



AFRICA OIL CORP.

**NOTICE OF MEETING
AND INFORMATION CIRCULAR**

ANNUAL GENERAL MEETING OF SHAREHOLDERS

To be held on May 31, 2012



NOTICE OF 2012 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2012 Annual General Meeting (the “**Meeting**”) of the shareholders of Africa Oil Corp. (the “**Corporation**”) will be held at the Rosewood Hotel Georgia, 801 West Georgia Street, Vancouver, British Columbia, on **Thursday, May 31, 2012** at the hour of 10:00 a.m. (Vancouver time) for the following purposes:

1. To receive the consolidated audited financial statements of the Corporation for the year ended December 31, 2011, together with the report of the auditors thereon;
2. To fix the number of directors at five (5);
3. To elect directors to hold office until the next Annual General Meeting of the Corporation;
4. To appoint PricewaterhouseCoopers, LLP as auditor of the Corporation to hold office until the next Annual General Meeting, at a remuneration to be fixed by the directors of the Corporation;
5. To consider and, if thought fit, approve an ordinary resolution ratifying and confirming the Corporation’s existing 10% Rolling Stock Option Plan, and related matters;
6. To consider amendments to or variations of any matter identified in this Notice of Meeting; and
7. To transact such other business as may properly be brought before the meeting.

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

If you are a *registered shareholder* of the Corporation and are unable to attend the Meeting in person, please complete, sign, date and return the enclosed form of Proxy either in the addressed envelope enclosed to Proxy Department, Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax to 1-866-249-7775. Proxies must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof.

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

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

DATED at Vancouver, British Columbia the 26th day of April, 2012.

BY ORDER OF THE BOARD

“Keith C. Hill”

Keith Hill, President and
Chief Executive Officer



MANAGEMENT INFORMATION CIRCULAR

(all information as of April 26, 2012, unless otherwise noted)

PERSONS MAKING THE SOLICITATION

This Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies being made by the management of Africa Oil Corp. ("Africa Oil" or the "Corporation") for use at the Annual General Meeting of the Corporation's shareholders (the "Meeting") to be held on Thursday, May 31, 2012 at 10:00 a.m. (Pacific Standard Time) at the Rosewood Hotel Georgia, 801 West Georgia Street, Vancouver, British Columbia and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation. All costs of this solicitation will be borne by the Corporation.

It is anticipated that this Circular, together with the accompanying Notice of Meeting and form of proxy will first be mailed to shareholders of the Corporation on or about May 7, 2012.

Unless otherwise indicated, all monetary amounts referred to herein are stated in United States dollars, the Corporation's reporting currency.

APPOINTMENT OF PROXYHOLDER AND VOTING BY PROXY

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

You can choose to vote your common shares by proxy by mail, by telephone or on the Internet. If you vote your common shares by proxy by mail, completed forms of proxies must be delivered to the Corporation's transfer agent, Computershare Investor Services Inc. ("Computershare"), at Proxy Department, at 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1, in the envelope provided for that purpose. Telephone and Internet voting can also be completed 24 hours a day, 7 days a week. For telephone voting call 1-866-732-VOTE (8683) (toll free in Canada and the United States) from a touch-tone telephone and follow the voting instructions. International holders wishing to vote by telephone can dial 312-588-4290 to place their vote. If you vote by telephone, you cannot appoint anyone other than the appointees named on the proxy form as your proxyholder. For internet voting, go to www.investorvote.com and follow the instructions on the screen. For either telephone or internet voting, you will need your 15 digit control number which is noted on your proxy form. Duly completed forms of proxy or a vote using the telephone or over the Internet must be completed no later than forty-eight (48) hours (excluding Saturdays and holidays) before the time of the Meeting, or any adjournment thereof, unless the chairman of the Meeting elects to exercise his discretion to accept proxies subsequently received.

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

ADVICE TO NON-REGISTERED HOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold securities of the Corporation in their own name. Shareholders who hold their securities through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their securities in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who

appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of voting securities will be recognized and acted upon at the Meeting. If voting securities are listed in an account statement provided to a Beneficial Shareholder by a broker, those voting securities will, in all likelihood, not be registered in the shareholder's name. Such voting securities more likely will be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name of the Canadian Depository for Securities which acts as nominee for many Canadian brokerage firms). Voting securities held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

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

ADVICE TO HOLDERS OF EUROCLEAR SWEDEN REGISTERED SHARES

The information set forth in this section is of significance to shareholders who hold their securities ("Euroclear Registered Securities") through Euroclear Sweden AB, which securities trade on the NASDAQ OMX First North Exchange.

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

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

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

Mail: *Africa Oil Corp.*
c/o Computershare AB
PO Box 610
SE – 182 16 Danderyd
Sweden

Telephone: *+46 – (0)77- 24 64 00*

E-mail: info@computershare.se

REVOCATION OF PROXIES

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

EXERCISE OF DISCRETION

The enclosed Proxy, when properly completed and delivered and not revoked, gives discretionary authority to the persons named therein with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Circular, management of the Corporation knows of no such amendment, variation or other matter that may be presented to the Meeting.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

RECORD DATE

Shareholders registered as at April 26, 2012 (the "Record Date") are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

INTEREST OF CERTAIN PERSONS and COMPANIES IN MATTERS TO BE ACTED UPON

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

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of common shares of which 218,664,492 common shares are issued and outstanding as at the date hereof. Each common share is entitled to one vote.

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

BUSINESS OF THE ANNUAL GENERAL MEETING

Financial Statements and Auditors' Report

The Corporation's consolidated financial statements for the year ended December 31, 2011 and the report of the auditors thereon will be placed before the Meeting. Copies of the consolidated financial statements, the auditors' report and management's discussion and analysis have been mailed to all registered shareholders and non-registered shareholder (or beneficial) shareholders who have opted to receive such materials. These documents can also be found on the Corporation's website at www.africaoilcorp.com and are also available on SEDAR at www.sedar.com. No vote by the shareholders is required to be taken with respect to the consolidated financial statements.

ELECTION OF DIRECTORS

The Corporation's Articles stipulate that the Board consist of the greater of three and the most recently set of the number of directors set by ordinary resolution. Currently, the number of directors set by ordinary resolution is five. Accordingly, the five persons named hereunder are proposed to be nominated for election as directors of the Corporation ("Proposed Directors"). Unless authority to vote is withheld, the common shares represented by the proxies hereby solicited will be voted by the persons named therein **FOR** the election of the Proposed Directors whose names are set forth below. All of the Proposed Directors are presently members of the Board and the dates on which they were first elected or appointed are indicated below. Management does not contemplate that any Proposed Director will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote **FOR** another nominee in their discretion, unless the shareholder has specified in the accompanying form of proxy that such shareholder's shares are to be withheld from voting on the election of directors.

The following table sets out the names of the Proposed Directors, the offices they hold within the Corporation, their principal occupations, the length of time they have served as directors of the Corporation, and the number of shares of the Corporation which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular:

Name, residence and current position(s) held in the Corporation	Period of service as a director	Number of Common Shares Beneficially Owned or Controlled ⁽¹⁾	Principal Occupation of the Nominee during the past five years
Keith C. Hill British Columbia, Canada <i>President and Chief Executive Officer</i>	Director since October 16, 2006	626,316	Mr. Hill is currently the Chairman of BlackPearl Resources Ltd., ShaMaran Petroleum Corp., Petro Vista Energy Corp. and Horn Petroleum Corporation; director of Tyner Resources Ltd.; director of TAG Oil Ltd.; formerly, President and Chief Executive Officer of Pearl Exploration and Production Ltd. (now BlackPearl Resources Ltd.), Valkryies Petroleum Corp. and ShaMaran Petroleum Corp.
J. Cameron Bailey Alberta, Canada	Director since May 3, 1994	186,630	Mr. Bailey is currently the President and CEO of Fortress Energy Inc. He is also a director of Phoenix Technology Income Fund, Phoenix Technology Services Inc., PHX Energy Services Corp. and ShaMaran Petroleum Corp. Mr. Bailey was previously the Managing Director of Network Capital Inc. and President of Energy Processors Inc. Mr. Bailey also previously held the position of Managing Director of Capital Markets, Peters & Co., a Calgary based investment dealer.
Gary S. Guidry Alberta, Canada	Director since June 23, 2008	25,000	Mr. Guidry is currently the President and CEO of Griffiths Energy International; director of TransGlobe Energy Corporation; director of ShaMaran Petroleum Corp.; formerly President and CEO of Orion Oil & Gas Corporation (October 2009 to June 2011) and of Tanganyika Oil Company Ltd. (May 2005 to June 2009). From October 2005 to February 2007, Mr. Guidry was President and CEO of Pearl Exploration and Production Ltd. (now BlackPearl Resources Ltd.)
Bryan M. Benitz London, United Kingdom	Director since September 29, 2009	Nil	Mr. Benitz is Chairman and CEO of Longreach Oil and Gas Ltd., Chairman of Kirrin Resources. Formerly Chairman of Scandinavian Minerals Ltd., and of MagIndustries Corp., and founding director of Tanganyika Oil Company Limited.
John H. Craig Ontario, Canada	Director since June 19, 2009	37,200	Mr. Craig is a practicing securities lawyer and a partner of the firm Cassels Brock & Blackwell LLP. He is also currently a director of Lundin Mining Corporation, Sirocco Mining Inc. (formerly Atacama Minerals Corp.), Denison Mines Corp., Etrion Corporation, BlackPearl Resources Ltd., Consolidated HCI Holdings Corporation, and Corsa Coal Corp.

