Interest and other income	(1,682)	(44,446)
Foreign exchange gain	(97,036)	106,624
Loss and Comprehensive loss for the period	(555,402)	(471,149)
Deficit, beginning of year	(8,692,642)	(5,030,637)
Deficit, end of year	$ (9,248,044)	$ (5,501,786)
Basic and diluted loss per share	$ (0.03)	$ (0.03)
Basic and diluted weighted average number of shares outstanding	17,975,543	17,306,154

See accompanying notes to consolidated financial statements.

AFRICA OIL CORP.

Consolidated Statement of Shareholders' Equity
(Expressed in United States dollars)
(Unaudited)

		March 31 2009		December 31, 2008
Share capital:				
Balance, beginning of year	$	31,586,737	$	28,496,473
Private placement, net (note 7(a))				
Bonus shares on loans payable (note 11)		-		1,086,146
Exercise of options		-		2,004,118
Balance, end of year		31,586,737		31,586,737
Contributed surplus				
Balance, beginning of year	$	2,164,112	$	1,394,497
Stock based compensation (note 7(b))		207,216		1,334,113
Exercise of options		-		(564,498)
Balance, end of year		2,371,328		2,164,112
Accumulated other comprehensive income:				
Balance, beginning of year	$	(183,266)	$	(183,266)
Change		-		-
Balance, end of year		(183,266)		(183,266)
Deficit:				
Balance, beginning of year	$	(8,692,642)	$	(5,030,637)
Loss for the period		(555,402)		(3,662,005)
Balance, end of year		(9,248,044)		(8,692,642)
Shareholders' equity	$	24,526,755	$	24,874,941

See accompanying notes to consolidated financial statements.

AFRICA OIL CORP.

Consolidated Statements of Cash Flows
(Expressed in United States dollars)
(Unaudited)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Cash flows provided by (used in):		
Operations:		
Loss for the period	$ (555,402)	$ (471,149)
Stock-based compensation	207,216	96,730
Unrealized foreign exchange (gain)/loss	(97,036)	102,430
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	370,534	(807)
Accounts payable and accrued liabilities	243,768	288,801
	169,080	16,005
Investments:		
Investment in oil and gas interests (net)	(394,932)	(8,822,381)
Changes in non-cash operating working capital:		
Accounts payable and accrued liabilities	(102,600)	-
	(497,532)	(8,822,381)
Financing:		
Common shares issued, net of issuance costs	-	658,605
	-	658,605
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	97,036	(102,430)
Decrease in cash and cash equivalents	(231,416)	(8,250,201)
Cash and cash equivalents, beginning of year	253,324	18,141,474
Cash and cash equivalents, end of period	$ 21,908	$ 9,891,273
Supplementary information:		
Interest paid	Nil	Nil
Taxes paid	Nil	Nil

See accompanying notes to consolidated financial statements.

1. Incorporation and Nature of Business:

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 (see note 12).

AOC is a development stage enterprise that participates in oil and gas projects located in emerging markets, including Somalia. To date, AOC has not found proved reserves and is considered to be in the development stage. Oil and gas exploration, development and production activities in these emerging markets, including Somalia, are subject to significant 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.

2. Significant Accounting Policies:

The interim consolidated financial statements for Africa Oil Corp. (collectively with its subsidiaries, AOC or the Company) have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies and methods of computation as set out in note 3 and 4 to the audited consolidated financial statements in the Company's Annual Report for the period ended December 31, 2008. The disclosures provided herein are incremental to those included with the audited consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the period ended December 31, 2008.

3. Presentation:

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

4. Changes in Accounting Policy:

On January 1, 2009, the Company adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook sections:

- The CICA issued section 3064, "Goodwill and Other Intangible Assets", replacing section 3062, "Goodwill and Other Intangible Assets". Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to its initial recognition. The adoption of this standard has had no material impact of the Company's financial statements.

5. Future Accounting Pronouncements:

International Financial Reporting Standards

On February 13, 2008, the Accounting Standards Board confirmed that the transition date to International Financial Reporting Standards ("IFRS") from Canadian GAAP will be January 1, 2011 for publicly accountable enterprises. Therefore the Company will be required to report its results in accordance with IFRS starting in 2011, with comparative IFRS information for the 2010 fiscal year.

The Company is assessing the potential impacts of this changeover and is developing its implementation plan accordingly, however, at this time, the impact on our future financial position and results of operations is not reasonably determinable.

The Company has commenced the conversion project and is establishing a functional steering committee to oversee the conversion. Regular reporting is provided to our executive management team and to the Audit Committee of our Board of Directors. Our project consists of four phases: impact assessment, planning & solution development, implementation and post implementation review.

We have completed the impact assessment which included a diagnostic of the major differences between current Canadian GAAP and IFRS. The area which will have the highest impact on the financial statements and require the highest implementation effort will be accounting for and assessing impairment of property, plant and equipment and foreign currency exchange. We are currently in the planning & solution development phase which has included working on examining the elective exemptions from retroactive restatement offered in IFRS 1 and defining changes required to accounting and operations information systems.

