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ANNUAL INFORMATION FORM

For the Year
Ended December 31, 2012

March 26, 2013

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SCHEDULE B – Form NI 51-101F3, Report of Management and Directors on Oil and Gas Disclosure

GLOSSARY OF TERMS

"10BA Farmout Agreement" means the Farmout Agreement made September 27, 2010 between Centric Energy (Kenya) Limited and Tullow Kenya B.V., in respect of the PSC covering Block 10BA, Kenya.

"12A/13T Farmout Agreement" means the Farmout Agreement made December 9, 2010 between, among others, the Company and Tullow Kenya B.V., in respect of the PSCs covering Block 12A and Block 13T, Kenya.

"12A/13T Amending Agreement" means the amendment to the Platform Assignment Agreement, made May 27, 2010.

"2D" means two dimensional.

"3D" means three dimensional.

"Afren" means Afren plc.

"Africa Oil" "AOC" or the "Company" means Africa Oil Corp., including Africa Oil and its subsidiaries.

"Agriterra" means Agriterra Limited (formerly White Nile Ltd.)

"Agriterra Farmout Agreement" means the Farmout Agreement made June 14, 2010 between AOEBV and Agriterra, in respect of the South Omo Block in Ethiopia.

"AIF" or "Annual Information Form" means this Annual Information Form prepared for the year ended December 31, 2011 and dated March 23, 2012.

"AOEBV" means Africa Oil Ethiopia B.V.

"AOKBV" means Africa Oil Kenya B.V.

"BCABC" means the *Business Corporations Act* (British Columbia) S.B.C. 2002 c.57, as amended, including the regulations promulgated thereunder.

"Canmex I" means Canmex Holdings (Bermuda) I Ltd.

"Canmex II" means Canmex Holdings (Bermuda) II Ltd.

"Centric" means Centric Energy Corp.

"Centric Arrangement Agreement" means the Arrangement Agreement dated as of November 29, 2010, as amended by Amending Agreements dated December 23, 2010 and January 4, 2011, between the Company and Centric, including the disclosure letters of Centric and the Company.

"Centric Plan of Arrangement" means the arrangement completed pursuant to the provisions of Part 9, Division 5 of the BCABC in accordance with the terms and conditions set forth in the Plan of Arrangement attached as Schedule A to the Centric Arrangement Agreement pursuant to which the Company acquired all of the issued and outstanding shares of Centric on the basis of 0.3077 shares of the Company and \$0.0001 in cash for each one share of Centric.

"CNOOC" means Chinese National Overseas Oil Company.

"commercial discovery" means a discovery that is potentially commercial when taking into account all technical, operational, commercial and financial data collected when carrying out appraisal work or similar operations, including recoverable reserves of petroleum, sustainable regular production levels and other material technical, operational, commercial and financial parameters, all in accordance with prudent international petroleum industry practices.

"common shares" means the common shares in the capital of the Company.

"Contractor Group" means the parties, including joint venture partners, that hold a working interest in a PSA or a PSC.

“Convertible Loan” means the convertible loan provided by Lundin Services pursuant to a loan agreement dated April 29, 2009 between the Company and Lundin Services, as amended on March 1, 2011, in the approximate amount of \$10.8 million. The Convertible Loan had a maturity date of December 31, 2011 and bore interest at the rate of USD six-month LIBOR plus 3%. The Convertible Loan, including any accrued and unpaid interest, was convertible on or before December 31, 2011, at the option of either Africa Oil or Lundin Services, into common shares of Africa Oil, issuable at a deemed price of CAD\$0.90 per share.

“crude oil” means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids.

“Denovo” means Denovo Capital Corp.

“development costs” means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs or support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems.

“development well” means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive;

“EAX” means East African Exploration Limited, a wholly-owned subsidiary of Black Marlin Energy Holdings Limited. Black Marlin Energy Holdings Limited was acquired by Afren plc on October 7, 2010.

“EAX Farmout Agreement” means the Farmout Agreement made May 29, 2009 between, among others, the Company and EAX, in respect of the PSAs covering Blocks 2 and 6 and 7 and 8, Ethiopia and the PSC covering Block 10A, Kenya.

“Ethiopian Government” means the Government of the Federal Democratic Republic of Ethiopia.

“Exchange” means the TSX Venture Exchange.

“Farmout Agreement” means a contractual agreement between parties whereby the holder of an interest in an oil and gas concession agrees to assign all or part of that interest to another entity in exchange for fulfilling contractually specified conditions.

“gross” means:

(a) in relation to wells, the total number of wells in which the Company has an interest; and

(b) in relation to properties, the total area of properties in which the Company has an interest.

“Horn Petroleum” mean Horn Petroleum Corporation

“Kenyan Government” means the Government of the Republic of Kenya

“Komodo Capital” means Komodo Capital Pty. Ltd.

“Lion Energy” means Lion Energy Corp. (formerly Raytec Metals Corp.).

“Lion Energy Arrangement Agreement” means the Arrangement Agreement dated as of April 3, 2011, as amended by Amending Agreement dated June 20, 2011, between the Company and Lion Energy, including the disclosure letters of Lion Energy and the Company.

“Lion Energy Plan of Arrangement” means the arrangement completed pursuant to the provisions of Part 9, Division 5 of the BCABC in accordance with the terms and conditions set forth in the Plan of Arrangement attached as Exhibit B to the Lion Energy Arrangement Agreement pursuant to which the Company acquired all of the issued and outstanding shares of Centric on the basis of 0.20 shares of the Company for each one share of Lion Energy.

“Lion Energy Farmout Agreement” means the Farmout Agreement made August 19, 2009 between, among others, the Company and Lion Energy, in respect of the PSAs covering Dharoor Valley Block and the Nugaal Valley Block, located in Puntland (Somalia), the PSAs covering Block 9, Block 10A and Block 10BB, Kenya.

“Lion Energy Farmout Amendment” means the amendment to the Lion Energy Farmout Agreement made July 29, 2010.

“Lundin Services” means Lundin Services BV, a wholly-owned subsidiary of Lundin Petroleum AB.

“Marathon” means Marathon Oil Corporation.

“MD&A” means Management’s Discussion and Analysis of results of operations and financial condition of the Company for the period ended December 31, 2012 dated March 26, 2013.

“natural gas” means all gaseous petroleum and inerts.

“net” means:

(a) in relation to the Company’s interest in wells, the number of wells obtained by aggregating the Company’s working interest in each of its gross wells; and

(b) in relation to the Company’s interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company.

“New Age” means New Age (African Global Energy) Limited.

“operating costs” mean costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

“NI 51-101” means the National Instrument 51-101 — *Standard of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.

“Peninsula” means Peninsula Merchant Syndications Corp.

“petroleum” means: (i) any naturally occurring hydrocarbons in gaseous or liquid state; (ii) any mixture of naturally occurring hydrocarbons in gaseous or liquid state; or (iii) any petroleum (as defined in (i) or (ii) above) that has been returned to a reservoir.

“petroleum operations” means all exploration, gas marketing, development, production and decommissioning operations, as well as any other activities or operations directly or indirectly related or connected with said operations (including health, safety and environmental operations and activities) and authorized or contemplated by, or performed in accordance with PSC’s.

“Platform” means Platform Resources Inc.

“Platform Assignment Agreement” means the agreement made January 11, 2010 between, among others, the Company and Platform, in respect of Blocks 12A and 13T in Kenya.

“production” means recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas.

“PSC”, “PSA”, “Production Sharing Contract” or “Production Sharing Agreement” means contracts or agreements entered into with a host government providing for petroleum operations in a defined area and the division of petroleum production from the petroleum operations.

“Profit Oil” means the amount of production, after deducting cost oil production allocated to costs and expenses that would be divided between the participating parties and the host government under a Production Sharing Contract.

“prospect” means a project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.

“prospective resources” are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.

“Puntland Oil” means Puntland Oil Pty Ltd. , a wholly-owned subsidiary of Red Emperor.

“Range” means Range Resources Ltd.

“Red Emperor” means Red Emperor Resources NL.

“Red Emperor Farmout Agreement” means the Farmout Agreement made August 12, 2010 between, among others, the Company and Red Emperor, in respect of the PSAs covering Dharoor Valley Block and the Nugaal Valley Block, located in Puntland (Somalia).

“Red Emperor Farmout Amendment” means the amendment to the Red Emperor Farmout Agreement made March 23, 2011.

“SEDAR” means the Canadian Securities Administrator’s System for Electronic Document Analysis and Retrieval.

“Tullow” means Tullow Oil plc .

“Tullow Farmout Agreement” means the Farmout Agreement made September 1, 2011 between, among others, the Company, Tullow Kenya B.V. and Tullow Ethiopia B.V., in respect of the PSAs covering Blocks 10A and 10BB, Kenya and the South Omo Block, Ethiopia.

“Turkana” means Turkana Energy Inc.

“Turkana Arrangement Agreement” means the Arrangement Agreement dated as of June 12, 2009 between, among others, the Company and Turkana.

“Turkana Plan of Arrangement” means the arrangement pursuant to the provisions of Part 9, Division 5 of the BCABC in accordance with the terms and conditions set forth in the Plan of Arrangement attached as Schedule A to the Turkana Arrangement Agreement pursuant to which the Company acquired all of the issued and outstanding shares of Turkana on the basis of 0.20647 Africa Oil share for one Turkana share and exchanged CAD\$1 million convertible loans of Turkana for common shares of Africa Oil at the rate of CAD\$1.27 per share.

“working interest” means a percentage of the ownership in an oil and gas concession granting its owner the right to explore and develop oil and gas from a specific property which normally bears its proportionate share of the costs of exploration, development and operations as well as any royalties or other production burdens.

CURRENCY

The Company's functional and reporting currency is the United States dollar. All currency amounts in this AIF are expressed in United States dollars, unless otherwise indicated.

	Year Ended December 31		
Bank of Canada Noon Exchange Rate:	2010	2011	2012
CAD\$/US\$	0.9946	1.0170	0.9949

ACCOUNTING POLICIES AND FINANCIAL INFORMATION

Financial information contained in this AIF is presented in accordance with accounting principles generally accepted in Canada ("Canadian GAAP").

CONVERSION TABLE

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic meters	28.174
Cubic meters	Cubic feet	35.315
Bbls	Cubic meters	0.159
Cubic meters	Bbls	6.289
Feet	Meters	0.305
Meters	Feet	3.281
Miles	Kilometers	1.609
Kilometers	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Gigajoules	MMbtu	0.950
MMbtu	Gigajoules	1.0526

ABBREVIATIONS

Oil and Natural Gas Liquids		Natural Gas	
Bbls	Barrels of crude oil	Mcf	Thousand cubic feet of natural gas
Bbls/d	Barrels of crude oil per day	MMcf	Million cubic feet of natural gas
Boe	Barrels of oil equivalent	Bcf	Billion cubic feet of natural gas
Boe/d	Barrels of oil equivalent per day	Mcfd	Thousand cubic feet of natural gas per day
Mbbl	Thousands of barrels of crude oil	Mcfe	Thousand cubic feet of gas equivalent
NGLs	Natural gas liquids	MMbtu	Million British Thermal Units

Note: The calculations of barrels of oil equivalent (boe) and thousand cubic feet of gas equivalent (Mcfe) are based on the standard of 6Mcf: 1 bbl when converting natural gas to oil and 1 bbl: 6 Mcf when converting oil to natural gas. Boe and Mcfe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl or a Mcfe conversion ratio of 1 bbl: 6 Mcf is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

PRESENTATION OF OIL AND GAS INFORMATION

All oil and gas information contained in this AIF has been prepared and presented in accordance with NI 51-101. The actual oil and gas resources may be greater or less than any estimates provided herein.

FORWARD LOOKING STATEMENTS

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

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

Any statements regarding the following are forward-looking statements:

- planned exploration activity including both expected drilling and geological and geophysical related activities;
- future crude oil, natural gas or chemical prices;
- future sources of funding for our capital program;
- availability of potential farmout partners;
- government or other regulatory consent for exploration, development or acquisition activities;
- future production levels;
- future capital expenditures and their allocation to exploration and development activities;
- future earnings;
- future asset acquisitions or dispositions;
- future debt levels;
- availability of committed credit facilities;
- possible commerciality;
- development plans or capacity expansions;
- future ability to execute dispositions of assets or businesses;
- future sources of liquidity, cash flows and their uses;
- future drilling of new wells;
- ultimate recoverability of current and long-term assets;
- ultimate recoverability of reserves or resources;
- expected finding and development costs;
- expected operating costs;
- estimates on a per share basis;
- future foreign currency exchange rates;
- future market interest rates;
- future expenditures and future allowances relating to environmental matters;
- dates by which certain areas will be explored or developed or will come on stream or reach expected operating capacity; and
- changes in any of the foregoing.

Statements relating to “reserves” or “resources” are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future.

The forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, among others:

- market prices for oil and gas and chemical products;
- our ability to explore, develop, produce and transport crude oil and natural gas to markets;
- ultimate effectiveness of design or design modification to facilities;
- the results of exploration and development drilling and related activities;
- volatility in energy trading markets;
- foreign-currency exchange rates;
- economic conditions in the countries and regions in which we carry on business;
- governmental actions including changes to taxes or royalties, changes in environmental and other laws and regulations;
- renegotiations of contracts;
- results of litigation, arbitration or regulatory proceedings;
- political uncertainty, including actions by terrorists, insurgent or other groups, or other armed conflict; conflict between states; and
- internal conflicts within states or regions.

The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these factors are interdependent, and management's future course of action would depend on our assessment of all information at that time. Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity and achievements.

Undue reliance should not be placed on the statements contained herein, which are made as of the date hereof and, except as required by law, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

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ITEM 1 INTRODUCTION

INCORPORATION BY REFERENCE AND DATE OF INFORMATION

Specifically incorporated by reference and forming a part of this AIF are the Company's material change reports from January 1, 2009 to the date of this AIF, copies of which have been filed with the Canadian Securities Administrators in each of the Provinces of British Columbia and Alberta and can be found on the SEDAR website at www.sedar.com under the Company's profile.

All information contained in this AIF is as of December 31, 2012, unless otherwise indicated.

ITEM 2 CORPORATE STRUCTURE

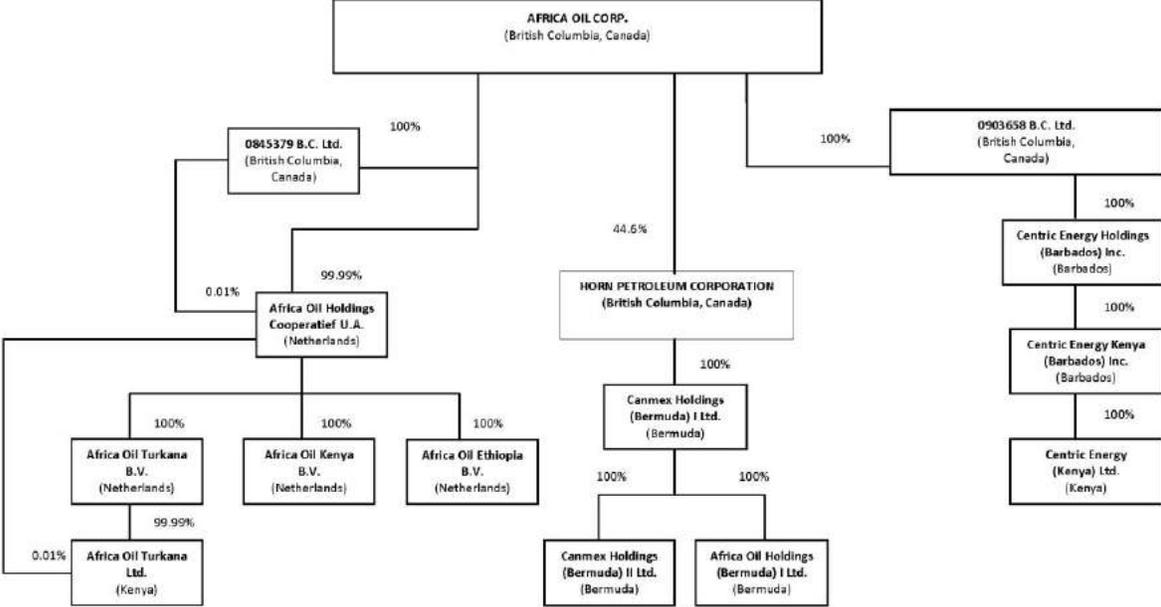
INCORPORATION AND REGISTERED OFFICE

Africa Oil Corp. was incorporated under the BCABC on March 29, 1983 under the name "Canmex Minerals Corporation" with an authorized capital of 100,000,000 common shares. On July 2, 1999 the issued and outstanding shares of the Company were consolidated on a one-for-five basis and the authorized capital was increased, post-consolidation to 100,000,000 common shares. On August 20, 2007 the Company changed its name to Africa Oil Corp. On June 19, 2009 the shareholders of AOC passed a special resolution increasing the Company's authorized share capital to an unlimited number of common shares.