⁽¹⁾ The information as to common shares beneficially owned or controlled has been provided by the directors themselves.

Each of the above nominees was elected to his present term of office by a vote of shareholders of the Corporation at a prior meeting, the notice of which was accompanied by a management information circular.

Except as otherwise described above, the nominees have had the principal occupation described above during the five preceding years or have previously disclosed their principal occupations during the five preceding years in a prior management information circular.

The Board does not have an executive committee. There are presently four committees of the Board; namely, the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Reserves Committee. The following table sets out the members of such Committees:

Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Reserves Committee
J. Cameron Bailey (Chair)	J. Cameron Bailey (Chair)	Gary S. Guidry (Chair)	Gary S. Guidry (Chair)
Gary S. Guidry	Keith C. Hill	J. Cameron Bailey	Keith C. Hill
Bryan M. Benitz	John H. Craig	John H. Craig	Bryan M. Benitz

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

CEASE TRADE ORDERS

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

Mr. J. Cameron Bailey is a director and officer of Fortress Energy Inc. ("Fortress"). On March 2, 2011, the Court of Queen's Bench of Alberta granted an order (the "Order") under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") staying all claims and actions against Fortress and its assets and allowing Fortress to prepare a plan of arrangement for its creditors if necessary. Fortress took such step in order to enable Fortress to challenge a reassessment issued by the Canada Revenue Agency ("CRA"). As a result of the reassessment, if Fortress had not taken any action, it would have been compelled to immediately remit one half of the reassessment to the CRA and Fortress did not have the necessary liquid funds to remit, although Fortress had assets in excess of its liabilities with sufficient liquid assets to pay all other liabilities and trade payables. Fortress believed that the CRA's position was not sustainable and vigorously disputed the CRA's claim. Fortress filed a Notice of Objection to the reassessment and on October 20, 2011 announced that its Notice of Objection was successful, CRA having confirmed there were no taxes payable. As the CRA claim had been vacated and no taxes or penalties were owing Fortress no longer required the protection of the Order under the CCAA and on October 28, 2011 the Order was removed. On March 3, 2011 the TSX suspended trading in the securities of Fortress due to Fortress having been granted a stay under the CCAA. In addition the securities regulatory authorities in Alberta, Ontario and Quebec issued a cease trade order with respect to Fortress for failure to file its annual financial statements for the year ended December 31, 2010 by March 31, 2011. The delay in filing was due to Fortress being granted the CCAA order on March 2, 2011 and the resulting additional time required by its auditors to deliver their audit opinion. The required financial statements and other continuous disclosure documents were filed on April 29, 2011 and the cease trade order was subsequently removed. On September 1, 2010 Fortress closed the sale of substantially all of its oil and gas assets. As a result of the sale Fortress was delisted from the TSX on March 30, 2011 as it no longer met minimum listing requirements.

PERSONAL BANKRUPTCIES

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

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

PENALTIES OR SANCTIONS

No director or officer of the Corporation, or shareholder holding a sufficient number of shares of the Corporation to materially affect control of the Corporation, has been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

AUDIT COMMITTEE AND NATIONAL INSTRUMENT 52-110

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation's auditors are pre-approved by the Audit Committee. The Committee is responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, quarterly review engagements, the Corporation's internal accounting controls, the Code of Business Conduct and Ethics, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Corporation's external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders and the compensation of the auditors. The Audit Committee meets a minimum of four times per year. The Audit Committee's Charter is attached as Schedule "A" to this Circular.

Composition of the Audit Committee

The current members of the Audit Committee are Messrs. J. Cameron Bailey (Chair), Bryan M. Benitz and Gary S. Guidry. All current members are considered independent. All members of the Audit Committee are considered to be "financially literate" within the meaning of applicable Canadian securities regulations in that they each have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Relevant Education and Experience

Each current member of the Audit Committee has extensive experience in dealing with financial statements, accounting issues, internal control and other related matters relating to public resource-based companies. The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of the Audit Committee are as follows:

J. Cameron Bailey	Mr. Bailey is a Chartered Financial Analyst and has 22 year experience in the natural resource sector. Mr. Bailey has served as Executive Officer, Director and Audit Committee Chairman for a number of public resource companies and service companies.
Gary S. Guidry	Mr. Guidry is an Alberta registered P. Eng. and holds a B.Sc. in petroleum engineering from Texas A & M University. Mr. Guidry has attained financial experience and exposure to accounting and financial issues in his current role as President and Chief Executive Officer of Griffiths Energy International and previously, in his previous positions with a number of publicly-traded companies, including Orion Oil & Gas Corporation, Tanganyika Oil Company Ltd., Calpine Natural Gas Trust and Alberta Energy Company.
Bryan M. Benitz	Mr. Benitz has been engaged in investment management and corporate development in Canada, the United States and Europe for over forty years in a variety of senior executive positions. Mr. Benitz has attained financial experience and exposure to accounting and financial issues in his current role as Corporate Director as well as his roles in boards and audit committees of other public companies. Mr. Benitz graduated from Fettes College in Edinburgh Scotland in 1951.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the board of directors.

Reliance on Certain Exemptions

Since the commencement of the Corporation's recently completed financial year, the Corporation has not relied on the exemptions contained in section 2.4 (De Minimis Non-audit Services), section 3.2 (Initial Public Offerings), section 3.4 (Events Outside Control of Member), section 3.5 (Death, Disability or Resignation of Audit Committee Member) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the last two fiscal years ended December 31, 2011:

Financial Year Ending	Audit Fees ⁽¹⁾ (CAD\$)	Audit Related Fees ⁽²⁾ (CAD\$)	Tax Fees ⁽³⁾ (CAD\$)	All Other Fees ⁽⁴⁾ (CAD\$)
December 31, 2011	139,798	27,420	85,907	55,125
December 31, 2010	82,375	24,020	52,546	1,830

Notes:

⁽¹⁾ The aggregate billed for audit services.

⁽²⁾ Pertains to assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and that are not disclosed in the "Audit Fees" column.

⁽³⁾ Pertains to profession services for tax compliance, restructuring, acquisitions, advice and planning.

⁽⁴⁾ No fees were billed for professional services other than those listed in the other three columns.

APPOINTMENT AND REMUNERATION OF AUDITORS

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

STATEMENT OF EXECUTIVE COMPENSATION

During the financial year ended December 31, 2011, the Corporation had five Named Executive Officers of the Corporation, being: Mr. Keith Hill, President and Chief Executive Officer, Mr. Ian Gibbs, Chief Financial Officer, Mr. James R. Phillips, Chief Operating Officer, Mr. Paul Martinez, Vice President Exploration, and Mr. David Grellman, Vice President Operations.

“*Named Executive Officer*” (“NEO”) means: (a) a Chief Executive Officer (“CEO”), (b) a Chief Financial Officer (“CFO”), (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than CAD\$150,000; and (d) each individual who would be an NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Oversight, Governance and Risk Management

The Corporation’s executive compensation program is administered by the Compensation Committee of the Board. The Compensation Committee is comprised of three directors; namely, Messrs. J. Cameron Bailey (Chair), Keith C. Hill and John H. Craig, a majority of whom are independent. All members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have held senior executive or director roles within public and have a good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members combined experience in the resource sector provides them with the understanding of the Corporation’s success factors and risks, which is very important when determining metrics for measuring success.

The Compensation Committee’s mandate includes reviewing and making recommendations to the Board of Directors (the “Board”) in respect of compensation matters relating to the NEOs which are identified in the “Summary Compensation Table” below. As well, the Compensation Committee determines the general compensation structure, policies and programs of the Corporation, including the extent and level of participation in incentive programs in conjunction with the Board. The Compensation Committee also reviews the adequacy and form of the compensation of directors to ensure that such compensation realistically reflects the responsibilities and risk involved in being an effective director. The Compensation Committee meets at least annually. The Compensation Committee also meets at other times during the year as necessary, such as when a component of the Corporation’s overall compensation package, including the stock option plan, is being amended or reviewed.