During the implementation phase, activities will include executing the required changes to accounting and operational information systems as well as to disclosure controls and internal controls over financial reporting, writing accounting policies and training employees.

The post implementation review will include the compilation of IFRS compliant financial statements and make any required process changes. The Company will also continue to monitor the IFRS conversion efforts of many of its peers and will participate in any related industry initiatives, as appropriate.

Accounting for Business Combinations

As of January 1, 2011, the Company will be required to adopt CICA Handbook section 1582, "Business Combinations" which replaces the previous business combinations standard. The standard requires assets and liabilities acquired in a business combination, contingent consideration, and certain acquired contingencies to be measured at their fair value as of the date of the acquisition. The adoption of this standard will only impact the accounting treatment of future business combinations.

6. Oil and Gas Interest:

Oil and Gas Interests			
			March 31, 2009
	Cost	Accumulated depletion	Net book value
Oil and Gas Interests	$ 34,982,661	-	$ 34,982,661
			December 31, 2008
	Cost	Accumulated depletion	Net book value
Oil and Gas Interests	$ 34,587,729	-	$ 34,587,729

As at March 31, 2009 $34,982,661 (December 31, 2008 - $ 34,587,729) of accumulated expenditures have been capitalized in oil and gas interests. These expenditures represent acquisition costs, seismic acquisition, geological and geophysical expenditures, materials and supplies and other intangible capitalized costs incurred to date in the exploration phase. These costs will not be subject to depletion until such time that proved oil and gas reserves are identified.

As at March 31, 2009 $5,285,682 (December 31, 2008 - $5,285,682) of materials and supplies have been included in Oil and Gas Interest. These materials and supplies represent casing, wellheads and other items which will be utilized in the planned exploration drilling program. All materials and supplies are being held at warehouses in Djibouti and Dubai until required for exploration drilling.

7. Share capital:

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

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

	March 31, 2009		December 31, 2008	
	Shares	Amount	Shares	Amount
Balance, beginning of year	17,975,543	$ 31,586,737	17,257,412	$ 28,496,473
Private placements, net	-	-	-	-
Bonus shares on loans payable (note 11)	-	-	295,631	1,086,146
Exercise of options	-	-	422,500	2,004,118
Balance, end of year	17,975,543	$ 31,586,737	17,975,543	$ 31,586,737

(b) Share purchase options:

At the 2008 Annual General Meeting, held on June 23, 2008, the Company had an amended stock option plan (the Plan) approved. The Plan provides that an aggregate number of common shares which may be reserved for issuance as incentive stock options shall not exceed 10% of the common shares outstanding. 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.

7. Share capital (continued):

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

	March 31, 2009		December 31, 2008	
	Number of shares	Weighted average exercise price (CAD$)	Number of shares	Weighted average exercise price (CAD$)
Outstanding, beginning of year	1,510,000	4.80	1,067,500	3.93
Granted	-	-	870,000	5.23
Expired	-	-	(5,000)	6.25
Exercised	-	-	(422,500)	3.43
Balance, end of year	1,510,000	4.80	1,510,000	4.80

For the three months ended March 31, 2009, no options were exercised. Subsequent to quarter end, 1,995,000 options were granted with a weighted average exercise price of CAD$1.23 per option.

The fair value of each option granted during the quarters ended March 31, 2009 and 2008 is estimated on the date of grant using the Black-Scholes options pricing model with the following weighted average assumptions:

	2009	2008
Fair value of options granted	-	1.64 - 2.69
Risk-free interest rate (%)	-	2.93 - 3.10
Expected life (years)	-	2.00 - 2.50
Expected volatility (%)	-	63 - 72
Expected dividend yield	-	-

The following table summarizes information regarding stock options outstanding at March 31, 2009.

Weighted Average Exercise price (CAD$/share)	Number outstanding	Weighted average remaining contractual life
3.43	345,000	0.54
3.80	375,000	2.50
5.00	50,000	1.25
5.26	250,000	1.56
5.84	75,000	1.90
6.25	415,000	2.23
4.80	1,510,000	1.75

8. Financial Instruments and Financial Risk:

As at March 31, 2009 and 2008, the fair values of the Company's cash, amounts receivable, accounts payable, accrued liabilities and loans payable approximate their carrying amounts due to the immediate or short term to nature of these items.

The main risk arising from the Company's financial instruments relates to interest rate risk. As described in note 11, the Company's outstanding loans payable incur interest charges at prime rate plus 2%. The Company is at risk of changes in the prime lending rate, which could negatively impact the interest component of the loans payable. Due to the short term nature of these loans and the current market condition, the Company does not believe that entering into interest rate swaps or other risk management contracts as necessary to mitigate this risk.

9. Capital structure:

The Company's objective when managing capital structure is to maintain balance sheet strength in order to ensure the Company's strategic exploration and business development objectives are met while providing an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The Company manages its capital structure and makes adjustments to it based on changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the issuance of new shares, issuance of new debt, executing working interest farm-out arrangements and making adjustments to its capital expenditures program. In addition, the Company manages its cash and cash equivalents balances based on forecasted capital outlays and foreign exchange risks in order to ensure that the risk of negative foreign exchange effects are minimized while ensuring that interest yields on account balances are appropriate.