Africa Oil's registered and records office is located at Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1. The Company's corporate office is located at 2000 – 885 West Georgia Street, Vancouver, B.C. V6C 3E8. The Company also has an office located at 1750, 300 – 5th Avenue SW, Calgary, AB, Canada T2P 3C4.

INTER-CORPORATE RELATIONSHIPS

The material subsidiaries owned by Africa Oil, as at the date of this AIF, are as set out in the following organizational chart:



ITEM 3 GENERAL DEVELOPMENT OF THE BUSINESS

Africa Oil is an independent international upstream oil and gas exploration company whose head office is in Canada with oil and gas interests in Ethiopia, Kenya and, through Horn Petroleum, Puntland (Somalia). The Company holds interests in over 250,000 km² (gross) of exploration property throughout several African rift basins, focusing primarily on East Africa. A summary of the Company's current partnership interests is set out in the following table:

Country	Concession	Gross Acreage (km ²)	Partnership Interests		
Ethiopia	7 and 8 (Ogaden)	21,767	AOI	30%	
			New Age (Operator)	40%	
			EAX	30%	
	Adigala	27,193	AOI	50%	
			New Age (Operator)	50%	
	South Omo	22,088	AOI	30%	
			Tullow (Operator)	50%	
			Marathon Oil	20%	
	Rift Valley Basin	42,519	AOI	100%	
Kenya	10A	14,597	AOI	30%	
			Tullow (Operator)	50%	
			EAX	20%	
		10BA	21,088	AOI	50%
				Tullow (Operator)	50%
		10BB	8,835	AOI	50%
				Tullow (Operator)	50%
	9	29,593	AOI (Operator)	50%	
			Marathon Oil	50%	
	12A	20,341	AOI	20%	
			Tullow (Operator)	65%	
			Marathon Oil	15%	
	13T	6,298	AOI	50%	
			Tullow (Operator)	50%	
Puntland (Somalia)	Dharoor	14,384	Horn Petroleum (Operator)	60%	
			Range	20%	
Red Emperor			20%		
	Nugaal	21,784	Horn Petroleum (Operator)	60%	
			Range	20%	
			Red Emperor	20%	

THREE YEAR HISTORY

The following describes the development of Africa Oil's business over the last three completed financial years.

FISCAL YEAR ENDED DECEMBER 31, 2010

Significant transactions in the year

In February 2010, the Company entered into the Platform Assignment Agreement pursuant to which the Company acquired Platform's 100% interest in Blocks 12A and 13T in Kenya. The acquisition, which was subject to requisite government and regulatory approvals, was completed on September 9, 2010. At that time, the Company issued 2,500,000 common shares of the Company and 1,500,000 share purchase warrants to Platform in consideration of the acquisition (see "Overview of Farmout and Joint Venture Agreements – Platform Assignment Agreement" for further details).

On August 12, 2010 the Company entered into the Red Emperor Farmout Agreement pursuant to which Red Emperor could earn up to a 20% participating interest in the Dharoor and Nugaal Valley Blocks in Puntland (Somalia), subject to certain conditions precedent, including ministerial approval. A finder's fee in the amount of up to CDN\$250,000, 50% of which was payable in common shares of the Company, was paid to Komodo Capital in connection with the Red Emperor Farmout Agreement (see "Overview of Farmout and Joint Venture Agreements - Red Emperor Farmout" for further details).

On June 14, 2010 the Company entered into the Agriterra Farmout Agreement to acquire an 80% participating interest and operatorship of the South Omo Block in Ethiopia (see “Overview of Farmout and Joint Venture Agreements – Agriterra Farmout and Joint Venture Agreement” for further details”).

In July 2010 the Company completed a non-brokered, private placement of 25,000,000 common shares at a price of CAD\$1.00 per share for gross proceeds of CAD\$25 million. The securities were distributed on July 19, 2010, as to 21,394,990 common shares, and on July 26, 2010, as to 3,605,010 common shares. The proceeds of the private placement were utilized to fund the Company’s exploration programs and for ongoing working capital requirements. A finder’s fee of 5% payable in cash and shares (416,666 common shares) was paid on a portion of the placement,

On September 1, 2010 the Company entered into the Tullow Farmout Agreement pursuant to which Tullow acquired a 50% interest in, and operatorship of, Blocks 10BB and 10A in Kenya and of the South Omo Block in Ethiopia. Additionally, Tullow was granted, and subsequently exercised, an option to acquire 50% of the Company’s interest in, and operatorship of, Blocks 12A and 13T, Kenya (see “Overview of Farmout and Joint Venture Agreements - Tullow Farmout Agreements” for further details). To facilitate the Tullow Farmout Agreements, Africa Oil amended the Lion Energy Farmout Agreement to reduce Lion Energy’s interest in Block 10BB to 10% (originally 20%) and to relinquish its interest in Block 10A (originally 25%)(see “Overview of Farmout and Joint Venture Agreements – Lion Energy Farmout and Lion Energy Farmout Amendment” for further details).

The common shares of the Company commenced trading on the First North list of the NASDAQ OMX Stock Exchange in Sweden, on September 30, 2010. The Company engaged Pareto Ohman (formerly E. Ohman J:or Fondkommission AB) as its financial advisor in connection with the listing and as its certified advisor.

On November 22, 2010 the Company elected to exercise its rights to accelerate the expiry date of certain of its outstanding warrants. As a result, 99.5% of the Company’s share purchase warrants that were issued pursuant to a private placement in April 2009 were exercised, providing gross proceeds to the Company of approximately CAD\$55.8 million.

On November 29, 2010 the Company entered into the Centric Arrangement Agreement to effect a business combination of the two companies pursuant to a plan of arrangement. Under the terms of the Centric Arrangement Agreement, the Company acquired all of the issued and outstanding shares of Centric in consideration for 0.3077 Africa Oil shares and \$0.0001 for each common share of Centric.

On December 9, 2010 the Company signed an agreement with the Government of Ethiopia to jointly study the Rift Valley Block. The Joint Study Agreement had an 18 month term, following which the Company would have the exclusive right to enter into negotiations for a production sharing agreement for all or part of the Rift Valley Block (see “Overview of Farmout and Joint Venture Agreements – Study Block” for further details). The Company also closed the Ethiopian (South Omo) portion of the Tullow Farmout Agreement on December 9 and entered into the 12A/13T Farmout Agreement (see “Overview of Farmout and Joint Venture Agreements - Tullow Farmout Agreements” for further details).

Effective December 31, 2010, Africa Oil and its joint venture partner, Lion Energy, entered into the First Additional Exploration Phase under the Block 9 PSC in Kenya. As a result of the withdrawal of its two other joint venture partners, Africa Oil held a 66.7% working interest in the PSC (Lion Energy held the remaining 33.3%) and was approved by the government as Operator of Block 9 (see “Production Sharing Contracts Overview – Block 9, Kenya” for further details).

Operational activity in the year

During 2010, the Company completed the recording and processing of 610 km of 2-D seismic on Block 10BB, Kenya, and also re-processed all available vintage seismic data sharpening the imaging and the amplitude response for use in detecting direct hydrocarbon indicators on the Block. A surface geological survey was also completed on Block 10BB during the third quarter of 2010 and modules were analyzed in order to detect oil and gas seepage from identified prospects and leads on the Block. Environmental impact assessments were completed on Block 10BB over four potential drill sites and Government permits were issued.

In Block 10A, Kenya, the Company reprocessed all available vintage seismic data with the objective of improving imaging of the data acquired in the 1980s. The Company commenced recording approximately 850 km (gross) of 2D seismic which was completed in the first half of 2011.

In Block 9, Kenya, the CNOOC-operated Bogal-1 exploration well, which was spudded on October 28, 2009, reached a total depth of 5,085 meters. Preliminary testing on two potential gas pay zones was completed with only minimal flow of gas from each zone. Analysis of the test results indicated that neither test was in communication with the extensive fracture network proven by the abundant fluid losses during drilling and the Formation Micro Imaging log. The well was subsequently plugged pending further analysis of the test results to determine the feasibility of an additional testing program.

The acquisition of 782 km of good quality 2D seismic was completed in the Dharoor Block of Puntland (Somalia). The Company combined 555 km of previously acquired data into the seismic database which continues to be evaluated to determine exploration well locations. Exploration activities in Puntland were focused on drilling the first exploration well in Somalia in over 20 years.

On the Ogaden Blocks (Blocks 7 and 8), the Company completed its seismic acquisition program acquiring 500 km of 2D seismic. The new data was integrated with existing seismic to generate a series of new prospect maps. The Company continued to focus efforts on the El Kuran prospect in the Block 7/8 license.

FISCAL YEAR ENDED DECEMBER 31, 2011

Significant transactions in the year

On January 17, 2011 the Company, together with Range and Lion Energy entered into amending agreements with the Government of Puntland, represented by the Puntland Petroleum and Mineral Agency, in respect of the Dharoor Valley and Nugaal Valley PSAs. Under the PSAs, as amended, the expiry of the First Exploration Period was extended from January 2011 to January 2012 and then further extended to October 2012 (See "Production Sharing Contracts Overview - Dharoor and Nugaal Blocks, Puntland (Somalia)" for further details). In January 2011, the Company completed the Red Emperor Farmout Agreement following receipt of ministerial approval (see "Overview of Farmout and Joint Venture Agreements – Red Emperor Farmout Agreement" for further details).

On January 26, 2011 the Company completed the Tullow farmouts in respect of Blocks 10BB and 10A, Kenya, and closed the amended farmout arrangements with Lion Energy, contemplated under the Lion Energy Farmout Amendment. As a result, the Company paid Lion Energy \$2.5 million and issued to Lion Energy a total of 2,500,000 common shares of the Company (see "Overview of Farmout and Joint Venture Agreements - Tullow Farmout Agreements" and "Lion Energy Farmout and Lion Energy Farmout Amendment" for further details).

On February 22, 2011, following receipt of government approvals, the Company closed on the 12A/13T Farmout Agreement at which time Tullow paid the Company an aggregate of \$1,686,432 (see "Overview of Farmout and Joint Venture Agreements - Tullow Farmout Agreements" for further details).

On February 23, 2011, the Company completed the Centric Arrangement Agreement. As a result of the business combination with Centric, the Company acquired a 50% working interest in Block 10BA in Kenya and a 25% interest in two exploration licenses (Blocks 7 and 11) in the Republic of Mali. The Company issued 30,155,524 common shares to the shareholders of Centric (based on an exchange ratio of 0.3077 Africa Oil share and \$0.0001 for each one Centric share).

On March 3, 2011, the Company entered into an amendment to the Convertible Loan and received a Notice of Conversion from Lundin Services. As a result, the Company issued to Lundin Services a total of 14,000,000 common shares in respect of the conversion by Lundin Services of a portion of the loan amount, being \$12,957,840. On April 11, 2011, the Company and Lundin Services agreed to convert the remaining \$10.8 million of the convertible loan plus \$0.2 million of accrued interest into 11,850,150 shares of the Company.

On March 23, 2011, the Company entered into the Red Emperor Farmout Amendment amending certain terms of the Red Emperor Farmout Agreement (see “Overview of Farmout and Joint Venture Agreements – Red Emperor Farmout and Amendment Agreement” for further details).

On June 20, 2011, the Company completed the acquisition of all of the issued and outstanding common shares of Lion Energy. Pursuant to the Lion Energy Arrangement Agreement, the Company acquired all of the issued and outstanding shares of Lion Energy in consideration for 14,962,447 shares of the Company, net of 2,500,000 shares of the Company that Lion Energy owned at the date of the acquisition. The Company also issued 287,250 stock options, of which 237,250 were subsequently exercised and 50,000 expired between 30 and 90 days from the effective date of the transaction, and 2,289,000 share purchase warrants that expired unexercised on June 29, 2011 (see “Overview of Farmout and Joint Venture Agreements – Lion Energy Farmout Agreement and Lion Energy Farmout Amendment” for further details).

In July 2011, the Dharoor Valley and Nugaal Valley PSCs were further amended requiring execution of a drilling contract by July 31, 2011, drilling operations to commence on the first well by November 15, 2011 and drilling operations to commence on a second well by January 17, 2012. The Company agreed to relinquish 15,627km² (gross) of the Nugaal Valley Exploration Area, perform a surface geochemistry survey in the Nugaal Valley Exploration Area, and pay the Puntland State of Somalia \$1,000,000 in infrastructure and development support fees.

On September 20, 2011, the Company completed a share exchange transaction with Denovo Capital Corp. whereby Denovo acquired all of the issued and outstanding shares of Canmex I, a wholly owned subsidiary of the Company in consideration for 27,777,778 (post-consolidation) shares of Denovo. Canmex I held the Company’s 60% interest in the Dharoor Valley and Nugaal Valley PSCs. Prior to closing, Denovo effected a consolidation of its share capital on a basis of 0.65 new shares for each old share, and changed its name to “Horn Petroleum Corporation”. Horn also completed a non-brokered private placement of an aggregate of 45,535,195 subscription receipts at a price of CAD\$0.90 per subscription receipt for gross proceeds of \$41.3 million. The subscription receipts were converted into common shares and warrants of Horn on September 20, 2011. The Company acquired 11,111,111 post-consolidated shares and 11,111,111 post-consolidation share purchase warrants in the Horn private placement. In connection with the private placement, Horn paid a finder’s fee consisting of the issuance of an aggregate of 812,517 common shares and the payment of \$0.9 million in cash.

Subsequent to the Horn Transaction, the Company owned 51.4% of the outstanding shares of Horn. As well, a management services arrangement has been agreed between Horn and the Company in which the management of the Company is responsible for the operating decisions of Horn. As such, the Company is deemed to control Horn.

On November 8, 2011, the Ministry of Mines in Ethiopia approved the Company and its partners’ entry into the next exploration period on the Adigala Block with amended minimum work commitments. Under the Production Sharing Agreement which expires in July 2013, the Company and its partners are obligated to complete certain geological and geophysical operations with a minimum gross expenditure of \$2.1 million.

During 2011, the Company relinquished Blocks 2/6 and the Ministry of Mines in Ethiopia agreed to waive remaining commitments. The Company paid \$2.135 million to the Ministry of Mines in Ethiopia, in lieu of unfulfilled commitments with respect to Blocks 2/6.

Operational activity in the year

During 2011, the Company with its partners implemented an active exploration work program spanning six contract areas in Kenya, four in Ethiopia including a joint study area, and two in Puntland, Somalia.