Risk management is a primary consideration of the Compensation Committee when implementing its compensation program. It does not believe that its compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Corporation. Payments of bonuses, if any, are not made until performance goals have been met.

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

Compensation Discussion & Analysis

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

Compensation for executive officers is composed primarily of two components; namely, base salary and participation in the Corporation's stock option plan; however, cash bonuses are awarded on an occasional and discretionary basis. Cash bonuses, if awarded, reflect the Compensation Committee's assessment of the immediately preceding financial year's performance.

The accountability for decisions on executive remuneration is clearly within the mandate of the Compensation Committee, but management has a key role in helping support the committee in fulfilling its obligations. For example, the CEO and other senior executives make recommendations to the Compensation Committee regarding executive officer base salary adjustments, stock option grants and bonus awards. The Compensation Committee reviews the basis for these recommendations and can exercise its discretion in modifying any of the recommendations prior to making its recommendations to the Board. The CEO does not make a recommendation to the Compensation Committee with respect to his own remuneration package.

As the Corporation has not generated significant revenues from operations during the recently-completed fiscal year, traditional corporate and NEO performance standards such as earnings per share are not considered relevant by the Compensation Committee in NEO performance evaluation. The Compensation Committee is satisfied that the Corporation's compensation structure appropriately takes into account the factors relevant to the industry, the Corporation's performance within that industry, and the individual contributions to the Corporation's performance made by its NEOs.

Each element of the Corporation's executive compensation program is described in more detail below.

Base Salaries

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

Short Term Incentive Compensation – Cash Bonuses

The Corporation may award discretionary cash bonuses to executive officers and employees of Corporation from time to time. The amount of the bonus that each individual may be eligible for is not set in relation to any formula or specific criteria, but is the result of a subjective determination of the Corporation's performance, overall industry conditions, as well as the individual's performance and his or her contribution to overall corporate goals. The payment of bonuses is subject to the final approval of the Board and the Board has the discretion to amend or veto bonuses in its sole discretion. The Corporation paid cash bonuses to each of the NEO's in 2011. These amounts are reflected in the Summary Compensation Table below under the heading "All Other Compensation".

Long Term Incentive Compensation – Stock Options

The stock option component of an NEO's compensation, which includes a vesting element to ensure retention, serves to both motivate the executive toward increasing share value and to enable the executive to share in the future success of the Corporation. Individual stock options are granted by the Board on the recommendation of senior management, in the case

of employees, and by the Compensation Committee, in the case of executive officers, including the CEO. Options are normally awarded by the Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional option grants may be made periodically to ensure that the number of stock options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional grants, a number of factors are considered including, the role the individual plays in the Corporation, the number of stock options an individual has been granted, the exercise price and the value of the options and the term remaining on those options. During 2011, the NEO's were awarded stock options. These grants are reflected in the Summary Compensation Table below under the heading "Option-based Awards".

SUMMARY COMPENSATION TABLE

The table set out below provides a summary of compensation paid to each NEO of the Corporation for each of the Corporation's three most recently completed financial years:

Name and principal position	Year	Salary ⁽¹⁾	Option-based awards ⁽²⁾	All other compensation	Total compensation
Keith Hill ⁽³⁾ <i>President & CEO</i>	2011	252,763	723,126	126,381	1,102,270
	2010	242,733	103,746	121,366	467,845
	2009	210,639	190,870	Nil	401,509
Ian Gibbs ⁽⁴⁾ <i>Chief Financial Officer</i>	2011	252,763	723,126	126,381	1,102,270
	2010	242,733	51,873	121,366	415,972
	2009	65,535	196,488	Nil	262,023
James Phillips ⁽⁵⁾ <i>Chief Operating Officer</i>	2011	282,000	723,126	141,000	1,146,126
	2010	282,000	181,555	186,600	604,555
	2009	188,000	119,293	28,057	335,350
Paul Martinez ⁽⁶⁾ <i>Vice President of Exploration</i>	2011	180,968	491,268	45,497	717,733
	2010	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil
David Grellman ⁽⁷⁾ <i>Vice President, Operations</i>	2011	187,497	489,977	47,000	724,474
	2010	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil

Notes:

- (1) Salaries for the NEOs are paid in Canadian dollars and converted to United States dollars for reporting purposes in the Summary Compensation Table for the financial year ended 2011 at the exchange rate of US\$1.00 = CAD\$0.9890692, being the Bank of Canada average annual exchange rate, except for Mr. Phillips and Mr. Grellman who are paid in United States dollars. Salaries for the NEOs for fiscal 2010 were paid in Canadian dollars and converted to United States dollars at the exchange rate of USD\$1.00 = CAD\$1.02993, being the Bank of Canada average annual exchange rate, except for Mr. Phillips who is paid in United States dollars. Salaries for the NEOs for fiscal 2009 were paid in Canadian dollars and converted to United States dollars at the exchange rate of USD\$1.00 = CAD\$1.14198, being the Bank of Canada average annual exchange rate, except for Mr. Phillips who is paid in United States dollars.
- (2) These amounts represent the value of stock options granted to the respective NEO. The fair value of each option granted is estimated on the date of grant using the Black-Scholes options pricing model taking into account the following assumptions on a weighted average basis: (i) risk-free interest rate (%); (ii) expected life (years); and (iii) expected volatility (%). This is consistent with the accounting values used in the Corporation's financial statements. The dollar amount in this column represents the total value ascribed to the stock options; however, all of these stock options are subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years from the date of grant.
- (3) Mr. Hill became Chief Executive Officer on March 30, 2009 and President on October 20, 2009. Amounts reflected under the column "All Other Compensation" reflect the cash bonus received by Mr. Hill in the amount of US\$126,381 (CAD\$125,000) on account of the financial year ended December 31, 2011 and US\$121,366 (CAD\$125,000) on account of the financial year ended December 31, 2010. During the fiscal year ended December 31, 2011, Mr. Hill was awarded incentive stock options to purchase: (i) up to 400,000 common shares of the Corporation over a period of three years at an exercise price of CAD\$2.10 per share, and (ii) up to 667,000 common shares of the Corporation over a period of three years at an exercise price of CAD\$1.49 per share, with each award subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years after the date of grant. These awards are reflected under the column "Option-based Awards".
- (4) Mr. Gibbs resigned as Chief Financial Officer of the Corporation on March 31, 2008 but was re-appointed on September 15, 2009. Amounts reflected under the column "All Other Compensation" reflect the cash bonus received by Mr. Gibbs in the amount of US\$121,366 (CAD\$125,000) on account of the financial year ended December 31, 2011 and US\$121,366 (CAD\$125,000) on account of the financial year ended December 31, 2010.

During the fiscal year ended December 31, 2011, Mr. Gibbs was awarded incentive stock options to purchase: (i) up to 400,000 common shares of the Corporation over a period of three years at an exercise price of CAD\$2.10 per share, and (ii) up to 667,000 common shares of the Corporation over a period of three years at an exercise price of CAD\$1.49 per share, with each award subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years after the date of grant. These awards are reflected under the column "Option-based Awards". A bonus paid to Mr. Gibbs in 2011 is reflected under the column "All Other Compensation".

- (5) Mr. Phillips was appointed as Chief Operating Officer on March 14, 2011 but has been employed by Africa Oil Ethiopia B.V. ("AOE") since April 1, 2008. On April 29, 2009, the Corporation completed the acquisition of AOE at which time AOE became a subsidiary of the Corporation. Amounts reflected under the column "All Other Compensation" reflect the cash bonus received by Mr. Phillips in the amount of US\$141,000 during the financial year ended December 31, 2011 and US\$141,000 during the financial year ended December 31, 2010, along with housing costs in the amount of US\$45,600. During the financial year ended December 31, 2011, Mr. Phillips was awarded incentive stock options to purchase: (i) up to 400,000 common shares of the Corporation over a period of three years at an exercise price of CAD\$2.10 per share, and (ii) up to 667,000 common shares of the Corporation over a period of three years at an exercise price of CAD\$1.49 per share, with each award subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years after the date of grant. This award is reflected under the column "Option-based Awards". A bonus paid to Mr. Phillips in 2011, as well as a housing allowance and a relocation payment is reflected under the column "All Other Compensation".
- (6) Mr. Martinez has been employed by the Corporation as Vice President Exploration since March 14, 2011. Amounts reflected under the column "All Other Compensation" reflect the cash bonus received by Mr. Martinez in the amount of US\$45,497 (CAD\$45,000) during the financial year ended December 31, 2011. During the financial year ended December 31, 2011, Mr. Martinez was awarded incentive stock options to purchase: (i) up to 400,000 common shares of the Corporation over a period of three years at an exercise price of CAD\$1.85 per share, and (ii) up to 333,000 common shares of the Corporation over a period of three years at an exercise price of CAD\$1.49 per share, with each award subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years after the date of grant. These awards are reflected under the column "Option-based Awards". A bonus paid to Mr. Martinez in 2011 is reflected under the column "All Other Compensation".
- (7) Mr. Grellman has been employed by the Corporation as Vice President Operations since March 30, 2011. Amounts reflected under the column "All Other Compensation" reflect the cash bonus received by Mr. Grellman in the amount of US\$47,000 during the financial year ended December 31, 2011. During the financial year ended December 31, 2011, Mr. Grellman was awarded incentive stock options to purchase: (i) up to 300,000 common shares of the Corporation over a period of three years at an exercise price of CAD\$1.94 per share, (ii) up to 100,000 common shares of the Corporation over a period of three years at an exercise price of CAD\$1.88 per share, and (iii) up to 333,000 common shares of the Corporation over a period of three years at an exercise price of CAD\$1.49 per share, with each award subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years after the date of grant. These awards are reflected under the column "Option-based Awards". A bonus paid to Mr. Grellman in 2011, as well as a housing allowance and a relocation payment is reflected under the column "All Other Compensation".