The Company does not have externally imposed capital requirements. Consistent with other oil and gas exploration companies, which are capital intensive in nature, the Company monitors its capital structure and cash requirements on the basis of current working capital position and future exploration expenditures.

10. Commitments and contingencies:

During the first quarter of 2007, the Company entered into Production Sharing Agreements (PSAs) and Joint Operating Agreements acquiring an 80% interest in licenses covering the Dharoor Valley and Nogal Valley Blocks in the state of Puntland in northern Somalia.

The Company 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 $5.0 million and assumed the obligation to solely fund $22.8 million of joint venture costs on each of the blocks ($45.5 million in total for both blocks) during the exploration period. In the event that a commercial discovery is declared on a block prior to the Company spending $22.8 million, the Company 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 the Company does not fund the required $22.8 million during the two three-year exploration periods, the Company's interest in the block would be forfeited. An additional $3.5 million will be payable to Range upon commencement of commercial production.

During the fourth quarter of 2008, the Company fulfilled its sole funding obligation related to the Dharoor Valley Block. As a result, Range will pay its 20% participating interest share of future exploration costs related to this block. In the Nogal Valley Block, the Company has spent approximately $3.4 million towards sole funding obligation as of March 31, 2009.

11. Related Party Transactions:

During the third quarter of 2008, a company affiliated with a significant shareholder, provided a loan to the Company in the amount of CAD$4,000,000 (USD$3,202,800) at an interest rate of prime plus 2% for short term working capital purposes. As consideration of the loan, the lender received a bonus payment of 188,679 common shares with a value of USD$770,564, which has been recorded as finance expense.

During the fourth quarter of 2008, a company affiliated with a significant shareholder, provided an additional loan to the Company in the amount of CAD$2,00,000 (USD$1,601,400) at an interest rate of prime plus 2% for short term working capital purposes. As consideration of the loan, the lender received a bonus payment of 106,952 common shares with a value of $315,582 which has been recorded as finance expense.

At March 31, 2009, the Company incurred costs of $40,355 (March 31, 2008 - $46,663) for executive management and support services fees to Namdo Management Services Ltd (“Namdo”). Namdo is a private corporation owned by a significant shareholder.

12. Subsequent event:

Effective April 28, 2009, the Company successfully closed an acquisition of a portfolio of East African oil exploration projects from Lundin Petroleum AB. The projects are located within a vastly underexplored region of the rich East African rift basin petroleum system. The projects acquired include an 85% working interest in Blocks 2, 6, 7 and 8 and a 50% working interest in the Adigala Block in Ethiopia plus a 100% interest in Block 10A and a 30% interest in Block 9 in Kenya. Africa Oil will assume operatorship of these projects excluding Block 9 in Kenya.

Pursuant to the Share Purchase Agreement (SPA), Africa Oil will pay as consideration to Lundin Petroleum AB approximately USD$23.7 million which will be funded through a convertible loan from Lundin Petroleum AB maturing December 31, 2011 and at an interest rate of USD six-month LIBOR plus 3%. The loan, including any accrued and unpaid interest, will be convertible, at the option of either Africa Oil or Lundin Petroleum AB, into shares of Africa Oil on the basis of CAD$0.90 per common share.

The Company’s existing CAD$6.0 million loans (plus accrued interest) from a shareholder of the Company will be converted to Units of the Company on the basis of CAD$0.95 per Unit. Each Unit will comprise one common share and one share purchase warrant. Each warrant is exercisable into one common share of Africa Oil at a price of CAD$1.50 per share over a period of three years. In the event that Africa Oil trades at or above CAD$2.00 for a period of 30 consecutive days, a forced exercise provision will come into effect.

Concurrent with the SPA, Africa Oil has agreed to sell, on a non-brokered, private placement basis, an aggregate of up to 37.4 million Units of the Company at a price of CAD$0.95 per Unit for gross proceeds of CAD$35.5 million. Each Unit will comprise one common share and one share purchase warrant. Each warrant is exercisable into one common share of Africa Oil at a price of CAD$1.50 per share over a period of three years. In the event that Africa Oil trades at or above CAD$2.00 for a period of 30 consecutive days, a forced exercise provision will come into effect. A 5% finder’s fee may be payable on all or a portion of the private placement. Net proceeds of the private placement will be used towards the planned work programs on the Company’s projects in Ethiopia, Kenya and Somalia, as well as for general corporate purposes.

Subsequent to March 31, 2009, AOC entered into a farm-out agreement with Black Marlin Energy Limited ("Black Marlin"). Under the agreement, Black Marlin will receive a 30 percent working interest in Blocks 2/6 and 7/8 in Ethiopia and a 20 percent working interest in Block 10A in Kenya.

The terms of the farm-out agreement specify that the Company will receive remuneration for a portion of accumulated prior costs and a promotional carry on planned 2D seismic programs to be carried out in 2009 – 2010. AOC remains Operator of all blocks associated with this transaction.

This farm-out transaction is subject to approvals of the appropriate regulatory authorities and the Governments of Ethiopia and Kenya, in addition to waiver of pre-emptive rights by an existing partner in the Ethiopian Blocks.