In Block 10BB, Kenya, the Company and its operating partner, Tullow Oil, interpreted 610 km of newly acquired and legacy 2D seismic data. A number of prospects and leads were evaluated and the Ngamia-1 prospect was selected for the initial well in Block 10BB. In addition to drilling operations, a full tensor gravity (FTG) survey was acquired over the majority of the block to further define prospective areas that lack 2D seismic data.

In Block 10A, Kenya, the Company with Tullow as operator reprocessed available legacy seismic data and completed acquiring 812 km of 2D seismic data. Partners identified several prospects and leads and further augmented the seismic

data set with a full tensor gravity (FTG) survey over key prospects. In the fourth quarter, partners selected the Paipai prospect for the initial well in the block.

In Block 10BA, Kenya, the Company with Tullow as operator, completed the acquisition of an FTG survey over the majority of the block. The FTG survey was used along with existing seismic data to identify prospects and leads both onshore and within Lake Turkana. In the fourth quarter, partners prepared a program to acquire 1,350 km of 2D seismic data over prospective areas which included both marine and onshore seismic data acquisition.

In Block 13T, Kenya, the Company with partner Tullow completed acquisition of an FTG survey over the majority of the block. The FTG survey in combination with legacy 2D seismic was used to plan a 500 km 2D seismic program that commenced in the fourth quarter and was completed in the first quarter of 2012. Interpretation of early lines in the program, along with reprocessed legacy seismic data further confirmed a string of prospects on trend with the Ngamia-1 prospect of Block 10BB, and the acquisition program was modified while in progress to focus on those leads.

In Block 12A, Kenya, the Company with partner Tullow completed acquisition of an FTG survey over the majority of the block. The FTG survey in combination with recent field work in the Kerio Valley was used to plan a 500 km 2D seismic program.

In Block 9, Kenya, the Company as operator acquired a 750 km of 2D seismic data in the oil-prone Kaisut Sub-basin. The Company combined the new seismic data with legacy and selected reprocessed data to identify several large oil-prone prospects with large upside resource potential. Prospects will target Tertiary, Cretaceous and Jurassic reservoirs in anticlinal traps. The Company also continued evaluating resource estimates for the Bogal gas discovery and contracted a third-party consulting group to evaluate potential gas markets and commercialization of the Bogal gas resources.

In the South Omo Block of Ethiopia, the Company, with Tullow as operator completed an FTG survey over the majority of the block with a focus on the Turkana and Chew Bahir Basins. The FTG survey identified a number of promising leads and was the basis for planning a 1,000 km 2D seismic program that commenced in the fourth quarter of 2011.

In the Adigala Block of Ethiopia, the Company continued to evaluate gravity and seismic data acquired in the initial exploration period, and with partners submitted an application and received approval to enter the next exploration period with a work commitment consisting of an FTG acquisition program, seismic reprocessing, and geological studies. Reprocessing efforts commenced in fourth quarter, along with planning for a surface geological field program which. Start-up of the 9,218 line-kilometer FTG survey began in December, 2011 and was completed in January 2012.

In the Ogaden Basin of Ethiopia the Company and its partners have integrated and interpreted all newly acquired and legacy 2D seismic data over Blocks 7 & 8. The Company completed a reservoir characterization study over the El Kuran structure that focused on the light oil resources within the Jurassic carbonate reservoirs. The reservoir study identified between 4 to 8 zones that could potentially be productive with the application of effective completion techniques. Following those encouraging results, the Company has continued to evaluate various completion applications and cost estimates for various well designs and completion methods. The Company analyzed how best to re-drill and test El Kuran to commercialize the light oil resources. The Company also submitted notice to relinquish Ogaden Blocks 2/6 that was subsequently approved. The Company paid \$2.135 million to the Ministry of Mines in Ethiopia, in lieu of unfulfilled commitments with respect to Blocks 2/6

In the autonomous region of Puntland, Somalia, the Company, through its ownership in Horn Petroleum, pursued an aggressive exploration program that was focused on interpreting 782 km of recently acquired 2D seismic data. From this data the partnership identified several prospects and leads and selected Shabeel-1 and Shabeel North-1 as primary prospects for a 2012 drilling campaign. In the Nugaal Block work continued to refine the subsurface interpretation of prospective areas based on a close integration of well control with seismic data.

Fiscal Year Ended December 31, 2012

Significant transactions in the year

In February 2012, the Company, together with its partners, entered into amending agreements with the Government of Puntland, represented by the Puntland Petroleum and Mineral Agency, in respect of the Dharoor Valley and Nugaal Valley PSAs. Under the PSAs, as amended, the First Exploration Period expiry date was further extended by the Puntland Government to October 17, 2012 in order to provide sufficient time to evaluate drilling results. In October 2012, the Company and its partners entered into the next exploration period in both the Dharoor Valley and Nugaal Valley PSAs which each carry a commitment to drill one exploration well in each block by October 2015. (See "Production Sharing Contracts Overview - Dharoor and Nugaal Blocks, Puntland (Somalia)" for further details.)

In March 2012, 6,521,601 common share purchase warrants outstanding at an exercise price of CAD\$1.50 per warrant were converted into common shares of the Company for \$9.8 million.

In June of 2012, the Company's subsidiary Horn completed a non-brokered private placement issuing an aggregate of 18.75 million units at a price of CAD\$0.80 per unit for gross proceeds of CAD\$15 million. Each unit is comprised of one common share and one-half of a share purchase warrant. Each whole warrant is exercisable over a period of two years at a price of CAD\$1.20 per share. In the event that Horn's common shares close above CAD\$1.50 for a period of 20 consecutive days, a forced exercise provision will come into effect. A finder's fee was paid, consisting of the issuance of an aggregate of 342,500 units and the payment of \$0.1 million in cash. All securities issued under the private placement were subject to a statutory hold period which expired on October 9, 2012. The Company acquired 4,315,000 of the units issued for gross proceeds of \$3.5 million and currently owns 44.6% of the outstanding shares of Horn.

During the third quarter of 2012, the Company issued a total 420,000 common shares to Lockwood Financial Ltd. and Peninsula Merchant Syndications Corp. as a settlement of claimed professional fees relating to previously completed farmout transactions.

In July 2012, the Company completed a farmout transaction with Tullow. In accordance with the farmout agreement (the "2012 Tullow Farmout Agreement"), Tullow paid the Company \$1.1 million in consideration of past exploration expenditures to acquire an additional 15% interest in Block 12A in Kenya. Tullow will also fund 15% of the Company's working interest share of expenditures related to the acquisition of 520 Kilometers of 2D seismic until an expenditure cap of \$10.3 million on a gross basis, following which the Company will be responsible for its working interest share of seismic acquisition costs. Tullow previously acquired a 50% interest in, and operatorship of, Block 12A in a transaction that was completed in February 2011.

In October 2012, the Company completed a farmout transaction with Marathon whereby Marathon acquired a 50% interest in Block 9 and a 15% interest in Block 12A, both in Kenya. In accordance with the farmout agreement, Marathon paid the company \$32.0 million in consideration of past exploration expenditures, and has agreed to fund the Company's working interest share of future joint venture expenditures on these blocks to a maximum of \$25 million. The Company will maintain operatorship in Block 9, but Marathon has the right to assume operatorship if a commercial discovery is made. In addition, the Company and Marathon have agreed to jointly pursue exploration activities on an additional area in Ethiopia. In consideration for the assignment of these interests, Marathon will pay the Company an entry payment of \$3.0 million which includes prior expenditures, and has agreed to fund the Company's working interest share of future joint venture expenditures up to a maximum of \$18.5 million.

In October 2012, the Company completed a farmout transaction with New Age whereby New Age acquired an additional 25% interest in the Company's Blocks 7 & 8 in Ethiopia, together with operatorship of Blocks 7 & 8 and the Adigala Area. In accordance with the farmout agreement, New Age paid the Company \$1.5 million in consideration of past exploration expenditures.

In December 2012, the Company completed a private placement in two tranches issuing an aggregate of 30 million common shares of the Company at a price of CAD\$7.75 per share for gross proceeds of CAD\$232.5 million. The common

shares issued pursuant to the closing of the first tranche of the private placement on December 7, 2012 are subject to a hold period expiring on April 8, 2013. The shares issued pursuant to the closing of the second tranche of the private placement today are subject to a hold period expiring on April 14, 2013. A 4% finder's fee was paid on a portion of the private placement.

Operational activity in the year

During the first quarter of 2012, the Company discovered over 100 meters of net oil pay in Ngamia-1 in Block 10BB (Kenya), the first Tullow-Africa Oil joint venture exploration well drilled. In response to the successful Ngamia-1 well, the Company together with its partners ramped up its exploration program in Kenya and Ethiopia, and at year-end had two rigs operating in Kenya and one rig operating in Ethiopia. A fourth Tullow-Africa Oil joint venture rig is in the process of being sourced and is intended to commence testing and drilling operations in the second half of 2013.

Following completion of the Ngamia-1 well, the Company and its partner Tullow moved the rig to drill the Twiga South-1 exploration well in Block 13T (Kenya) which is on trend with Ngamia-1. Twiga South-1 successfully encountered 30 meters of net oil pay. The Company and its partners performed a drill stem test ("DST") which resulted in a cumulative flow rate of 2,812 barrels of oil per day ("bopd") from three zones, despite being constrained by surface equipment. With optimized testing equipment, the cumulative flow rate is anticipated to have increased to a cumulative rate of approximately 5,200 bopd. High quality 37 degree API waxy sweet crude flowed from all three zones in the Auwerwer formation with good quality reservoir sands encountered. The well was suspended as a potential future production well. The rig has now been moved to Ngamia-1 where testing operations on five to six zones have commenced.

The Ministry of Energy in Kenya has been provided with the Twiga South-1 testing results, which accompanied a formal Notice of Discovery under the terms of the Block 13T PSC. Following this Notice of Discovery, the Ministry of Energy has agreed to the Tullow proposal, as operator of Blocks 10BB and 13T, to carry out a combined exploration and evaluation program over a defined Area of Interest ("AOI") including all of the mapped prospects and leads along the basin bounding fault on the western edge of the Lokichar Basin. The basis of the AOI approach is to adopt a basin-wide approach to concurrently explore and evaluate the area as opposed to undertaking well-by-well appraisals for each discovery well. This basin-wide approach, with regards to the AOI, is mutually agreed to be the most efficient and quickest approach to moving the exploration and evaluation work program forward towards reaching a commercial threshold of reserves required to justify any large scale oil development.

The first additional rig was mobilized to Block 10A (Kenya) to drill Paipai-1 which spud in the fourth quarter of 2012 and was completed in the first quarter of 2013. Light hydrocarbons were encountered while drilling a 55 meter thick gross sandstone interval; however attempts to recover samples were unsuccessful. The Company and its partners were not able to test the well due to the unavailability, in country, of testing equipment capable of handling the higher reservoir pressures encountered. As a result, the well was temporarily suspended pending further data evaluation. The rig is currently mobilizing to the South Lokichar Basin in Block 10BB to drill the Etuko prospect in the undrilled flank play which is expected to spud in the second quarter of 2013.

The second additional rig was mobilized to Ethiopia to drill Sabisa-1, which is the first exploration well on the South Omo Block. Sabisa-1 spud in early 2013 and is currently drilling.

The Company, as operator, and its partners in Block 9 (Kenya) have commenced planning to mobilize an additional rig to drill the Bahasi-1 exploration well which is expected to spud in the second half of 2013. The Company and its operating partner, New Age, also plan on mobilizing a rig to drill an appraisal well on the El Kuran oil discovery in Block 8 (Ethiopia) with spud planned for the second quarter of 2013.

In the first quarter of 2013, the Company executed a PSA for the Rift Basin Area (formerly referred to as the Rift Valley Block) in Ethiopia. Located north of the South Omo Block, the Rift Basin Area covers 42,519 square kilometers and includes the extension of the Tertiary-age East Africa Rift Trend. The Company plans to complete a Full Tensor Gradiometry survey and exhaustive environmental and social impact assessment over the block in 2013.

The Company and its partners will also continue to actively acquire, process and interpret 2D seismic over Blocks 10BA, 10BB, 12A, 13T and South Omo. In addition, 3D seismic acquisition is being planned over the Ngamia and Twiga structures in 2013.

In Puntland (Somalia), the Company, through its 44.6% ownership interest in Horn, completed a two well exploration drilling program. Both well sites have been restored to original condition and demobilization of drilling equipment from Puntland has been completed. While the Company was disappointed that the first two exploration wells in Puntland did not flow oil, the Company remains highly encouraged that all of the critical elements exist for oil accumulations, and based on this encouragement, the Company and its partners have entered into the next exploration period in both the Dharoor Valley and Nugaal Valley PSC's which carry a commitment to drill one exploration well in each block.

KENYA

The Company and its operating partners in the Kenyan blocks are actively exploring for oil as described below.

Block 10BB

The Company and its operating partner on Block 10BB, Tullow, spudded the partnership's first well, Ngamia-1, in January 2012. The well encountered in excess of 100 meters of net oil pay in multiple reservoir zones over a gross interval of 650 meters of the Auwerwer Sandstone interval (855 meters to 1,500 meters). The reservoirs are composed of good quality Tertiary age sandstones. Moveable oil with an API of around 30 degrees has been recovered to surface from four representative intervals. This oil has similar properties to the light waxy crude, which has been discovered in Uganda by Tullow. After testing and evaluation of the Auwerwer pay zones, the well was drilled through the Lokhone Sandstone interval and encountered an additional 43 meters of potential oil pay based on logs and the recovery of light oil on an MDT sample over a gross interval of 150 meters. The well was drilled to a total depth of 2,340 meters after penetrating the Lokhone objective sequence. Immediate testing was not possible due to the low reservoir pressures requiring artificial lift equipment, which was not immediately available in country. As a consequence, the rig moved to drill Twiga South-1 in Block 13T. The Twiga South-1 drilling and testing operations were completed in February 2013 and the rig has now moved back to Ngamia-1 and commenced testing operations in March 2013.

Due to the positive results of the Ngamia-1 well, the Company and its partner accelerated the pace of exploration activities along the Ngamia-1 trend in Block 10BB and adjacent Block 13T. The Company and its partner elected to accelerate additional 2D seismic in Block 10BB and acquired 1,282 kilometers in 2012 and plans to acquire 1,080 kilometers in 2013 to further delineate additional prospects and leads. In 2013, the Company also plans to acquire 550 square kilometers of 3D seismic over the Ngamia and Twiga structures in Blocks 10BB and 13T combined. A follow-up well on the Ngamia structure is also being planned for 2013 in addition to two exploration wells within the block.

The drilling of the Ngamia-1 well satisfied the remaining work obligations of the initial exploration period under the Block 10BB PSC. The partnership elected to proceed into the next phase of exploration and have received formal government approval. A relinquishment of 30% of the original contract area coincided with entry into the next exploration period which expires in July 2014. The next phase of exploration includes a commitment to drill one exploratory well and acquire 300 square kilometers of 3D seismic.

Block 13T

Following the Ngamia-1 discovery, the Company and its operating partner on Block 13T, Tullow, focused additional efforts to better delineate the prospects along the Ngamia-1 trend northward into Block 13T. Based upon 1,013 kilometers of 2D seismic data that was acquired to date, at least six additional prospects similar to the Ngamia-1 discovery have been mapped in Block 13T, including Twiga South-1, which spud in August 2012. The Twiga South-1 well is located 22 kilometers north of Ngamia-1 and was drilled to a total depth of 3,250 meters. The well encountered 30 meters of net oil pay in three Auwerwer sandstone intervals analogous to Ngamia-1. Good quality movable oil was recovered to surface with MDT testing from all three zones. Further potential exists updip, which will be tested by a well in 2013. In addition, the well also encountered a thick sequence of fractured rock section exhibiting oil and wet gas shows over a gross interval of 796 meters. Movable oil with an API greater than 30 degrees was also successfully sampled from this section.