The table set out below provides a summary of the value of the grant of incentive stock options to each NEO of the Corporation by Horn Petroleum Corporation, a subsidiary of the Corporation, for each of the Corporation's three most recently completed financial years:

Name and principal position	Year	Salary	Option-based awards ⁽¹⁾	All other compensation	Total compensation
Keith Hill ⁽²⁾ <i>President & CEO</i>	2011	Nil	177,647	Nil	177,647
	2010	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil
Ian Gibbs ⁽³⁾ <i>Chief Financial Officer</i>	2011	Nil	177,647	Nil	177,647
	2010	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil
James Phillips ⁽⁴⁾ <i>Chief Operating Officer</i>	2011	Nil	177,647	Nil	177,647
	2010	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil
Paul Martinez ⁽⁵⁾ <i>Vice President of Exploration</i>	2011	Nil	177,647	Nil	177,647
	2010	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil
David Grellman ⁽⁶⁾ <i>Vice President, Operations</i>	2011	Nil	177,647	Nil	177,647
	2010	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil

Notes:

(1) These amounts represent the value of stock options granted to the respective NEO. The fair value of each option granted is estimated on the date of grant using the Black-Scholes options pricing model taking into account the following assumptions on a weighted average basis: (i) risk-free interest rate (%); (ii) expected life (years); and (iii) expected volatility (%). This is consistent with the accounting values used in the Corporation's financial statements. The dollar amount in this column represents the total value ascribed to the stock options; however, all of these stock options are subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years from the date of grant.

(2) During the fiscal year ended December 31, 2011, Mr. Hill was awarded incentive stock options to purchase up to 500,000 common shares of Horn Petroleum Corporation, a subsidiary of the Corporation, over a period of three years at an exercise price of CAD\$1.00 per share, subject to vesting as

to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years after the date of grant. This award is reflected under the column "Option-based Awards".

- (3) During the fiscal year ended December 31, 2011, Mr. Gibbs was awarded incentive stock options to purchase up to 500,000 common shares of Horn Petroleum Corporation, a subsidiary of the Corporation, over a period of three years at an exercise price of CAD\$1.00 per share, subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years after the date of grant. This award is reflected under the column "Option-based Awards".
- (4) During the fiscal year ended December 31, 2011, Mr. Phillips was awarded incentive stock options to purchase up to 500,000 common shares of Horn Petroleum Corporation, a subsidiary of the Corporation, over a period of three years at an exercise price of CAD\$1.00 per share, subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years after the date of grant. This award is reflected under the column "Option-based Awards".
- (5) During the fiscal year ended December 31, 2011, Mr. Martinez was awarded incentive stock options to purchase up to 500,000 common shares of Horn Petroleum Corporation, a subsidiary of the Corporation, over a period of three years at an exercise price of CAD\$1.00 per share, subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years after the date of grant. This award is reflected under the column "Option-based Awards".
- (6) During the fiscal year ended December 31, 2011, Mr. Grellman was awarded incentive stock options to purchase up to 500,000 common shares of Horn Petroleum Corporation, a subsidiary of the Corporation, over a period of three years at an exercise price of CAD\$1.00 per share, subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years after the date of grant. This award is reflected under the column "Option-based Awards".

Other than as set out above, perquisites have not been included as they do not reach the prescribed threshold of the lesser of CAD\$50,000 or 10% or more of total salary for the financial year.

Narrative Discussion

The Corporation has entered into employment agreements with its NEOs. The agreements specify the terms and conditions of employment, the duties and responsibilities of the executive during this term, the compensation and benefits to be provided by the Corporation in exchange for the executive's services, the compensation and benefits to be provided by the Corporation in the event of a termination of employment.

Following are the significant terms of the employment agreements of each of the Corporation's NEOs:

Keith C. Hill, President and Chief Executive Officer

Pursuant to the terms of an executive employment agreement dated January 15, 2009, Mr. Hill was employed by the Corporation as Chief Executive Officer for a fixed period of one year commencing January 15, 2009 at a base annual salary of CAD\$250,000, plus benefits. This agreement was superceded and replaced by an executive employment agreement made effective January 15, 2010 pursuant to which the Corporation has engaged Mr. Hill as Chief Executive Officer of the Corporation at an annual base salary of CAD\$250,000, plus benefits, for no fixed term. Reference is made to the heading "Termination and Change of Control Benefits" for information regarding the termination provisions of Mr. Hill's employment agreement.

Ian Gibbs, Chief Financial Officer

Pursuant to the terms of an executive employment agreement made effective September 14, 2009, the Corporation engaged Mr. Gibbs as Chief Financial Officer of the Corporation for no fixed term. In accordance with the terms of Mr. Gibbs' employment agreement, he is entitled to a base annual salary of CAD\$250,000 per annum, plus benefits. In addition, Mr. Gibbs was granted incentive stock options to purchase up to 400,000 common shares of the Corporation over a period of three (3) years at an exercise price of CAD\$0.89, subject to vesting. Reference is made to the heading "Termination and Change of Control Benefits" for information regarding the termination provisions of Mr. Gibbs' employment agreement.

James R. Phillips – Chief Operating Officer

On April 29, 2009, following the acquisition of the Corporation's subsidiary Africa Oil Ethiopia B.V. ("AOE"), the Corporation assumed the contractual obligations of AOE in relation to Mr. Phillips' employment agreement as Vice President of Exploration of AOE. Under this contract of employment, Mr. Phillips received a base annual salary of US\$282,000, plus benefits. This agreement was superseded and replaced by an executive employment agreement made effective April 1, 2010 which provided for the same annual base salary plus benefits for no fixed term. Reference is made to the heading

“Termination and Change of Control Benefits” for information regarding the termination provisions of Mr. Phillips’ employment agreement.

Paul Martinez, Vice President, Exploration

Pursuant to the terms of an employment agreement made effective February 3, 2011, the Corporation engaged Mr. Martinez as Vice President Exploration of the Corporation for no fixed term. In accordance with the terms of Mr. Martinez’s employment agreement, he is entitled to a base annual salary of CAD\$225,000 per annum, plus benefits. On January 1, 2012, Mr. Martinez base annual salary was raised to CAD\$250,000 per annum. In addition, Mr. Martinez was given a one-time relocation allowance in the amount of CAD\$150,000 and was granted incentive stock options to purchase up to 400,000 common shares of the Corporation over a period of three (3) years at an exercise price of CAD\$1.85, subject to vesting.

David Grellman, Vice President, Operations

Pursuant to the terms of an employment agreement made effective April 1, 2011, between David Grellman and the Corporation’s subsidiary Africa Oil Ethiopia B.V., Mr. Grellman was employed as Vice President Operations for the Corporation for no fixed term. In accordance with the terms of Mr. Grellman’s employment agreement, he is entitled to a base annual salary of US\$250,000 per annum, plus benefits. In addition, Mr. Grellman was given a one-time relocation allowance in the amount of US\$75,000.

Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards for the Corporation held by the NEOs at the end of the most recently completed financial year:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾⁽²⁾
Keith C. Hill <i>President and Chief Executive Officer</i>	400,000	CAD\$1.18	March 30, 2012	157,328
	200,000	CAD\$1.13	April 7, 2013	88,497
	400,000	CAD\$2.10	January 26, 2014	Nil
	667,000	CAD\$1.49	November 24, 2014	59,027
Ian Gibbs <i>Chief Financial Officer</i>	100,000	CAD\$1.18	March 30, 2012	39,332
	400,000	CAD\$0.89	September 14, 2012	271,391
	100,000	CAD\$1.13	April 7, 2013	44,249
	400,000	CAD\$2.10	January 26, 2014	Nil
James R. Phillips <i>Chief Operating Officer</i>	667,000	CAD\$1.49	November 24, 2014	59,027
	250,000	CAD\$1.18	March 30, 2012	98,330
	350,000	CAD\$1.13	April 7, 2013	154,870
	400,000	CAD\$2.10	January 26, 2014	Nil
Paul Martinez <i>Vice President, Exploration</i>	400,000	CAD\$1.85	March 14, 2014	Nil
	333,000	CAD\$1.49	November 24, 2014	29,470
David Grellman <i>Vice President, Operations</i>	300,000	CAD\$1.94	March 30, 2012	Nil
	100,000	CAD\$1.88	April 20, 2014	Nil
	333,000	CAD\$1.49	November 24, 2014	29,470

NOTES:

⁽¹⁾ Calculated using the closing price of the common shares on the TSX Venture Exchange on December 31, 2011 of CAD\$1.58 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the common shares on the date of exercise.

⁽²⁾ Converted to United States dollars using the Bank of Canada noon exchange rate on December 31, 2011.

The following table sets forth the outstanding option-based awards in Horn Petroleum Corporation, a subsidiary of the Corporation, held by the NEOs at the end of the most recently completed financial year:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾
Keith C. Hill <i>President and Chief Executive Officer</i>	500,000	CAD\$1.00	September 28, 2014	Nil
Ian Gibbs <i>Chief Financial Officer</i>	500,000	CAD\$1.00	September 28, 2014	Nil
James R. Phillips <i>Chief Operating Officer</i>	500,000	CAD\$1.00	September 28, 2014	Nil
Paul Martinez <i>Vice President, Exploration</i>	500,000	CAD\$1.00	September 28, 2014	Nil
David Grellman <i>Vice President, Operations</i>	500,000	CAD\$1.00	September 28, 2014	Nil

NOTES:

⁽¹⁾ Calculated using the closing price of the common shares on the TSX Venture Exchange on December 31, 2011 of CAD\$0.75 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the common shares on the date of exercise.

Incentive Plan Awards – Value Vested or Earned During the Year

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

Name	Option-based awards – Value vested during the year ⁽¹⁾⁽²⁾
Keith C. Hill <i>President & Chief Executive Officer</i>	\$158,252
Ian Gibbs <i>Chief Financial Officer</i>	\$130,887
James R. Phillips <i>Chief Operating Officer</i>	\$177,539
Paul Martinez <i>Vice President, Exploration</i>	Nil
James R. Phillips <i>Vice President, Operations</i>	Nil

Notes:

⁽¹⁾ Calculated using the closing price of the common shares on the TSX Venture Exchange on the dates on which stock options vested during the financial year ended December 31, 2011, and subtracting the exercise price of in-the-money stock options.

⁽²⁾ Converted to United States dollars using the average annual exchange rate per the Bank of Canada for 2011 = \$0.98906920.

The following table sets forth details of the value vested or earned for all incentive plan awards granted by Horn Petroleum Corporation, a subsidiary of the Corporation, during the most recently completed financial year by each NEO:

Name	Option-based awards – Value vested during the year ⁽¹⁾
Keith C. Hill <i>President & Chief Executive Officer</i>	Nil
Ian Gibbs <i>Chief Financial Officer</i>	Nil
James R. Phillips <i>Chief Operating Officer</i>	Nil
Paul Martinez <i>Vice President, Exploration</i>	Nil
James R. Phillips <i>Vice President, Operations</i>	Nil

Notes:

⁽¹⁾ Calculated using the closing price of the common shares on the TSX Venture Exchange on the date on which stock options vested during the financial year ended December 31, 2011, and subtracting the exercise price of in-the-money stock options.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Corporation and its subsidiaries have not entered into any compensatory plan or arrangement in respect of compensation received or that may be received by any of the NEOs, during the Corporation’s most recently completed or current financial year to compensate such executive officers in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control, except for those disclosed below.

Executive Employment Agreement – Keith Hill, President and Chief Executive Officer

On January 15, 2010 the Corporation entered into an executive employment agreement with Mr. Keith Hill, the President and Chief Executive Officer of the Corporation, at an annual salary of CAD\$250,000. For further information regarding Mr. Hill’s agreement, refer to the disclosure under the heading “*Summary Compensation Table – Narrative Discussion.*”

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

Mr. Hill may be terminated by the Corporation for any reason other than specified above, upon 60 days written notice of the termination of his employment agreement. Mr. Hill is entitled to a continued benefit package at the Corporation’s expense for two years, with an estimated value of CAD\$11,400, if his employment is terminated within one year after a change of control occurs.

In the event that (i) the Corporation sells a controlling interest in all or substantially all of its assets or any of its subsidiaries, or (ii) there is a change of control of the Corporation, Mr. Hill is entitled to resign and to receive the equivalent of two years’ base salary in a lump sum (equivalent to CAD\$500,000) plus the continuation of all of benefits for two years, at the highest level provided to Mr. Hill at any time within the one year period prior to the change of control. In addition, Mr. Hill’s outstanding incentive stock option awards in the Corporation would fully vest and become immediately exercisable upon a change of control occurring (valued at CAD\$310,030 as at December 31, 2011).

A “change of control” is deemed to occur if:

- (a) there is a successful take-over of the Corporation; or
- (b) a person or group other than the Lundin family and its trusts becomes the largest shareholder of the Corporation.

Executive Employment Agreement – Ian Gibbs, Chief Financial Officer

On September 14, 2009 the Corporation entered into an executive employment agreement with Mr. Ian Gibbs, the Chief Financial Officer of the Corporation at an annual salary of CAD\$250,000. For further information regarding Mr. Gibbs' agreement, refer to the disclosure under the heading "Summary Compensation Table – Narrative Discussion."

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

Mr. Gibbs may be terminated by the Corporation for any reason other than specified above, upon 60 days written notice of the termination of his employment agreement. Mr. Gibbs is entitled to a continued benefit package at the Corporation's expense for two years, with an estimated value of CAD\$11,400, if his employment is terminated within one year after a change of control occurs.

In the event that (i) the Corporation sells a controlling interest in all or substantially all of its assets or any if one or more of its subsidiaries that owns which, taken together, is substantially all of the assets of the Corporation, or (ii) there is a change of control of the Corporation, Mr. Gibbs is entitled to resign and to receive the equivalent of two years' base salary in a lump sum (equivalent to CAD\$500,000) plus the continuation of all of benefits for two years, at the highest level provided to Mr. Gibbs at any time within the one year period prior to the change of control. In addition, Mr. Gibbs' outstanding incentive stock option awards in the Corporation would fully vest and become immediately exercisable upon a change of control occurring (valued at CAD\$421,030 as at December 31, 2011).

A "change of control" is deemed to occur if:

- (a) there is a successful take-over of the Corporation; or
- (b) a person or group other than the Lundin family and its trusts becomes the largest shareholder of the Corporation.

Executive Employment Agreement – James Phillips, Chief Operating Officer

Upon the acquisition of the subsidiary Africa Oil Ethiopia B.V. (formerly Lundin East Africa B.V.) ("AOE") on April 29, 2009, the Corporation assumed the contractual obligations of the subsidiary in relation to Mr. Phillips' executive employment agreement as Vice President Exploration of the subsidiary. Under the contract of employment with AOE, Mr. Phillips is entitled to a base annual salary of \$282,000, plus benefits. On September 15, 2009, Mr. Phillips became the Vice President Exploration of the Corporation and continued his employment under the same terms and conditions of his employment agreement with AOE. On March 14, 2011, Mr. Phillips became the Corporation's Chief Operating Officer.

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

Mr. Phillips may be terminated by the Corporation or AOE for any reason other than specified above, upon 60 days written notice of the termination of his employment agreement. Mr. Phillips is entitled to a continued benefits package at the Corporation's expense for two years, with an estimated value of \$122,530, if his employment is terminated within one year

after a change of control occurs. In addition, Mr. Phillips' outstanding incentive stock option awards in the Corporation would fully vest and become immediately exercisable upon a change of control occurring (valued at CAD\$317,530 as at December 31, 2011).

In the event that (i) the Corporation sells a controlling interest in all or substantially all of its assets or any of its subsidiaries, or (ii) there is a change of control of the Corporation, Mr. Phillips is entitled to resign and to receive the equivalent of two years' base salary in a lump sum (equivalent to \$564,000) plus the continuation of all of benefits for two years at the highest level provided to Mr. Phillips at any time within the one year period prior to the change of control.

A "change of control" is deemed to occur if:

- (a) there is a successful take-over of the Corporation; or
- (b) a person or group other than the Lundin family and its trusts becomes the largest shareholder of the Corporation.