The Company and its partner performed a DST on five intervals at Twiga South-1. The DST on three Auwerwer sandstone intervals resulted in a cumulative flow rate of 2,812 bopd, constrained by surface equipment. With optimized testing equipment, these flow rates are anticipated to have increased to a cumulative rate of approximately 5,200 bopd. High quality 37 degree API waxy sweet crude flowed from all three zones in the Auwerwer formation with good quality reservoir sands encountered. The reservoir quality of the Auwerwer sands was significantly better than predicted based on core analysis data with several values over 1 darcy permeability. Due to the low reservoir pressure, a Progressive Cavity Pump (PCP) was utilized to flow oil in two of the Auwerwer zones tested. Two deeper tests were also completed on the tight reservoir rock at the bottom of the well, and despite reconfirming the presence of movable oil, both zones produced at sub-commercial flow rates. The well has been suspended as a potential future production well.

In 2013, the Company plans to acquire 90 kilometers of infill 2D seismic program in Block 13T and 550 square kilometers of 3D seismic over the Twiga South and Ngamia structures, in Blocks 13T and 10BB combined. An up dip well on the Twiga South structure is also being planned for 2013 along with two additional exploration wells within the block.

The Company fully satisfied its work obligations for the initial exploration period under the Block 13T PSC. The partnership elected to proceed into the next phase of exploration and have received formal government approval. A relinquishment of 25% of the original contract area coincided with entry into the next exploration period, which expires in September 2014. The work commitment for the next phase of exploration includes a commitment to drill one exploratory well, which was satisfied with the drilling of the Twiga South-1 well, and a commitment to acquire 200 square kilometers of 3D seismic.

Block 10A

The Company and its operating partners on Block 10A agreed on Paipai-1 as the location of the first exploratory well in Block 10A. The Paipai-1 well tested a large four-way closed structure with Cretaceous-age sandstone targets at multiple depths. Paipai-1 spudded in September 2012 and was drilled to a total depth of 4,255 meters. Light hydrocarbons were encountered while drilling a 55 meter thick gross sandstone interval. Attempts to sample the reservoir fluid were unsuccessful and the hydrocarbons encountered while drilling were not recovered to surface. The Company and its partners were unable to test the well at the time due to the unavailability, in country of testing equipment capable of handling the higher reservoir pressures encountered at this depth. As a result, the well has been temporarily suspended pending further data evaluation. Paipai-1 fully satisfied the remaining work obligations for the initial exploration period, which was extended to January 2014 to allow for evaluation of the well results. The rig is currently being mobilized to Block 10BB (Kenya) to drill follow-up prospects in the Lokichar Sub-Basin commencing with Etuko-1.

Block 10BA

The Company and its operating partner on Block 10BA, Tullow, have completed approximately 45% of the planned 1,350 kilometer 2D seismic program in Block 10BA. The onshore portion of the survey has largely been completed and the offshore and near shore portions of the 2D program commenced in January 2013. The 2D seismic acquired to date exceeds the work obligations of the initial exploration period under the Block 10BA PSC which expires in April 2014.

Block 12A

The Company and its partners on Block 12A (Tullow operated) have determined that the 500 kilometer 2D seismic acquisition obligation will be focused in the Kerio Valley in the southwestern portion of the block. The Block 12A seismic program commenced shooting in early 2013. The 500 kilometer 2D seismic program will satisfy the work obligations for the initial exploration period under the Block 12A PSC which expires in September 2013.

Block 9

During 2011, a 750 kilometer 2D seismic program was completed. The new data was acquired over the Kaisut sub-basin in the northwestern portion of Block 9. Based upon the new data set, several large prospects have been mapped and resources have been estimated. The Company is currently planning to drill the Bahasi-1 exploratory well in the second half of 2013 which will satisfy the remaining exploration commitment for the second exploration period which expires in December 2013. The potential to spud a second well late in 2013 is being evaluated.

ETHIOPIA

South Omo Block

The Company and its joint operating partners on the South Omo Block (Tullow operated) have completed a 1,002 kilometer 2D seismic program in the western portion of the South Omo Block. A number of interesting prospects and leads have been identified and some infill seismic data has already been acquired, maturing leads into drillable prospects. The Company and its partners have selected Sabisa-1 as the first drilling location in the South Omo Block. Should this well be successful, there are a number of follow-on prospects that are drill ready. Sabisa-1 spud in January 2013 and is currently drilling. Additionally, the Company and its partners are substantially completed 1,250 kilometers of 2D seismic in the eastern portion of the South Omo Block (Chew B'hir Sub-Basin). The seismic acquired to date and drilling of Sabisa-1 will satisfy the remaining work obligations for the initial exploration period which expired in January 2013. The Company and its partners elected to go into the first additional exploration period which expires in January 2015 and carries a work commitment of 200 kilometers of 2D seismic and one exploration well. A relinquishment of 25% of the original block area coincided with entry into the first additional exploration period. In addition to Sabisa-1, the Company is planning one or two additional exploration wells on the block in 2013.

Ogaden Blocks 7/8

The Company and its partners continue their focus on the El Kuran oil accumulation in Block 8, discovered in the early 1970's. After completing reservoir characterization studies, the Company focused efforts on testing and completion strategies for producing commercial quantities of oil and gas. In the second quarter of 2012, the Company received formal approval for a one year extension of the initial exploration period to July 2013. Planning for an appraisal well on the El Kuran oil accumulation to spud in the second quarter of 2013 is ongoing.

Adigala Block

As part of work obligations for the second exploration period which expires July 2013, the Company and its partner incorporated newly acquired Full Tensor Gradiometry data with seismic data to improve the subsurface interpretation of the block. The Company also integrated results of recent surface geological studies and reprocessed data acquired in 2009 with the goal of improving the data quality. All work obligations on this block have been completed.

Rift Basin Area

In first quarter of 2013, the Company executed a PSA for the Rift Basin Area in Ethiopia. Located north of the South Omo Block, the Rift Basin Area covers 42,519 square kilometers. This block is on trend with highly prospective blocks in the Tertiary rift valley including the South Omo Block in Ethiopia, and Kenyan Blocks 10BA, 10BB, 13T, and 12A. The Company plans to complete a Full Tensor Gradiometry survey and exhaustive environmental and social impact assessment over the block in 2013. The initial exploration period, which expires in February 2016, includes a commitment to acquire a Full Tensor Gradiometry survey and 400 kilometers of 2D seismic.

PUNTLAND (SOMALIA)

Dharoor Valley and Nugaal Valley Blocks

In the first half of the year, the Company drilled the Shabeel-1 exploration well to a total depth of 3,470 meters before ending in metamorphic basement. The well encountered significant oil and gas shows in the Upper Cretaceous Jesomma sandstones and Jurassic and Triassic sandstones deeper in the wellbore, but failed to encounter Lower Cretaceous sandstone reservoirs that were considered the primary objective. Petrophysical analysis indicated that potential hydrocarbon pay zones in the Jurassic and Triassic sandstones were thin and did not warrant further testing and the well was suspended pending further consideration of the Jesomma sandstone section.

Following results of the Shabeel-1 well, which provided evidence for a working petroleum system, the Sakson drilling rig was relocated 3.5 kilometers north of the Shabeel-1 well to test an adjacent structural trap, Shabeel North-1. The Shabeel North-1 exploration well was spud in June 2012 and encountered oil and gas shows in the Upper Cretaceous Jesomma sandstone section from 1,905 meters to 2,095 meters, similar to those encountered in the Shabeel-1 exploration well. An open-hole drill stem test was performed but failed to flow hydrocarbons. Although the test was unsuccessful, the Company and its partners were encouraged by the positive evidence of oil shows and the presence of good quality reservoirs and

decided to deepen the well in order to evaluate the potential of the Lower Cretaceous, Jurassic and Triassic sections. The Shabeel North-1 well reached a total depth of 3,945 meters and encountered metamorphic basement at a depth of 3,919 meters. The well penetrated 149 meters of inter-bedded sands and shales of the Triassic Adigrat Formation with no oil or gas shows and only minor porosity exhibited on electric logs. Accordingly, the well was plugged and abandoned.

As the Upper Cretaceous Jesomma sands in Shabeel North-1, which exhibited porosity and hydrocarbon shows but produced only fresh water on a drill stem test, were similar to the Jesomma sands encountered in the previously drilled Shabeel-1 well in respect of log response and oil and gas shows, the Company and its partners determined that additional testing of these zones in the previously drilled Shabeel-1 well was not warranted. Accordingly, the well has been plugged and abandoned.

While the Company was disappointed that the first two exploration wells in Puntland (Somalia) did not flow oil, the Company remains highly encouraged that all of the critical elements exist for oil accumulations, namely a working petroleum system, good quality reservoirs and thick seal rocks. Based on the encouragement provided by the Shabeel wells, the Company and its partners entered the next exploration period in both the Dharoor Valley and Nugaal Valley PSC's which carry a commitment to drill one well in each block within an additional three year term ending October 2015.

Horn has demobilized the drilling rig and associated equipment and has completed restoration of both drilling locations. Efforts are now focused on making preparations for a seismic acquisition campaign in the Dharoor Valley area which will include a regional seismic reconnaissance grid in the previously unexplored eastern portion of the basin as well as prospect specific seismic to delineate a drilling candidate in the western portion of the basin where an active petroleum system was confirmed by the recent drilling at the Shabeel-1 and Shabeel North-1 locations. This seismic program is expected to commence late in 2013. The Company continues to pursue efforts to drill an exploration well in the Nugaal PSC and is working with the Puntland government authorities to move this project forward. Horn has been in discussions with potential joint venture partners and is also reviewing new venture opportunities in the region.

MALI

Blocks 7 and 11

The deteriorating security and political situation in Mali halted operations on the Company's blocks. As a consequence, the Company impaired \$3.1 million of capitalized intangible exploration assets during the first quarter of 2012. Subsequent to the end of the year, the Company and its operating partner, Heritage, terminated their interest in Block 7 and 11 and have been released from all future PSC obligations in relation to these blocks by the Ministry of Mines in the Republic of Mali.

ITEM 4 NARRATIVE DESCRIPTION OF THE BUSINESS

Summary

Africa Oil's strategy and long range plan is to increase shareholder value through the acquisition and exploration of oil and gas assets, located in under-explored geographic areas, in the early phase of the upstream oil and gas life-cycle. The Company is focused on high-impact exploration opportunities and has secured a portfolio of African oil and gas assets, focused primarily in East Africa, which provide shareholders with exposure to multiple identified prospects and leads, geographically and geologically diversified across multiple East African countries and under-explored petroleum systems. Africa Oil's mission is to de-risk this portfolio of oil and gas prospects and leads, while generating additional prospects and leads, through continuous oil and gas exploration activities. The Company aims to pursue a leveraged farmout strategy allowing it to leverage its large working interest holdings in each of its operated blocks. Africa Oil aims to continue to identify highly prospective exploration targets in geologically favorable settings. Africa Oil will continue to consider acquisition and merger opportunities with a focus on North Africa and the Middle East. In general, Africa Oil will continue its portfolio approach to exploring a large number of oil and gas opportunities with the goal of increasing shareholder value.

The board of directors of Africa Oil may, in its discretion, approve asset or corporate acquisitions or investments that do not conform to the guidelines discussed above based upon the board's consideration of the qualitative and quantitative aspects of the subject properties, including risk profile, technical upside, resource potential, reserve life and asset quality.

Specialized Skill and Knowledge

The Company relies on specialized skills and knowledge to gather, interpret and process geological and geophysical data, design, drill and complete wells, and numerous additional activities required to explore for, and potentially produce, oil and natural gas. The Company has employed a strategy of contracting consultants and other service providers to supplement the skills and knowledge of its permanent staff in order to provide the specialized skills and knowledge to undertake its oil and natural gas operations efficiently and effectively.

Competitive Conditions

The petroleum industry is immensely competitive in all of its phases. Africa Oil competes with other participants in the search for, and the acquisition of, oil and natural gas interests located in North Africa and the Middle East. Africa Oil's competitors include other resource companies which may have greater financial resources, staff and facilities than those of the Company. Competitive factors which may come into play in the future include the distribution and marketing of oil and natural gas, pricing, and methods of improving reliability of delivery.

Economic Dependence

The Company is heavily dependent upon the results obtained under agreements, including production sharing agreements, joint venture agreements and farmout agreements that it has entered into for the exploration and extraction of hydrocarbons.

OVERVIEW OF FARMOUT AND JOINT VENTURE AGREEMENTS

The following narrative provides an overview of the Company's farmout and joint venture agreements:

Lion Energy Farmout Agreement and Lion Energy Farmout Amendment

Pursuant to the terms of the Lion Energy Farmout Agreement, AOC agreed to transfer to Lion Energy an interest in the Nugaal Valley and Dharoor Valley PSAs, Puntland (Somalia) and in the PSCs covering Block 9, Block 10A and Block 10BB, Kenya.

Under the terms of the Lion Energy Farmout Agreement, AOC agreed to transfer the following interests to Lion Energy upon satisfaction of certain closing conditions, including the receipt of Exchange approval and ministerial approval in both Puntland (Somalia) and Kenya:

- a 15% license interest in the Nugaal and Dharoor Valley PSAs;
- a 10% license interest in the Block 9 PSC;
- a 25% license interest in the Block 10A PSC; and,
- a 20% license interest in the Block 10BB PSC.

In consideration for such interests, Lion Energy agreed to pay a disproportionate share of costs associated with the planned work programs to be carried out in the subject areas and to deposit in escrow, as security for its payment obligations, \$4 million.

Pursuant to an allocation agreement dated April 20, 2010 (the "Allocation Agreement") the Company, together with Lion Energy, Peninsula and Lockwood Financial Ltd. ("Lockwood") agreed to the allocation of a finders' fee payable to Lockwood and Peninsula in respect of the Lion Energy Farmout Agreement. The Company agreed to pay a finder's fee equal to CAD\$842,900 to Peninsula in connection with the Lion Energy Farmout Agreement based upon aggregate expenditures of \$26,208,000, payable in common shares of the Company. The Company issued a total of 730,240 common shares to Peninsula. Lion Energy agreed to pay a finder's fee equal to CAD\$500,000 comprised of a cash payment of \$150,000 and the issuance of an aggregate of 1,277,777 shares of Lion Energy to Lockwood. Lion Energy paid Lockwood \$150,000 and issued 444,444 shares of Lion Energy, with the Company issuing a further 95,000 common shares to Lockwood to settle the amount remaining under the Allocation Agreement.

Ministerial approval of the Lion Energy Farmout Agreement was obtained from the Puntland Government on December 8, 2010 and from the Kenyan Government on December 9, 2010. Requisite Exchange approval to the Lion Energy Farmout Agreement was received on March 15, 2010 and to the Peninsula finder's fee arrangement on April 26, 2010.

On July 29, 2010, Lion Energy and AOC entered into the Lion Energy Farmout Amendment. Pursuant to the terms of the Lion Energy Farmout Amendment, Lion Energy agreed to relinquish all of its interest in the Block 10A PSC and relinquish a ten percent (10%) participating interest in the Block 10BB PSC in consideration for which AOC agreed to:

- (a) release to Lion Energy the \$4 million that had been deposited into escrow under the terms of the Lion Energy Farmout Agreement;
- (b) issue to Lion Energy 2,500,000 common shares of AOC which shares were subject to a voluntary six month hold period from the date of closing of the Lion Energy Farmout Amendment;
- (c) pay Lion Energy \$2.5 million in cash; and
- (d) release Lion Energy from its obligation to pay a disproportionate share of costs associated with the planned work programs to be carried out in the remaining subject areas.