Upon termination of employment, the Corporation shall pay all reasonable repatriation expenses incurred by Mr. Phillips to return to the United States.

Paul Martinez, Vice President, Exploration

In accordance with the Corporation's current 10% Rolling Stock Option Plan (the "Plan"), Mr. Martinez's outstanding incentive stock option awards in the Corporation would fully vest and become immediately exercisable upon a change of control occurring (valued at CAD\$29,970 as at December 31, 2011). For further information regarding the change of control provisions contained in the Plan, refer to the disclosure under the heading "*Equity Compensation Plan Information – 10% Rolling Stock Option Plan – Change of Control*".

Executive Employment Agreement – David Grellman, Vice President Operations

On April 1, 2011, AOE entered into an executive employment agreement with Mr. David Grellman, Vice President Operations of the Corporation at an annual salary of \$250,000. The Corporation assumed the contractual obligations of the subsidiary in relation to Mr. Grellman's executive employment agreement. For further information regarding Mr. Grellman's agreement, refer to the disclosure under the heading "*Summary Compensation Table – Narrative Discussion*."

Mr. Grellman may be terminated by the Corporation or AOE for any reason other than specified above, upon 60 days written notice of the termination of his employment agreement. Upon termination of employment, the Corporation shall pay Mr. Grellman a one-time repatriation allowance of \$20,000. In accordance with the Corporation's current 10% rolling stock Option plan, Mr. Grellman's outstanding incentive stock option awards in the Corporation would fully vest and become immediately exercisable upon a change of control occurring (valued at CAD\$29,970 as at December 31, 2011). For further information regarding the change of control provisions contained in the Plan, refer to the disclosure under the heading "*Equity Compensation Plan Information – 10% Rolling Stock Option Plan – Change of Control*".

DIRECTORS' COMPENSATION

The compensation package for directors is intended to provide a competitive level of remuneration reflective of the responsibilities, accountability and time commitments of the Board members. Executive officers of the Corporation who also act as directors of the Corporation do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such executive officers in their capacity as executive officers. Fees paid to non-executive directors for their service to Board were approved at CAD\$20,000 per annum, audit committee members were approved at CAD\$5,000 per annum with the chair of the audit committee paid an additional CAD\$2,000 per annum, all other non-executive committee members belonging to the Compensation Committee, the Corporate Governance and Nominating Committee and the Reserves Committee are paid fees of CAD\$2,000 per annum. To encourage directors to align their interests with shareholders, directors are also granted incentive stock options pursuant to the Corporation's Stock Option Plan.

Directors' Compensation Table

The following table sets forth the details of compensation provided to the non-executive directors, who were not NEOs during the Corporation's most recently completed financial year:

Name	Fees Earned/Paid (\$) ⁽¹⁾	Option-based Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
J. Cameron Bailey	31,343	267,000	Nil	Nil	298,343
Gary S. Guidry	29,320	267,000	Nil	Nil	296,320
Bryan M. Benitz	27,298	267,000	Nil	Nil	294,298
John H. Craig	24,265	267,000	Nil	Nil	291,265

NOTES:

⁽¹⁾ Fees earned by directors are paid in Canadian dollars and converted to United States dollars for reporting purposes at the exchange rate of US\$1.00 = CAD\$0.9890692, being the Bank of Canada average annual exchange.

⁽²⁾ These amounts represent the value of stock options granted to the respective director. The methodology used to calculate these amounts was the Black-Scholes model. This is consistent with the accounting values used in the Corporation's financial statements. The dollar amount in this column represents the total value ascribed to the stock options; however, all of these stock options are subject to vesting as to one-third on the date of grant, one-third one year from the date of grant and the remaining one-third two years from the date of grant.

** Information pertaining to Mr. Keith C. Hill is included under "Statement of Executive Compensation - Summary Compensation Table".

Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards held by the directors of the Corporation at the end of the most recently completed financial year:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾⁽²⁾
J. Cameron Bailey	100,000	CAD\$1.18	March 31, 2012	39,332
	50,000	CAD\$1.13	April 7, 2013	22,124
	100,000	CAD\$2.10	January 26, 2014	Nil
	167,000	CAD\$1.49	November 24, 2014	14,779
Gary S. Guidry	100,000	CAD\$1.18	March 31, 2012	39,332
	50,000	CAD\$1.13	April 7, 2013	22,124
	100,000	CAD\$2.10	January 26, 2014	Nil
	167,000	CAD\$1.49	November 24, 2014	14,779
Bryan M. Benitz	100,000	CAD\$1.00	September 29, 2012	57,031
	50,000	CAD\$1.13	April 7, 2013	22,124
	100,000	CAD\$2.10	January 26, 2014	Nil
	167,000	CAD\$1.49	November 24, 2014	14,779
John H. Craig	100,000	CAD\$1.05	August 19, 2012	52,115
	50,000	CAD\$1.13	April 7, 2013	22,124
	100,000	CAD\$2.10	January 26, 2014	Nil
	167,000	CAD\$1.49	November 24, 2014	14,779

NOTES:

⁽¹⁾ Calculated using the closing price of the common shares on the TSX Venture Exchange on December 31, 2011 of CAD\$1.58 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the common shares on the date of exercise.

⁽²⁾ Converted to United States dollars using the Bank of Canada noon exchange rate on December 31, 2011.

** Information pertaining to Mr. Keith C. Hill is included under "Statement of Executive Compensation - Summary Compensation Table".

Incentive Plan Awards – Value Vested or Earned During the Year

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

Name	Option-based awards – Value vested during the year ⁽¹⁾⁽²⁾
J. Cameron Bailey	\$39,564
Gary S. Guidry	\$39,564
Bryan M. Benitz	\$28,024
John H. Craig	\$27,365

Notes:

⁽¹⁾ Calculated using the closing price of the common shares on the TSX Venture Exchange on the dates on which stock options vested during the financial year ended December 31, 2011, and subtracting the exercise price of in-the-money stock options.

⁽²⁾ Converted to United States dollars using the exchange rate per the Bank of Canada in effect as at the date options vested.

** Information pertaining to Mr. Keith C. Hill is included under “Statement of Executive Compensation - Summary Compensation Table.

Directors’ and Officers’ Liability Insurance

The Corporation maintains insurance for the benefit of its directors and officers and the directors and officers of its subsidiaries, as a group, in respect of the performance of them of the duties of their offices. The total amount of insurance coverage available is up to \$10,000,000, depending on the type of claim, with a deductible of up to \$25,000, depending on the type of claim, for each claim for which the Corporation grants indemnification. The Corporation bears the entire cost of the premiums payable pursuant to this coverage.

Indebtedness of Directors and Executive Officers

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

Equity Compensation Plan Information

The Corporation’s 10% Rolling Stock Option Plan, described herein, is the only compensation plan under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options (CAD\$)	Number of securities remaining available for future issuance under the Plan (excluding securities reflected in column (a))
Equity Compensation Plans approved by securityholders	10,830,668	1.47	10,310,638
Equity Compensation Plans not approved by securityholders	N/A	N/A	N/A
Total	10,830,668		10,310,638

Notes:

⁽¹⁾ The only compensation plan under which equity securities are authorized for issuance is the stock option plan, see “Executive Compensation – Stock Option Plan”.

⁽²⁾ Based on 10% of the issued and outstanding share capital of the Corporation as at December 31, 2011 of 211,413,059.

10% Rolling Stock Option Plan

The Corporations’ current 10% Rolling Stock Option Plan (the “Plan”) governing the issuance of stock options was initially adopted by shareholders at the annual and special meeting held on June 23, 2008 and most recently ratified and approved by shareholders on May 30, 2011.

The material terms of the Plan can be summarized as follows:

Purpose

Management of the Corporation believes that incentive stock options serve as an important function in furnishing directors, officers, employees and consultants of the Corporation with an opportunity to invest in the Corporation in a simple and effective manner and in aligning the interests of such persons with those of the Corporation and its shareholders. The purpose of the Plan is to ensure that the Corporation is able to continue to provide an incentive-based benefits program to its directors, officers, employees and consultants that provides flexibility in the structuring of incentive benefits so as to allow the Corporation to remain competitive in the recruitment and retention of key personnel.

Administration

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

Number of Shares

The aggregate number of shares issuable upon the exercise of all stock options granted under the Plan is not to exceed 10% of the issued and outstanding share capital of the Corporation on a non-diluted basis at any time, and such aggregate number of shares shall automatically increase or decrease as the number of issued and outstanding shares changes. If any option granted under the Plan expires or terminates for any reason in accordance with the terms of the Plan without being exercised, the un-purchased shares will again be available for the purpose of the Plan.

Eligible Participants

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

Expiry of Option

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

In the event that an option holder who has received stock options in his or her capacity as a director of the Corporation ceases to be a director of the Corporation other than by reason of death, the expiry date of the options will be the 30th day following the date the option holder ceases to be a director of the Corporation unless the option holder continues to be engaged by the Corporation as an employee, in which case the expiry date will remain unchanged, subject to the terms and conditions of the Plan.

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

Exercise Price

The exercise price per share is determined by the Board at the time the options are granted provided that the exercise price cannot be lower than the lowest exercise price permitted by the Exchange.

Term

The term of any option granted is fixed by the Board and may not exceed five years from the date of grant.

Vesting

Options granted pursuant to the Plan will vest and become exercisable by an option holder at such time or times as may be determined by the Board at the date of the option grant and as indicated in the option grant and related option agreement. Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restrictions shall exist. Notwithstanding the foregoing, options granted to consultants providing investor relations services will vest in stages over a 12 month period with a maximum of one-quarter of such options vesting in any three month period.

Transferability

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

Change of Control

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

Substantive Amendments to Plan

Any substantive amendments to the Plan will be subject to the Corporation first obtaining the approval of the Corporation's shareholders at a general meeting (which may require disinterested shareholder approval) and, if required, any stock exchange on which the Corporation's shares may be listed for trading. Without limiting the generality of the foregoing, any proposed amendment to the Plan which involves an option held by an Insider of the Corporation (as that term is defined by the policies of the Exchange and relevant securities laws) shall first require approval from the disinterested shareholders of the Corporation at a general meeting provided that such approval is required by the Exchange.

Termination

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

MANAGEMENT CONTRACTS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

During the fiscal year ended December 31, 2011, none of the insiders of the Corporation or any proposed nominee for election as director, nor any associate or affiliate of said persons has had any material interest, direct or indirect, in any transaction, which has materially affected or will materially affect the Corporation or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate Governance Practices

National Policy 58-201 Corporate Governance Guidelines (“NP 58-201”) sets out guidelines for effective corporate governance. These guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, specified disclosure of the corporate governance practices must be included in its management information circular.

The Board of Directors has considered the guidelines set out in NP 58-201 and believes that its approach to corporate governance is appropriate and works effectively for the Corporation and its shareholders and are consistent with the overall business of the Corporation and its stage of development. The following is a description of the Corporation’s corporate governance practices which have been approved by the Board.

The Board of Directors

The Board of Directors is currently comprised of J. Cameron Bailey, Keith C. Hill, Gary S. Guidry, Bryan M. Benitz and John H. Craig. One member of the Board of Directors, Mr. Hill, is not considered to be independent within the meaning of NI 58-101. The remaining directors are considered independent as that term is defined under National Instrument 52-110 *Audit Committees* (“NI 52-110”).

The Board of Directors has the responsibility to (i) supervise and evaluate management (ii) oversee the conduct of the Corporation’s business; (iii) adopt, supervise and provide guidance to management on the Corporation’s strategic planning process; (iv) identify the principal risks of the Corporation’s business and ensure management’s implementation and assessment of appropriate risk management systems; (v) ensure that the Corporation has highly qualified management and adequate and effective succession plans for senior management; (vi) oversee the Corporation’s communications policy with its shareholders and with the public generally; (vii) place limits on managements authority; and (viii) assess directly and through its Audit Committee, the integrity of the Corporation’s internal control and management information systems.

Directorships

Each of the directors of the Corporation is currently a director of other reporting issuers as set forth below:

Name	Directorships with Other Reporting Issuers
J. Cameron Bailey	<ul style="list-style-type: none">• Fortress Energy Inc.• Phoenix Technology Income Fund• Phoenix Technology Services Inc. (formerly, Nevis Energy Services Ltd.)• PHX Energy Services Corp.• ShaMaran Petroleum Corp.
Keith C. Hill	<ul style="list-style-type: none">• ShaMaran Petroleum Corp.• BlackPearl Resources Inc.• Petro Vista Energy Corp.• Tyner Resources Ltd.• TAG Oil Ltd.• Horn Petroleum Corporation
Gary S. Guidry	<ul style="list-style-type: none">• Griffiths Energy International• ShaMaran Petroleum Corp.• TransGlobe Energy Corporation
Bryan M. Benitz	<ul style="list-style-type: none">• Longreach Oil and Gas Ltd.• Kirrin Resources Inc.

John H. Craig

- Denison Mines Corp.
 - BlackPearl Resources Inc.
 - Etrion Corporation
 - Corsa Coal Corp.
 - Sirocco Mining Inc.
 - Lundin Mining Corporation
-

During fiscal year ended December 31, 2011, the Board and its committees held the following number of meetings:

Directors	Board Committees									
	Board of Directors 8 meetings		Audit Committee 4 meetings		Compensation Committee 2 meetings		Corporate Governance and Nominating Committee 1 meeting		Reserves Committee 1 meeting	
	No.	%	No.	%	No.	%	No.	%		
Keith C. Hill	8	100%	-	-	2	100%	-	-	1	100%
J. Cameron Bailey	7	88%	4	100%	2	100%	1	100%	-	-
Gary S. Guidry	6	75%	4	100%	-	-	1	100%	1	100%
Bryan M. Benitz	8	100%	4	100%	-	-	-	-	1	100%
John H. Craig	8	100%	-	-	2	100%	1	100%	-	-

Orientation and Continuing Education

The measures that the Board of Directors takes in connection with orienting new Board members regarding the role of the Board, its directors, the committees of the Board and the nature and operation of the Corporation's business include providing each new member with information concerning the role and responsibilities of a public company director and discussing with new members the Corporation's operations.

The Corporation encourages continued education for its directors. The Board ensures that all directors are kept apprised of changes in the Corporation's operations and business and changes in the regulatory environment affecting the Corporation's day to day business.

Ethical Business Conduct

The Corporation is committed to conducting its business in compliance with the law and the highest ethical standards. Accordingly, the Corporation has adopted a written Code of Business Conduct and Ethics (the "Code") applicable to directors, officers and all employees of the Corporation. Directors, officers or employees who have concerns or questions about violations of laws, rules or regulations, or of the Code, are required to report them to the Corporation's legal counsel. Following the receipt of any complaints submitted hereunder, the Corporation's legal counsel will investigate each matter so reported and report to the Board which will take corrective disciplinary actions, if appropriate, up to and including termination of employment. The Corporation encourages all directors, officers, and employees to report promptly any suspected violation of the Code to the Corporation's legal counsel. The Corporation does not tolerate any retaliation for reports or complaints regarding suspected violations of the Code that were made in good faith. There has been no departure from the Code during the Corporation's most recently completed financial year.

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

The Code is available under the Corporation's profile on SEDAR at www.sedar.com.

The Corporation has also established an Internal Employee Alert Policy to encourage employees, officers and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment.

Nomination of Directors

The Corporate Governance and Nominating Committee consists of three directors Gary S. Guidry (Chair), J. Cameron Bailey and John H. Craig, all of whom are independent within the meaning of the Governance Guidelines. The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Corporation's approach to corporate governance issues. The Committee oversees the effective functioning of the Board, oversees the relationship between the Board and management, ensures that the Board can function independently of management at such times as is desirable or necessary, identifies individuals qualified to become new Board members and recommends to the Board the director nominees at each annual meeting of shareholders and, with the assistance of the Board and where necessary, develops an orientation and education program for new recruits to the Board. In identifying possible nominees to the Board, the Corporate Governance and Nominating Committee considers the competencies and skills necessary for the Board as a whole, the skills of existing directors and the competencies and skills each new nominee will bring to the Board, as well as whether or not each nominee will devote sufficient time and resources to the Board. The Corporate Governance and Nominating Committee also annually reviews and makes recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the effectiveness and contribution of the Board, its committees and individual directors, having reference to their respective mandates, charters and position descriptions. The Corporate Governance and Nominating Committee meet at least annually.

Compensation

As of the fiscal year ended December 31, 2011 the Compensation Committee was comprised of three directors, namely, Messrs. J. Cameron Bailey (Chair), Keith C. Hill and John H. Craig, a majority of whom were independent. The Compensation Committee evaluates the CEO's performance and establishes executive and senior officer compensation, determines the general compensation structure, policies and programs of the Corporation, including the extent and level of participation in incentive programs in conjunction with the Board, and delivers an annual statement on executive compensation. The Compensation Committee has also been mandated to review the adequacy and form of annual compensation for non-executive directors to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director. The Compensation Committee meets at least annually. The Compensation Committee did not retain a compensation consultant or advisor at any time since the beginning of the Corporation's most recently completed financial year to assist in determining compensation for any of its directors and officers.