The transaction contemplated under the Lion Energy Farmout Amendment was subject to requisite ministerial and Exchange approvals and was also subject to completion of the transactions contemplated under the Tullow Farmout Agreements in respect of South Omo, Ethiopia, and Blocks 10A and 10BB, Kenya. On January 26, 2011, following receipt of the necessary approvals and satisfaction of the conditions precedent related to the Tullow Farmout Agreements, the Company closed the transactions contemplated under the Lion Energy Farmout Amendment and paid Lion Energy \$2.5 million and issued to Lion Energy 2,500,000 common shares. The Company also released to Lion Energy the \$4 million held in escrow under the terms of the Lion Energy Farmout Agreement.

Effective June 20, 2011, the Company completed the acquisition of all of the issued and outstanding common shares of Lion Energy. Pursuant to the Lion Energy Arrangement Agreement, the Company acquired all of the issued and outstanding shares of Lion Energy in consideration for 14,962,447 shares of the Company, net of 2,500,000 shares of the Company that Lion Energy owned at the date of the acquisition. The Company also issued 287,250 stock options of which 237,250 were subsequently exercised and 2,289,000 share purchase warrants that expired unexercised on June 29, 2011.

Farmout Agreement with EAX

On May 29, 2009, AOC entered into the EAX Farmout Agreement with EAX, pursuant to which the Company agreed to transfer to EAX, effective as at December 9, 2009, a 30% license interest in the PSAs covering Blocks 2 and 6 and 7 and 8 in Ethiopia and a 20% license interest in the PSC covering Block 10A in Kenya.

Under the terms of the EAX Farmout Agreement, EAX was obligated to pay a disproportionate share of costs associated with the planned work programs carried out in 2009 and 2010 and to pay a portion of AOC's past costs and future operational costs. As consideration for past costs incurred by the Company, EAX paid the Company \$1,700,000.

During 2011, the Company relinquished Blocks 2/6 and the Ministry of Mines in Ethiopia agreed to waive remaining commitments. The Company paid \$2.135 million to the Ministry of Mines in Ethiopia, in lieu of unfulfilled commitments with respect to Blocks 2/6.

Assignment Agreement and 12A/13T Amending Agreement with Platform

On January 11, 2010, AOC entered into the Platform Assignment Agreement with Platform. Under the Platform Assignment Agreement, AOC agreed to purchase from Platform all of Platform's right, title and interest in and to, and all of its obligations under (collectively, the "Platform Interest"), two production sharing contracts (the "Blocks 12A and 13T PSCs"), each made September 17, 2008 between Platform and the Kenyan Government.

The terms of the Platform Assignment Agreement provided that it would automatically terminate if the closing date for the purchase and sale of the Platform Interest had not occurred by June 1, 2010.

On May 27, 2010, AOC entered into the 12A/13T Amending Agreement with Platform. Under the 12A/13T Amending Agreement, Platform and AOC agreed to certain amendments to the Platform Assignment Agreement including the extension of the date by which the purchase and sale of the Platform Interest was required to be completed, i.e., from June 1, 2010 to September 30, 2010. AOC also agreed to provide bank and parent company guarantees to the Kenyan Government in accordance with the terms of the Blocks 12A and 13T PSCs.

The Kenyan Government consented to the Company's acquisition of Blocks 12A and 13T on August 17, 2010 by signing deeds of assignment in respect of each Block. The Platform Assignment Agreement, as amended by the 12A/13T Amending Agreement, was approved by the Exchange on August 18, 2010 and the transactions contemplated by the Platform Assignment Agreement, as amended by the 12A/13T Agreement completed on September 9, 2010.

The purchase price for the Platform Interest was comprised of 2,500,000 common shares of AOC and 1,500,000 share purchase warrants. Each warrant entitled Platform to acquire one additional common share of the Company at a price of \$1.50 per share for a period of two years, i.e. on or before September 9, 2012. On November 22, 2010, the Company elected to exercise its rights to accelerate the expiry date of the warrants to May 22, 2011. All 1,500,000 share purchase warrants were exercised on April 20, 2011.

Red Emperor Farmout Agreement and Red Emperor Farmout Amendment

On August 12, 2010, the Company entered into the Red Emperor Farmout Agreement under which Puntland Oil agreed to acquire a 10% participating interest in respect of the Nugaal and Dharoor Valley PSAs, with an option to increase its participating interest in both of the Nugaal and Dharoor Valley PSAs to 20%. The option was exercised by Puntland Oil on October 21, 2010. In consideration for the 20% participating interest, Puntland Oil agreed to pay 30% of all drilling costs associated with the drilling of two wells under the Nugaal and Dharoor Valley PSAs, being one exploration well under each of the production sharing agreements, or, if AOC chooses, two wells in the Dharoor Valley Exploration Area, in each case for the initial US\$25 million of gross costs. Thereafter Puntland Oil shall be responsible for its proportionate share of such costs.

Also pursuant to the Red Emperor Farmout Agreement, Red Emperor entered into an escrow agreement under which it has deposited US\$2 million into an escrow account, to be offset against the last US\$2 million cash call made by AOC in respect of the work programs for the exploration areas, based on approved budgets.

Completion of the Red Emperor Farmout Agreement was subject to the approval of the Government of Puntland, which was received in January 2011. Pursuant to a finder's fee agreement dated June 10, 2010 between the Company and Komodo Capital (the "Komodo Finder's Fee Agreement"), the Company was obligated to pay an aggregate of \$125,000 in cash and \$125,000 in common shares (103,306 common shares at a deemed price of \$1.21/share) in connection with the Red Emperor Farmout Agreement. The finder's fee was payable in two tranches, 50% upon receipt of confirmation that the escrow arrangements under the Red Emperor Farmout Agreement had been satisfied (the "First Tranche") and the remaining 50% (the "Second Tranche") upon the entering into of a drilling rig contract in respect of either the Dharoor Valley or Nugaal Valley exploration areas. On January 6, 2011 and September 21, 2011, the Company satisfied its obligations to Komodo Capital in respect of the First and Second Tranches, respectively.

On March 23, 2011 the Company and Red Emperor entered into the Red Emperor Farmout Amendment under which Red Emperor acknowledged that it had made the election to increase the interests assigned to it in the PSCs covering the Dharoor Valley Block and the Nugaal Valley Block assigned to it from a 10% participating interest to a 20% participating interest. In addition, Red Emperor's initial obligation in respect of the initial exploration well drilled pursuant to the Nugaal Valley PSC, or the second exploration well drilled pursuant to the Dharoor Valley PSC, as applicable, was reduced to 20% of pre-spud costs. Red Emperor also elected to maintain its 20% participating interest in the PSCs covering the Nugaal Valley Block and the Dharoor Valley Block, after reviewing certain data relating to the first exploration well, and was committed to paying 30% of the drilling costs related to the one well drilling commitment included in the first exploration period of both the Dharoor and Nugaal Valley PSCs.

Farmout Agreement with Agriterra

On June 14, 2010, AOC entered into the Agriterra Farmout Agreement under which AOC agreed to acquire an 80% participating interest in respect of the petroleum production sharing agreement (the "South Omo Block PPSA") made January 2008 between Agriterra and the Government of the Ethiopian Government relating to the South Omo Block.

In consideration for the 80% participating interest, AOC agreed to pay to Agriterra 80% of past costs, to a maximum of \$2,517,000, incurred by Agriterra in connection with the South Omo Block PSA and 100% of the costs associated with certain seismic and geological and geochemical work. The \$2,517,000 of past costs owing to Agriterra under the Agriterra Farmout Agreement will be offset against cash calls made by AOC in its capacity as operator, in respect of Agriterra's participation share of all costs under the South Omo Block joint operating agreement.

AOC received ministerial consent of Ethiopian Government to the Agriterra Farmout Agreement on August 19, 2010.

Farmout Agreements with Tullow

On September 1, 2010, AOC and Tullow entered into the Tullow Farmout Agreement. Under the Tullow Farmout Agreement, AOC agreed to assign to Tullow a 50% interest in and operatorship of, each of the Block 10A PSC, the Block 10BB PSC and the South Omo Block PSA. Tullow was also granted an option to acquire a 50% interest in the Blocks 12A and 13T PSCs, which it subsequently exercised (see below).

In consideration of the assignment, Tullow has paid AOC \$9.5 million, representing 50% of AOC's audited past costs in the blocks. In addition, Tullow agreed to fund its 50% working interest and AOC's working interest share of joint venture expenditures on Blocks 10A, 10BB, and South Omo from July 1, 2010, the effective date, until the cap of \$23.75 million (based on AOC's carried interest) was reached. Upon reaching the expenditure cap, AOC was responsible for its working interest share of future joint venture expenditures.

The South Omo portion of the farmout to Tullow was completed on December 9, 2010. The farmout of Blocks 10A and 10BB to Tullow was completed in January 2011.

Tullow exercised its option in respect of the Blocks 12A and 13T PSCs on September 1, 2010 and entered into the 12A/13T Farmout Agreement with AOC in respect of those blocks, on December 9, 2010. Under the 12A/13T Farmout Agreement, AOC agreed to assign to Tullow 50% interest in, and operatorship of, each of Blocks 12A and 13T in consideration of \$1.55 million, being 50% of AOC's past costs in respect of the blocks plus 50% of gross petroleum costs incurred by AOC from September 9, 2010, to a maximum of \$500,000. On February 22, 2011, the Company closed on the 12A/13T farmouts at which time Tullow paid the Company an aggregate of \$1,686,432. Tullow and AOC are responsible for their working interest share of joint venture expenditures in these blocks going forward.

As a result of the completion of the Centric Plan of Arrangement, the Company acquired an interest in Block 10BA, Kenya. Block 10BA is the subject of the 10BA Farmout Agreement. Pursuant to the terms of the 10BA Farmout Agreement, Tullow acquired a 50% interest in, and operatorship of, Block 10BA in consideration of the reimbursement of 50% of Centric's acquisition costs, being approximately \$750,000, and the payment of 80% of the first \$30 million of expenditures required under the Block 10BA PSC. Upon reaching the expenditure cap, each joint venture partner was responsible for its working interest share of future costs. On November 4, 2010, Kenyan Government approval to the 10BA Farmout Agreement was received and on January 26, 2011, the transaction closed at which time Tullow paid to Centric an amount of \$1.0 million in respect of estimated historic costs related to the acquisition of the PSC and exploration of Block 10BA.

In July 2012, the Company completed a farmout transaction with Tullow whereby Tullow paid the Company \$1.1 million in consideration of past exploration expenditures to acquire an additional 15% interest in Block 12A in Kenya. Tullow is required to also fund 15% of the Company's working interest share of expenditures related to the acquisition of 520 Kilometers of 2D seismic until an expenditure cap of \$10.3 million on a gross basis, following which the Company will be responsible for its working interest share of seismic acquisition costs.

Joint Venture with Range

Pursuant to a joint venture arrangement with Range (the “Range Joint Venture”) relating to the Dharoor and Nugaal Valley Exploration Blocks, Puntland (Somalia), the Company is obligated to solely fund \$22.8 million of joint venture costs on each of the blocks (\$45.5 million in total for both blocks) during the exploration period, in exchange for a 80% working interest in each block. In the event that a commercial discovery is declared on a block prior to AOC spending \$22.8 million, AOC shall be deemed to have earned its interest in the block and the Company and Range will be responsible for future expenditures on the block in proportion to their respective working interests. In the event that AOC did not fund the required \$22.8 million during the initial exploration periods, the Company’s interest in the block would be forfeited. An additional \$3.5 million will be payable to Range upon commencement of commercial production. The Company fulfilled its sole funding obligation related to both the Dharoor Valley and Nugaal Valley Blocks. As a result, Range is currently paying its 20% participating interest share of ongoing exploration costs related to both Blocks.

Rift Basin Area, Ethiopia

In December 2010, the Company signed a definitive agreement (the “Joint Study Agreement”) with the Ethiopian Government to jointly study the Rift Valley Block. The Company committed to carry out an airborne geophysical survey over the Block, which spans 42,519 kilometres. The Joint Study Agreement had an 18 month term, following which the Company could enter into negotiations for a production sharing agreement for all or part of the Rift Valley Block. In February 2013, the Company formally executed a new Ethiopian Production Sharing Agreement.

Farmout Agreement with Marathon Oil Corporation

In October 2012, the Company completed a farmout transaction with Marathon whereby Marathon acquired a 50% interest in Block 9 and a 15% interest in Block 12A, both in Kenya. In accordance with the farmout agreement, Marathon paid the company \$32.0 million in consideration of past exploration expenditures, and has agreed to fund the Company’s working interest share of future joint venture expenditures on these blocks to a maximum of \$25 million. The Company will maintain operatorship in Block 9, but Marathon has the right to assume operatorship if a commercial discovery is made.

In addition, the Company and Marathon have agreed to jointly pursue exploration activities on an additional area in Ethiopia. In consideration for the assignment of these interests, Marathon will pay the Company an entry payment of \$3.0 million which includes prior expenditures, and has agreed to fund the Company’s working interest share of future joint venture expenditures anticipated to be spend over the next three years up to a maximum of \$18.5 million.

Farmout Agreement with New Age (Africa Global Energy) Limited

In October 2012, the Company completed a farmout transaction with New Age whereby New Age acquired an additional 25% interest in the Company’s Blocks 7 & 8 in Ethiopia, together with operatorship of Blocks 7 & 8 and the Adigala Area. In accordance with the farmout agreement, New Age paid the Company \$1.5 million in consideration of past exploration expenditures.

New Age already held a 15% interest in Blocks 7 & 8, bringing its total interest to 40%.

PRODUCTION SHARING CONTRACTS OVERVIEW

Block 10BB, Kenya (50% working interest)

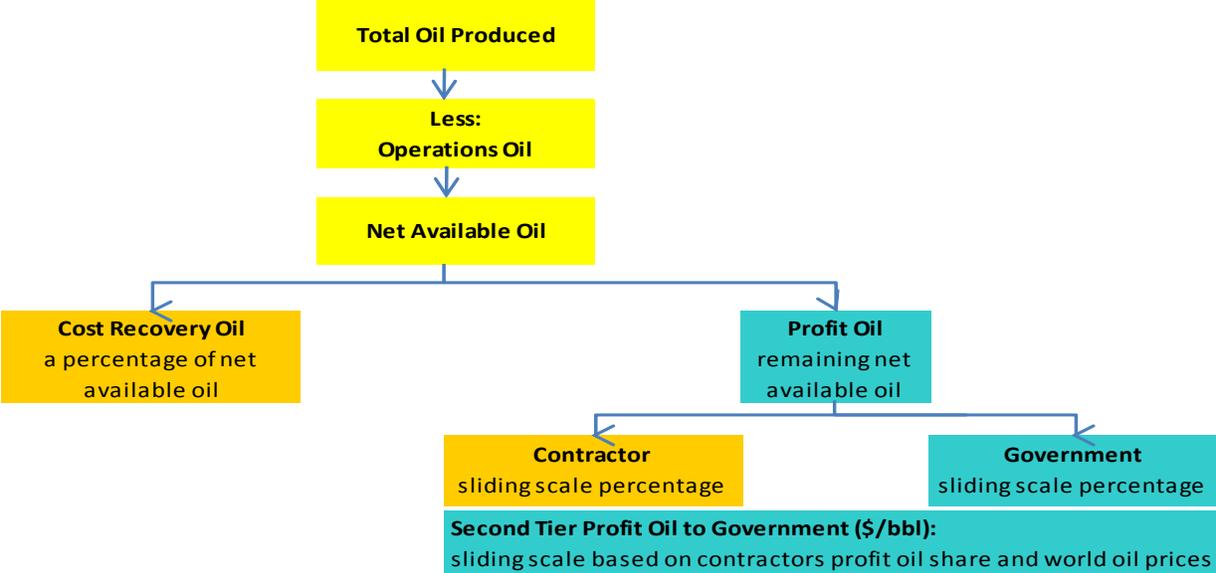
The Block 10BB PSC contemplates an initial four year exploration period and, at the option of the Contractor Group, two additional exploration periods of two years each. The Contractor Group is currently in the first additional exploration period which expires in July 2014. During the first additional exploration period, the Contractor Group is required to complete geological and geophysical activities, including the acquisition of 300 km² of 3D seismic with a minimum required expenditure of \$7.0 million. In addition, the Contractor Group is required to drill one well to a vertical depth of at least 3,000 meters with a minimum required expenditure of \$6.0 million. At the end of the first additional exploration period, the Contractor Group must relinquish 30% of the remaining contract area.

During the second additional exploration period, the Contractor Group is required to acquire and interpret 250 km² of 3D seismic at a minimum cost of \$7.0 million. In addition, the Contractor Group is required to drill three exploratory wells, to a vertical depth of at least 3,000 meters per well. The minimum required expenditure for the well is \$6.0 million per well.

The Kenyan Government may elect to participate in any petroleum operations in any development area and acquire an interest of up to 20% of the total interest in that development area. The Kenyan Government may exercise its participation rights within six months from the date a development plan is adopted. Upon electing to participate in a development area, the Government would assume responsibility for its share of costs incurred with respect to the development area.

A 25 year development and production period commences once the Contractor Group has made a commercial discovery and a development plan is adopted.

The following diagram illustrates the allocation of production under the terms of the Block 10BB PSC:



Of the “Total Oil Produced”, “Operations Oil” is available to the Contractor Group for operational needs for the work performed under the PSC. Up to a stated maximum percentage of the “Net Available Oil” is available for cost recovery with the remainder allocated to “Profit Oil”. Costs subject to cost recovery include all costs and expenditures incurred by the Contractor Group for exploration, development, production and decommissioning operations, as well as any other applicable costs and expenditures incurred directly or indirectly with these activities. The portion of Profit Oil available to the Contractor Group is based on a sliding scale with the portion allocated to the Contractor Group declining as the volume of Profit Oil increases.

A second tier Profit Oil payment is due to the Government when oil prices exceed a stated world oil price. The amount payable per barrel is calculated by multiplying the Contractor Group’s share of Profit Oil by a stated percentage and by the prevailing oil price in excess of the contractually agreed threshold world oil price.

Block 10A, Kenya (30% working interest)

The Block 10A PSC contemplates an initial four year exploration period and, at the option of the Contractor Group, two additional exploration periods of 1.5 years each. The first exploration period expiry date has been extended to April 2013 by the Ministry of Energy for the Republic of Kenya. During the first exploration period, the Contractor Group is required to complete geological and geophysical activities, including the acquisition of 750km of 2D seismic, reprocessing existing seismic, acquire an air borne gravity survey, complete block wide surface geology mapping and sampling. The minimum required expenditure of geological and geophysical activities is \$7.75 million. In addition, the Contractor Group is required to drill one well, to a vertical depth of at least 3,000 meters. The minimum required expenditure for the well is \$8.5 million. At the end of the first exploration period, the Contractor Group must relinquish 25% of the original contract area.

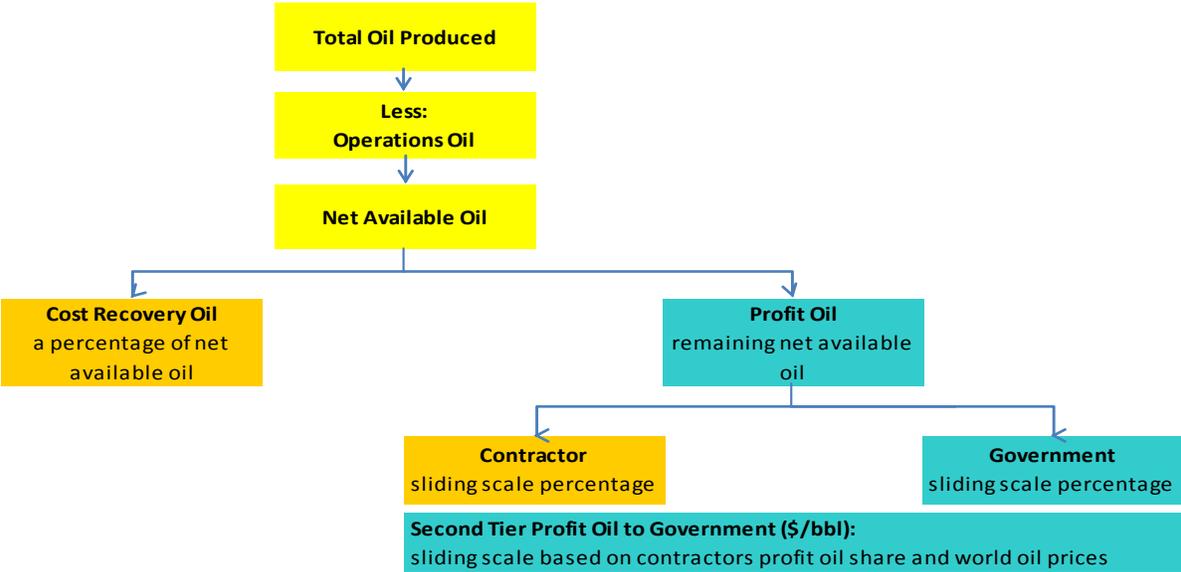
During the first additional exploration period, the Contractor Group is required to conduct a full subsurface integration of well results at a minimum cost of \$0.1 million. In addition, the Contractor Group is required to drill one well, to a vertical depth of at least 3,000 meters. The minimum required expenditure for the well is \$8.5 million. At the end of the first additional exploration period, the Contractor Group must relinquish an additional 25% of the original contract area.

During the second additional exploration period, the Contractor Group is required to conduct a full subsurface integration of well results at a minimum cost of \$0.1 million. In addition, the Contractor Group is required to drill one well, to a vertical depth of at least 3,000 meters. The minimum required expenditure for the well is \$8.5 million.

The Kenyan Government may elect to participate in any petroleum operations in any development area and acquire an interest of up to 13% of the total interest in that development area. The Kenyan Government may exercise its participation rights within six months from the date a development plan is adopted. Upon electing to participate in a development area, the Government would assume responsibility for its share of costs incurred with respect to the development area.

A 25 year development and production period commences once the Contractor Group has made a commercial discovery and a development plan is adopted.

The following diagram illustrates the allocation of production under the terms of the Block 10A PSC:



Of the “Total Oil Produced”, “Operations Oil” is available to the Contractor Group for operational needs for the work performed under the PSC. Up to stated maximum percentage of the “Net Available Oil” is available for cost recovery with the remainder allocated to “Profit Oil”. Costs subject to cost recovery include all costs and expenditures incurred by the Contractor Group for exploration, development, production and decommissioning operations, as well as any other applicable costs and expenditures incurred directly or indirectly with these activities. The portion of Profit Oil available to the Contractor Group is based on a sliding scale with the portion allocated to the Contractor Group declining as the volume of Profit Oil increases.

A second tier Profit Oil payment is due to the Government when oil prices exceed a stated world oil price. The amount payable per barrel is calculated by multiplying the Contractor Group’s share of Profit Oil by a stated percentage and by the prevailing oil price in excess of the contractually agreed threshold world oil price.

Block 9, Kenya (50% working interest)

The Company completed drilling the Bogal-1 well in May 2010 and entered the first additional exploration phase under the Block 9 PSC. Although the Company was required to relinquish 25% of the original contract area at the end of the first exploration period, the Kenyan Ministry asked the Company maintain the contract area 100% and waived the requirement to relinquish.

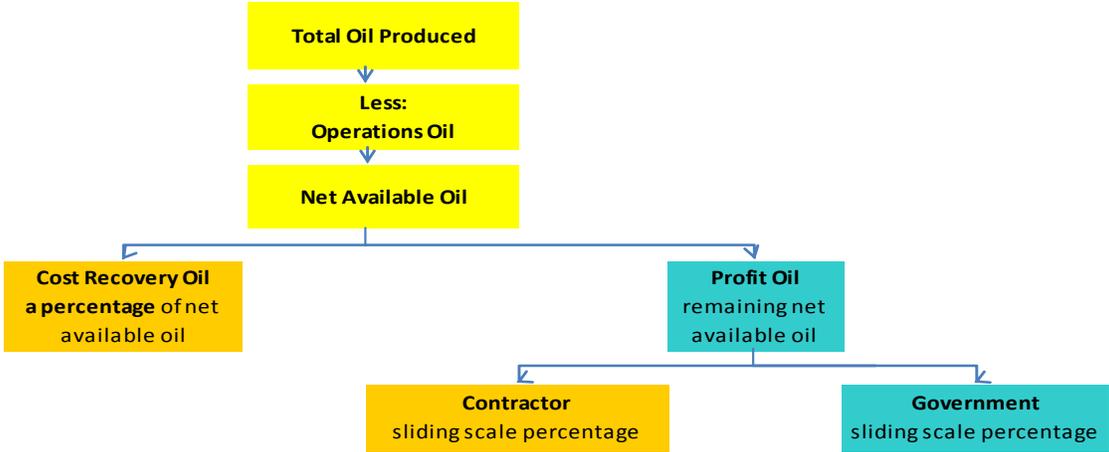
During the first additional exploration period, which commenced on December 31, 2010 and which expires on December 31, 2013, the Company is required to drill an additional well, to a vertical depth of at least 1,500 meters. The minimum

required expenditure for the well is \$2.5 million. At the end of the first additional exploration period, the Company is required to relinquish 50% of the remaining contract area.

During the second additional exploration period, which has a two year term, and which is exercisable at the option of the Company, the Company is required to, in consultation with the the Ministry of Energy for the Republic of Kenya, determine how much 2D or 3D seismic work, if any, is required. In addition, the Company is required to drill one well, to a vertical depth of at least 1,500 meters. The minimum required expenditure for the well is \$3.0 million.

The Kenyan Government may elect to participate in any petroleum operations in any development area and acquire an interest of up to 13% of the total interest in that development area. The Kenyan Government may exercise its participation rights within six months from the date a development plan is adopted. Upon electing to participate in a development area, the Government would assume responsibility for its share of costs incurred with respect to the development area.

A development and production period commences once the Company has made a commercial discovery and a development plan is adopted. The development and production period is 25 years with a possible 10 year extension. The following diagram illustrates the allocation of production under the terms of the Block 9 PSC:



Of the “Total Oil Produced”, “Operations Oil” is available to the Company for operational needs for the work performed under the PSC. Up to a stated maximum percentage of the “Net Available Oil” is available for cost recovery with the remainder allocated to “Profit Oil”. Costs subject to cost recovery include all costs and expenditures incurred by the Company for exploration, development, production and decommissioning operations, as well as any other applicable costs and expenditures incurred directly or indirectly with these activities. The portion of Profit Oil available to the Company is based on a sliding scale with the portion allocated to the Company declining as the volume of Profit Oil increases.

Block 13T, Kenya (50% working interest)

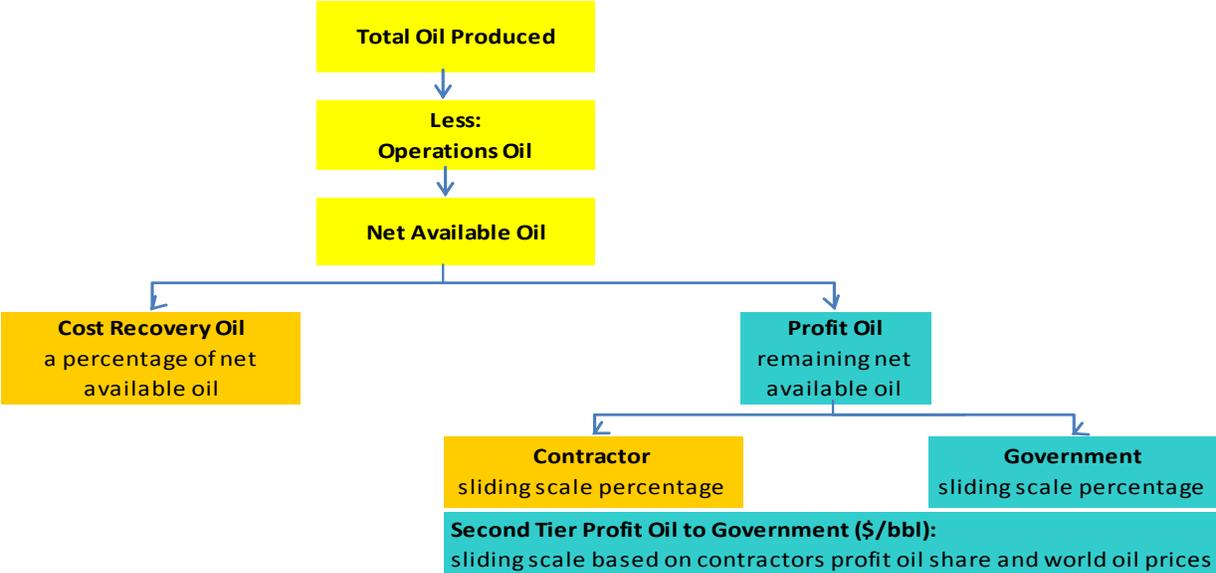
The Block 13T PSC contemplates an initial three year exploration period and, at the option of the Contractor Group, two additional exploration periods of two years each. The Contractor Group is currently in the first additional exploration period which expires in September 2014. During the first additional exploration period, the Contractor Group is required to acquire and interpret an additional 200 km² of 3D seismic at a minimum cost of \$6.0 million. In addition, the Contractor Group is required to drill one well exploratory well to a vertical depth of at least 3,000 meters. The minimum required expenditure for the well is \$15.0 million. At the end of the first additional exploration period, the Contractor Group must relinquish an additional 25% of the remaining contract area in the each Block.

During the second additional exploration period, the Contractor Group is required to acquire and interpret an additional 200 km² of 3D seismic at a minimum cost of \$6.0 million. In addition, the Contractor Group is required to drill one exploratory well to a vertical depth of at least 3,000 meters. The minimum required expenditure for each well is \$15.0 million.

The Kenyan Government may elect to participate in any petroleum operations in any development area in the Block and acquire an interest of up to 22.5% of the total interest in that development area, 15% of which will be held by the Kenyan Government and 7.5% which will be held by the National Oil Corporation of Kenya. The Kenyan Government and the National Oil Corporation of Kenya may exercise its participation rights within six months from the date a development plan is adopted. Upon electing to participate in a development area, the Government and the National Oil Corporation of Kenya would assume responsibility for its share of costs incurred with respect to the development area.

A 25 year development and production period commences once the Contractor Group has made a commercial discovery and a development plan is adopted.

The following diagram illustrates the allocation of production under the terms of the Block 13T PSC:



Block 12A, Kenya (20% working interest)

The Block 12A PSC contemplates an initial three year exploration period and, at the option of the Contractor Group, two additional exploration periods of two years each. The first exploration period expiry date has been extended to September 2013. During the first exploration period, the Contractor Group is required to complete geological and geophysical activities, including the acquisition of 500km of 2D seismic or 100 square kilometers of 3D seismic, reprocess existing seismic, acquire an air borne gravity survey and complete block-wide surface geology mapping and sampling. The minimum required expenditure of geological and geophysical activities is \$3.6 million. At the end of the first exploration period, the Contractor Group must relinquish 25% of the original contract area.

During the first additional exploration period, the Contractor Group is required to acquire and interpret an additional 200 km² of 3D seismic at a minimum cost of \$6.0 million. In addition, the Contractor Group is required to drill one well exploratory well to a vertical depth of at least 3,000 meters. The minimum required expenditure for the well is \$15.0 million. At the end of the first additional exploration period, the Contractor Group must relinquish an additional 25% of the remaining contract area.