Other Board Committees

The Corporation established a Reserves Committee that is comprised of a majority of independent directors; namely, Messrs. Keith C. Hill, Gary S. Guidry and Bryan M. Benitz. The Reserves Committee has generally been given the responsibility for developing the Corporation's approach to the reporting of oil and gas resources and/or reserves and the valuation of those resources/reserves.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Approval of 10% Rolling Stock Option Plan

The Corporations' current 10% Rolling Stock Option Plan (the "Plan") governing the issuance of stock options was initially adopted by shareholders at the annual and special meeting held on June 23, 2008 and most recently ratified and confirmed by shareholders on May 30, 2011. The full text of the Plan will be available for review at the Meeting.

The policies of the Exchange require that rolling plans be approved by shareholders on a yearly basis. Accordingly, shareholders are being asked to pass an ordinary resolution to ratify and confirm the Plan as adopted by the Board which permits the issuance of up to 10% of the issued and outstanding common shares of the Corporation from time to time. To be effective, the resolution must be passed by a simple majority of the votes cast thereon by shareholders present in person or by proxy at the Meeting. If the resolution to approve the Plan is not approved by shareholders of the Corporation, all unallocated stock options will be cancelled and the Corporation will not be permitted to make any further

grants until shareholder approval is obtained. The following is the text of the ordinary resolution to be considered at the Meeting:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

- (a) the 10% Rolling Stock Option Plan of the Corporation, as adopted by the Board of Directors, be and is hereby approved and ratified, and the Corporation be and is hereby authorized to reserve for issuance pursuant to the 10% Rolling Stock Option Plan up to 10% of the issued and outstanding common shares of the Corporation from time to time;
- (b) the Board of Directors be and is hereby authorized on behalf of the Corporation to make any amendments to the 10% Rolling Option Plan as may be required by regulatory authorities or otherwise made necessary by applicable legislation, without further approval of the shareholders of the Corporation, in order to ensure the adoption and efficient function of the 10% Rolling Stock Option Plan; and
- (c) any director or officer of the Corporation be and is hereby authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolutions, and to complete all transactions in connection with the implementation of the 10% Rolling Stock Option Plan.”

The directors of the Corporation believe the passing of the foregoing ordinary resolution is in the best interests of the Corporation and recommend that shareholders of the Corporation vote in favour of the resolution.

The persons named as proxies in the enclosed Proxy intend to cast the votes represented by proxy in favour of the foregoing resolution unless the holder of common shares who has given such proxy has directed that the votes be otherwise cast.

OTHER MATTERS

Management of the Corporation knows of no other matters which will be brought before the Meeting, other than those referred to in the Notice of Meeting. Should any other matters properly be brought before the Meeting, the Common Shares represented by the proxies solicited hereby will be voted on those matters in accordance with the best judgment of the persons voting such proxies.

ADDITIONAL INFORMATION

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

Copies of the consolidated financial statements and related MD&A, as well as a copy of the Corporation’s Annual Information Form (“AIF”) for the fiscal year ended December 31, 2011, may be accessed on the Corporation’s website at www.africaoilcorp.com or shareholders may contact the Corporation to request copies of the consolidated financial statements, MD&A and AIF, as follows:

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

**AFRICA OIL CORP.
(the "Corporation")**

MANDATE OF THE AUDIT COMMITTEE

(as adopted and amended by the Board on November 28, 2006 and May 22, 2009, respectively, and as ratified without amendment on April 20, 2010, March 29, 2011, and March 23, 2012)

1. Purpose of the Audit Committee

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries.

2. Members of the Audit Committee

2.1. The Audit Committee shall be appointed annually by the Board and shall be composed of three members, each of whom must be a director of the Corporation and a majority of whom must be independent.

2.2. At least one Member of the Audit Committee must be "financially literate" as defined under National Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

3. Meeting Requirements

3.1. The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Committee determines. Without a meeting the Committee may act by unanimous written consent of all members.

3.2. Two members of the Audit Committee shall constitute a quorum.

4. Duties and Responsibilities

4.1. *Appointment, Oversight and Compensation of Auditor*

4.1.1. The Audit Committee shall recommend to the Board:

- a) The auditor (the "Auditor") to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
- b) The compensation of the Auditor.

In making such recommendations, the Audit Committee shall evaluate the Auditor's performance and review the Auditor's fees for the preceding year.

4.1.2. The Auditor shall report directly to the Audit Committee.

4.1.3. The Audit Committee shall be directly responsible for overseeing the work of the Auditor, including the resolution of disagreements between management and the Auditor regarding financial reporting.

4.1.4. The Audit Committee shall review information, including written statements from the Auditor, concerning any relationships between the Auditor and the Corporation or any other relationships that may adversely affect the independence of the Auditor and assess the independence of the Auditor.

4.2. *Non-Audit Services*

4.2.1. All auditing services and non-audit services provided to the Corporation or the Corporation's subsidiaries by the Auditor shall, to the extent and in the manner required by applicable law or regulation, be pre-approved by the Audit Committee. In no circumstances shall the Auditor provide any non-audit services to the Corporation that are prohibited by applicable law or regulation.

4.3. *Review of Financial Statements etc.*

4.3.1. The Audit Committee shall review the Corporation's interim and annual financial statements and Management's Discussion and Analysis ("MD&A"), intended for circulation among shareholders; and shall report on them to the Board.

4.3.2. The Audit Committee shall satisfy itself that the audited financial statements and interim financial statements present fairly the financial position and results of operations in accordance with generally accepted accounting principles and that the auditors have no reservations about such statements.

4.3.3. The Audit Committee shall review changes in the accounting policies of the Corporation and accounting and financial reporting proposals that are provided by the Auditor that may have a significant impact on the Corporation's financial reports, and report on them to the Board.

4.4. *Review of Public Disclosure of Financial Information*

4.4.1. The Audit Committee shall review the Corporation's annual and interim press releases relating to financial results before the Corporation publicly discloses this information.

4.4.2. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection 5.4.1, and must periodically assess the adequacy of those procedures.

4.5. *Review of Annual Audit*

4.5.1. The Audit Committee shall review the nature and scope of the annual audit, and the results of the annual audit examination by the Auditor, including any reports of the Auditor prepared in connection with the annual audit.

4.5.2. The Audit Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect the audited financial statements.

4.5.3. The Audit Committee shall satisfy itself that, where there are unsettled issues that do not affect the audited financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.

4.5.4. The Audit Committee shall satisfy itself that there is generally a good working relationship between management and the Auditor.

4.6. *Review of Quarterly Review Engagements*

4.6.1. The Audit Committee shall review the nature and scope of any review engagements for interim financial statements, and the results of such review engagements by the Auditor, including any reports of the Auditor prepared in connection with such review engagements.

4.6.2. The Audit Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect any interim financial statements.

4.6.3. The Audit Committee shall satisfy itself that, where there are unsettled issues that do not affect any interim financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.

4.7. *Internal Controls*

4.7.1. The Audit Committee shall have responsibility for oversight of management reporting and internal control for the Corporation and its subsidiaries.

4.7.2. The Audit Committee shall satisfy itself that there are adequate procedures for review of interim statements and other financial information prior to distribution to shareholders.

4.8. *Complaints and Concerns*

4.8.1. The Audit Committee shall establish procedures for:

- a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

4.9. *Hiring Practices*

4.9.1. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors of the Corporation.

4.10. *Other Matters*

4.10.1. The Audit Committee shall be responsible for oversight of the effectiveness of management's interaction with and responsiveness to the Board;

4.10.2. The Audit Committee shall review and monitor all related party transactions which may be entered into by the Corporation.

4.10.3. The Audit Committee shall approve, or disapprove, material contracts where the Board determines it has a conflict.

4.10.4. The Audit Committee shall satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulations relating to insider trading, continuous disclosure and financial reporting.

4.10.5. The Audit Committee shall periodically review the adequacy of this Charter and recommend any changes to the Board.

4.10.6. The Board may refer to the Audit Committee such matters and questions relating to the financial position of the Corporation and its affiliates as the Board from time to time may see fit.

5. Rights and Authority of the Audit Committee and the Members Thereof

5.1. The Audit Committee has the authority:

- a) To engage independent counsel and other advisors as it determines necessary to carry out its duties;
- b) To set and require the Corporation to pay the compensation for any advisors employed by the Audit Committee; and
- c) To communicate directly with the Auditor and, if applicable, the Corporation's internal auditor.

5.2. The members of the Audit Committee shall have the right, for the purpose of performing their duties, to inspect all the books and records of the Corporation and its affiliates and to discuss those accounts and records and any matters relating to the financial position of the Corporation with the officers and Auditor of the Corporation and its affiliates, and any member of the Audit Committee may require the Auditor to attend any or every meeting of the Audit Committee.

6. Miscellaneous

Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Audit Committee. The purposes, responsibilities, duties and authorities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.