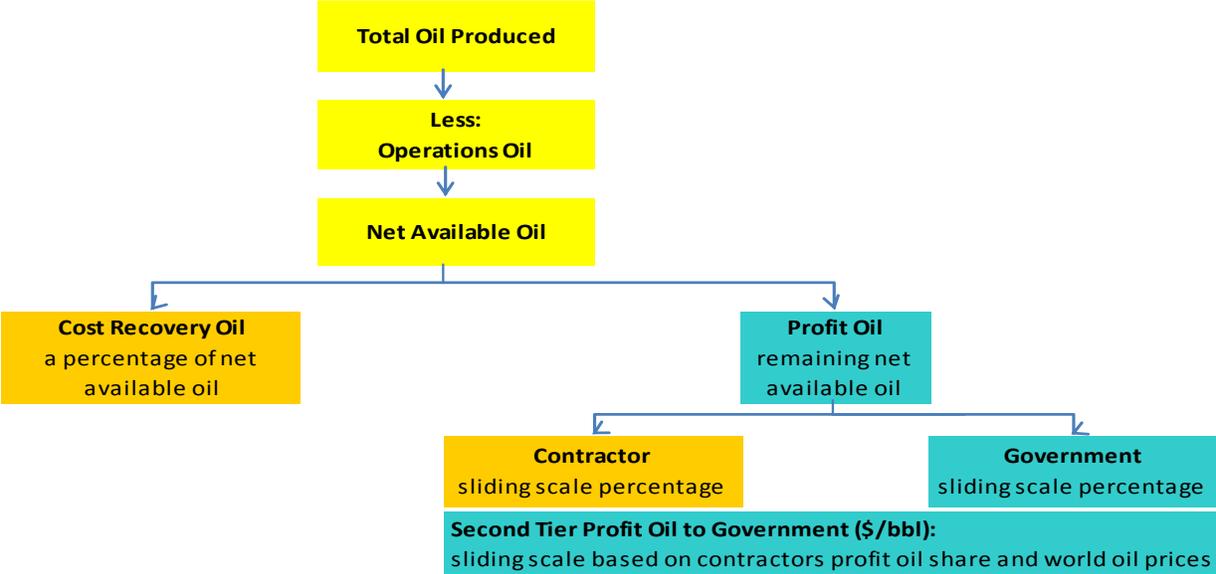
During the second additional exploration period, the Contractor Group is required to acquire and interpret an additional 200 km² of 3D seismic at a minimum cost of \$6.0 million. In addition, the Contractor Group is required to drill one exploratory well to a vertical depth of at least 3,000 meters. The minimum required expenditure for the well is \$15.0 million.

The Kenyan Government may elect to participate in any petroleum operations in any development area in the Block and acquire an interest of up to 22.5% of the total interest in that development area, 15% of which will be held by the Kenyan Government and 7.5% which will be held by the National Oil Corporation of Kenya. The Kenyan Government and the

National Oil Corporation of Kenya may exercise its participation rights within six months from the date a development plan is adopted. Upon electing to participate in a development area, the Government and the National Oil Corporation of Kenya would assume responsibility for its share of costs incurred with respect to the development area.

A 25 year development and production period commences once the Contractor Group has made a commercial discovery and a development plan is adopted.

The following diagram illustrates the allocation of production under the term the PSC:



Of the “Total Oil Produced”, “Operations Oil” is available to the Contractor Group for operational needs for the work performed under the PSC. Up to a stated maximum percentage of the “Net Available Oil” is available for cost recovery with the remainder allocated to “Profit Oil”. Costs subject to cost recovery include all costs and expenditures incurred by the Contractor Group for exploration, development, production and decommissioning operations, as well as any other applicable costs and expenditures incurred directly or indirectly with these activities. The portion of Profit Oil available to the Contractor Group is based on a sliding scale with the portion allocated to the Contractor Group declining as the volume of Profit Oil increases.

A second tier Profit Oil payment is due to the Government when oil prices exceed a stated world oil price. The amount payable per barrel is calculated by multiplying the Contractor Group’s share of Profit Oil by a stated percentage and by the prevailing oil price in excess of the contractually agreed threshold world oil price.

Block 10BA, Kenya (50% working interest)

The Block 10BA PSC contemplates an initial three year exploration period and, at the option of the Contractor Group, two additional exploration periods of two years each. The first exploration period ends in April 2013. During the first exploration period, the Contractor Group is required to complete geological and geophysical activities, including the acquisition of 200km of 2D seismic and the reprocessing of existing seismic data. The minimum required expenditure of geological and geophysical activities is \$3.0 million. At the end of the first exploration period, the Contractor Group must relinquish 25% of the original contract area.

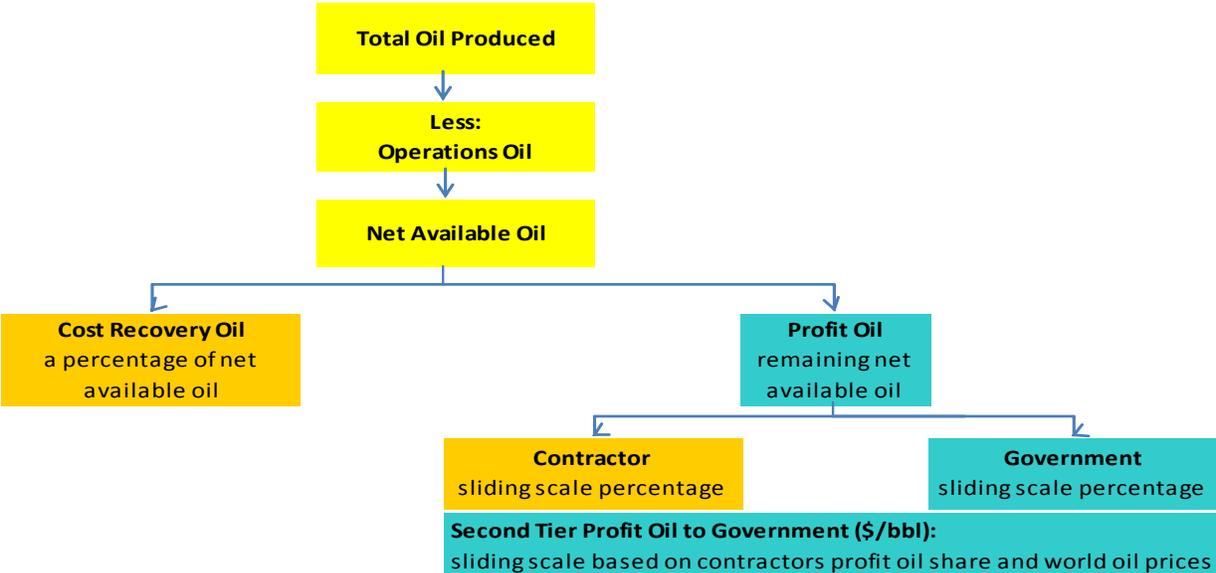
During the first additional exploration period, the Contractor Group is required to acquire and interpret 1,000 kilometers of 2D seismic or carry out surveys of 50 km² of 3D seismic and drill one well or carry out surveys of 45 km² of 3D seismic at a minimum cost of \$17.0 million. At the end of the first additional exploration period, the Contractor Group must relinquish an additional 25% of the remaining contract area.

During the second additional exploration period, the Contractor Group is required to carry out surveys of 500 kilometers of 2D seismic or carry out surveys of 25 km² of 3D seismic and drill two exploratory wells at a minimum cost of \$19.0 million.

The Kenyan Government may elect to participate in any petroleum operations in any development area and acquire an interest of up to 10% of the total interest in that development area. The Kenyan Government may exercise its participation rights within six months from the date a development plan is adopted. Upon electing to participate in a development area, the Government would assume responsibility for its share of costs incurred with respect to the development area.

A 25 year development and production period commences once the Contractor Group has made a commercial discovery and a development plan is adopted.

The following diagram illustrates the allocation of production under the terms of the Block 10BA PSC:



Of the “Total Oil Produced”, “Operations Oil” is available to the Contractor Group for operational needs for the work performed under the PSC. Up to a stated maximum percentage of the “Net Available Oil” is available for cost recovery with the remainder allocated to “Profit Oil”. Costs subject to cost recovery include all costs and expenditures incurred by the Contractor Group for exploration, development, production and decommissioning operations, as well as any other applicable costs and expenditures incurred directly or indirectly with these activities. The portion of Profit Oil available to the Contractor Group is based on a sliding scale with the portion allocated to the Contractor Group declining as the volume of Profit Oil increases.

A second tier Profit Oil payment is due to the Government when oil prices exceed a stated world oil price. The amount payable per barrel is calculated by multiplying the Contractor Group’s share of Profit Oil by a stated percentage and by the prevailing oil price in excess of the contractually agreed threshold world oil price.

Blocks 7 and 8, Ethiopia (30% working interest)

The Block 7&8 PSC contemplates an initial five year exploration period and, at the option of the Contractor Group, two additional exploration periods of two years each. The initial exploration period ends in July 2013. During the first exploration period, the Contractor Group is required to complete geological and geophysical activities, including the acquisition of 1,250km of 2D seismic, reprocessing existing seismic, acquire an air borne gravity survey and conduct a multi-disciplinary geophysical and geological study. The minimum required expenditure of geological and geophysical activities is \$11.0 million. In addition, the Contractor Group is required to drill one well, to a vertical depth of at least 3,000 meters. The minimum required expenditure for the well is \$6.0 million. At the end of the first exploration period, the Contractor Group must relinquish 25% of the original contract area.

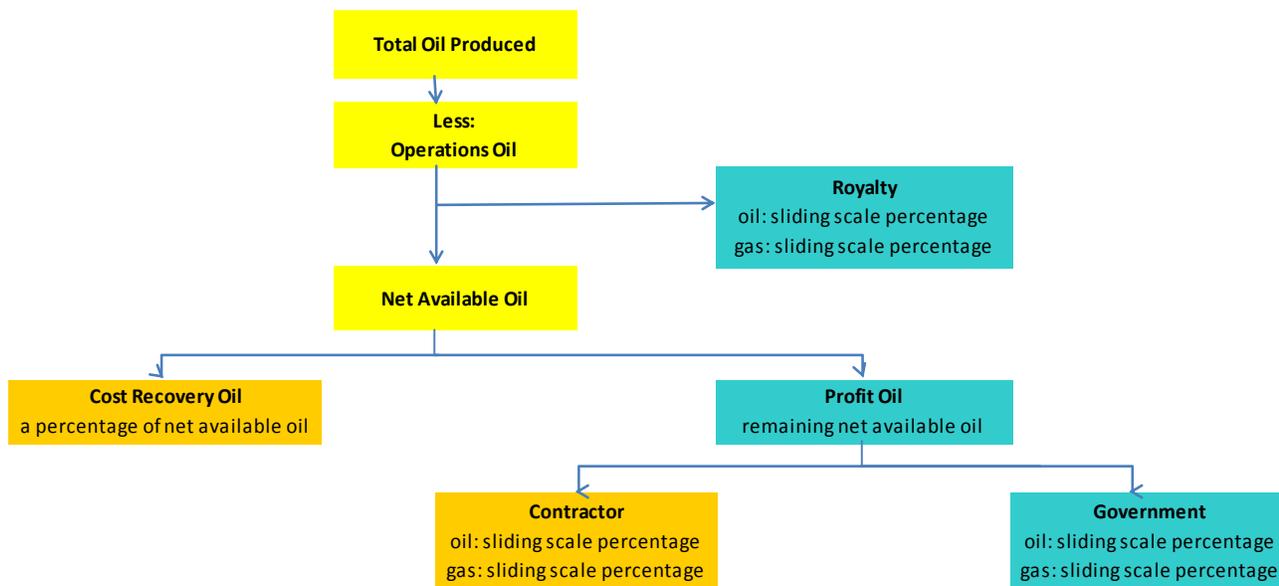
During the first additional exploration period, the Contractor Group is required to complete geological and geophysical activities, including the acquisition of 1,300km of 2D seismic. The minimum required expenditure of geological and geophysical activities is \$11.0 million. In addition, the Contractor Group is required to drill one well, to a vertical depth of at least 3,000 meters. The minimum required expenditure for the well is \$6.0 million. At the end of the first additional exploration period, the Contractor Group must relinquish an additional 25% of the original contract area.

During the second additional exploration period, the Contractor Group is required to complete geological and geophysical activities, including the acquisition of 200km of seismic. The minimum required expenditure of geological and geophysical activities is \$1.0 million. In addition, the Contractor Group is required to drill two wells, to a minimum vertical depth of at least 3,000 meters per well. The minimum required expenditure for each well is \$6.0 million.

The Ethiopian Government may elect to participate in any petroleum operations in any development area and acquire an interest of up to 15% of the total interest in that development area. The Ethiopian Government may exercise its participation rights within 120 days from the date a development plan is adopted. Upon electing to participate in a development area, the Government would assume responsibility for its share of costs incurred with respect to the development area.

A 25 year development and production period commences once the Contractor Group has made a commercial discovery and a development plan is adopted.

The following diagram illustrates the allocation of production under the terms of the Blocks 7 and 8 PSC:



Of the “Total Oil Produced”, “Operations Oil” is available to the Contractor Group for operational needs for the work performed under the PSC. The remaining oil is subject to a royalty, payable to the Ethiopian Minister of Mines and Energy, based on an increasing sliding scale as the rate of oil and/or gas increases

Up to a stated maximum percentage of the “Net Available Oil” is available for cost recovery with the remainder allocated to “Profit Oil”. Costs subject to cost recovery include all costs and expenditures incurred by the Contractor Group for exploration, development, production and decommissioning operations, as well as any other applicable costs and expenditures incurred directly or indirectly with these activities. The portion of Profit Oil available to the Contractor Group is based on a sliding scale with the portion allocated to the Contractor Group declining as the volume of Profit Oil increases.

Adigala Block, Ethiopia (50% working interest)

The Adigala PSC contemplates an initial four year exploration period and, at the option of the Contractor Group, two additional exploration periods of two years each. The Contractor Group is currently in the first additional exploration period.

In November 2011, the Ministry of Mines in Ethiopia approved the Contractor Group’s entry into the first additional exploration period, with amended minimum work commitments, which expires July 2013. During the first additional exploration period, the Contractor Group is required to carry out the following work obligations and make the following exploration expenditures:

- (a) Seismic acquisition analyses: analyze the results of the 2009 survey; research to address optimum acquisition parameters in volcanic terrain for the next possible seismic program which is vital to the future exploration of the block;
- (b) Seismic reprocessing: review the last two attempts at reprocessing to see if there is any additional efforts that could improve the 2009 data;
- (c) Geologic field work: define the structural evolution of the Adigala Basin and undertake additional work with respect to developing a better understanding of the stratigraphy, source and reservoir outcrops, with appropriate laboratory analyses;
- (d) Gravity and Magnetics: reprocess existing high resolution gravity and magnetic data (acquired by the partnership) to provide calibration to basin depth, basin geometry and help guide any future seismic programs;
- (e) Acquire a minimum of 7,500 sq. km of FTG and fully process the data to determine the Adigala basin architecture; and
- (f) Subject to the outcome of the above mentioned geologic and geophysical studies and the approval of both the Ministry of Mines in Ethiopia and the Contractor Group, the Contractor may elect to acquire five hundred line kilometers (500 km) of 2D seismic data with a minimum expenditure of \$2.5 million.

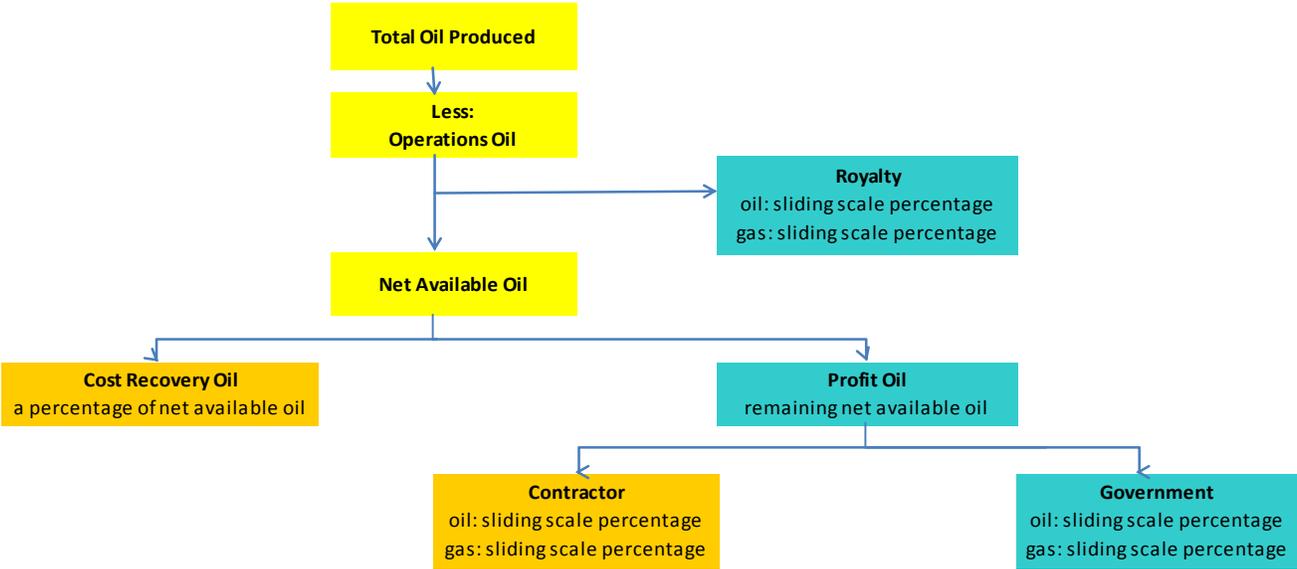
At the end of the first additional exploration period, the Contractor Group is required to relinquish 25% of the original contract area.

As part of the work obligations for the second exploration period which expires July 2013, the Contractor Group incorporated newly acquired FTG gravity data with seismic data to improve the subsurface interpretation of the block. The Company also integrated results of recent surface geological studies and reprocessed data acquired in 2009 with the goal of improving the data quality. The Contractor Group is also required to drill one exploratory well to the lowest mapped closure technically and geologically justifiable or 20 meters below basement. The minimum required expenditure of the well is \$10.0 million.

The Ethiopian Government may elect to participate in any petroleum operations in any development area and acquire an interest of up to 15% of the total interest in that development area. The Ethiopian Government may exercise its participation rights within 120 days from the date a development plan is adopted. Upon electing to participate in a development area, the Government would assume responsibility for its share of costs incurred with respect to the development area.

A 25 year development and production period commences once the Contractor Group has made a commercial discovery and a development plan is adopted.

The following diagram illustrates the allocation of production under the terms of the Adigala Block PSC:



Of the “Total Oil Produced”, “Operations Oil” is available to the Contractor Group for operational needs for the work performed under the PSC. The remaining oil is subject to a royalty, payable to the Ethiopian Minister of Mines and Energy, based on an increasing sliding scale as the rate of oil and/or gas increases

Up to a stated maximum percentage of the “Net Available Oil” is available for cost recovery with the remainder allocated to “Profit Oil”. Costs subject to cost recovery include all costs and expenditures incurred by the Contractor Group for exploration, development, production and decommissioning operations, as well as any other applicable costs and expenditures incurred directly or indirectly with these activities. The portion of Profit Oil available to the Contractor Group is based on a sliding scale with the portion allocated to the Contractor Group declining as the volume of Profit Oil increases.

South Omo Block, Ethiopia (30% working interest)

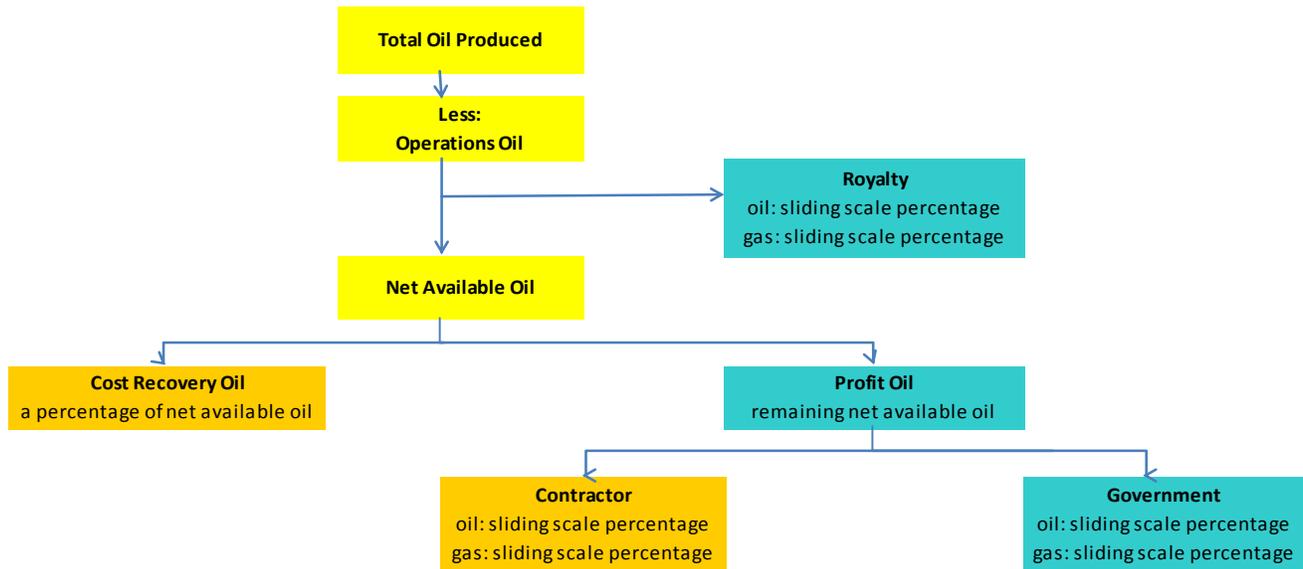
The South Omo Block PSA contemplates an initial four year exploration period and, at the option of the Contractor Group, two additional exploration periods of two years each. In January 2013, the Contractor Group elected to enter the first additional exploration period which includes the requirement to relinquish 25% of the original contract area. During the first additional exploration period, the Contractor Group is required to acquire an additional 200 kilometers of 2D seismic at a minimum expenditure of \$2.0 million. In addition, the Contractor Group is required to drill one exploratory well to a vertical depth of at least 3,000 meters. The minimum required expenditure for the well is \$8.0 million. At the end of the first additional exploration period, the Contractor Group must relinquish 45% of the original contract area.

During the second additional exploration period, the Contractor Group is required to acquire an additional 200 kilometers of 2D seismic at a minimum expenditure of \$2.0 million. In addition, the Contractor Group is required drill one exploratory well to a vertical depth of at least 3,000 meters. The minimum required expenditure for the well is \$8.0 million. At the end of the second additional exploration period, the Contractor Group must relinquish the remainder of the original contract area that is not included within an appraisal area or development area.

The Ethiopian Government may elect to participate in any petroleum operations in any development area and acquire an interest of up to 15% of the total interest in that development area. The Ethiopian Government may exercise its participation rights within 120 days from the date a development plan is adopted. Upon electing to participate in a development area, the Government would assume responsibility for its share of costs incurred with respect to the development area.

A 25 year development and production period commences once the Contractor Group has made a commercial discovery and a development plan is adopted.

The following diagram illustrates the allocation of production under the terms of the South Omo Block PSC:



Of the “Total Oil Produced”, “Operations Oil” is available to the Contractor Group for operational needs for the work performed under the PSC. The remaining oil is subject to a royalty, payable to the Ethiopian Minister of Mines and Energy, based on an increasing sliding scale as the rate of oil and/or gas increases

Up to a stated maximum percentage of the “Net Available Oil” is available for cost recovery with the remainder allocated to “Profit Oil”. Costs subject to cost recovery include all costs and expenditures incurred by the Contractor Group for exploration, development, production and decommissioning operations, as well as any other applicable costs and expenditures incurred directly or indirectly with these activities. The portion of Profit Oil available to the Contractor Group is based on a sliding scale with the portion allocated to the Contractor Group declining as the volume of Profit Oil increases.

Rift Valley Joint Study Block, Ethiopia (100% working interest)

The Company has completed the acquisition of high resolution gravity and magnetic data over the Rift Valley Block as part of a Joint Study Agreement with the Ministry of Mines in Ethiopia. In February 2013, the Company formally executed a new Ethiopian Production Sharing Agreement covering the 42,519 km² “Rift Basin Area” This area was previously held by the Company under a Joint Study Agreement and referred to as the “Rift Valley Block”.

Dharoor and Nugaal Valley Blocks, Puntland (Somalia) (27% working interest)

The PSCs covering both the Dharoor Valley Block and the Nugaal Valley Block were amended in December 2009 and January 2011 in order to extend the initial exploration period. These amendments extended the initial exploration expiry date to January 17, 2012. In consideration of these extensions of the initial exploration period, Africa Oil relinquished 50% of the original contract area and agreed to pay a \$1 million bonus within 30 days of a commercial discovery in each of the production blocks. Further, the Company agreed to certain enhanced abandonment and environmental safety measures and made payments to the Puntland government, in the aggregate amount of \$1,550,000 for the two amendments, for development of infrastructure. Under the amended PSCs, AOC was obligated to spud a minimum of one exploratory well in the Dharoor Valley Exploration Area by July 27, 2011. A second exploratory well was required to be spudded in the Nugaal Valley Exploration Area or, at the option of AOC, in the Dharoor Valley Exploration Area, by September 27, 2011

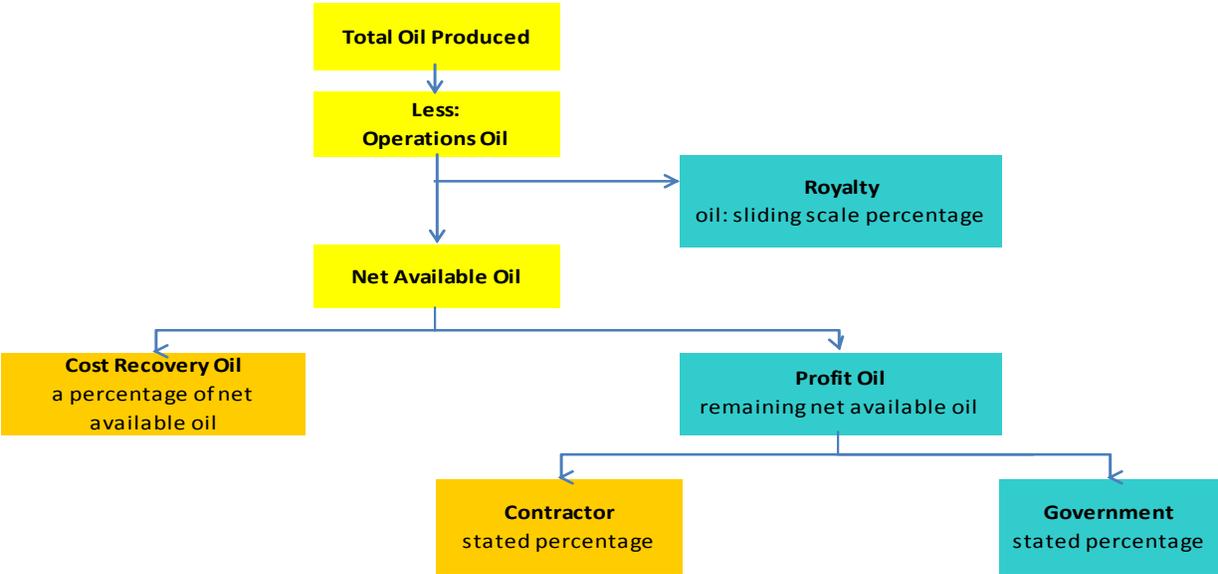
In July 2011, the PSC’s were further amended requiring execution of a drilling contract by July 31, 2011, drilling operations to commence on the first well by November 15, 2011, and drilling operations to commence on a second well by January 17, 2012. The Company agreed to relinquish 15,627 km² (gross) of the Nugaal Valley Exploration area, perform a surface geochemistry survey in the Nugaal Valley Exploration area, pay the Puntland State of Somalia \$1,000,000 in infrastructure and development support fees.

In February 2012, the Puntland Government granted the Company and extension of the first exploration period expiry date for the Dharoor Valley and Nugaal Valley Exploration areas to October 17, 2012 in order to provide for sufficient time to evaluate drilling results.

The Company and its partners entered into the next exploration period in both the Dharoor Valley and Nugaal Valley PSA's which carry a commitment to drill one well in each block within an additional three year term ending October 2015.

A development and production period commences once the Contractor Group has made a commercial discovery and a development plan is adopted. The development and production period is 20 years with a possible 5 year extension.

The following diagram illustrates the allocation of production under the terms of the Dharoor and Nugaal Valley Block PSCs:



Of the "Total Oil Produced", "Operations Oil" is available to the Contractor Group for operational needs for the work performed under the PSC. The remaining oil is subject to a royalty, payable to the Government of Puntland, based on an increasing sliding scale as the rate of oil increases.

Up to stated maximum percentage of the "Net Available Oil" is available for cost recovery with the remainder allocated to "Profit Oil". Costs subject to cost recovery include all costs and expenditures incurred by the Contractor Group for exploration, development, production and decommissioning operations, as well as any other applicable costs and expenditures incurred directly or indirectly with these activities. Profit Oil is between the Contractor Group and the Government based on stated percentages of Profit Oil.

Blocks 7 and 11 (Mali) (25% working interest)

In January 2013, the Company terminated its interest in Blocks 7 and 11 in Mali and has been released from all future obligations in relation to these Blocks.

Disclosure of Reserves Data and Other Oil and Gas Information

For further information, please refer to Africa Oil's Statement of Reserves Data and Other Oil and Gas Information for fiscal year ended December 31, 2012 (Form NI 51-101F1) and the Report of Management and Directors on Oil and Gas Disclosure (Form NI 51-101F3), filed under the Company's profile on the SEDAR website at www.sedar.com, copies of which are attached hereto as Schedules A and B, respectively.

RISK FACTORS

The Company's operations are subject to various risks and uncertainties, including, but not limited to, those listed below.

International Operations

AOC participates in oil and gas projects located in emerging markets, including Puntland (Somalia), Ethiopia, and Kenya. Oil and gas exploration, development and production activities in these emerging markets are subject to significant political and economic uncertainties that may adversely affect AOC's operations. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, nationalization, renegotiation or nullification of existing or future concessions and contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change in taxation policies, and the imposition of currency controls. These uncertainties, all of which are beyond AOC's control, could have a material adverse effect on AOC's business, prospects and results of operations. In addition, if legal disputes arise related to oil and gas concessions acquired by AOC, AOC could be subject to the jurisdiction of courts other than those of Canada. AOC's recourse may be very limited in the event of a breach by a government or government authority of an agreement governing a concession in which AOC acquires an interest. AOC may require licenses or permits from various governmental authorities to carry out future exploration, development and production activities. There can be no assurance that AOC will be able to obtain all necessary licenses and permits when required.

International Boundary Disputes

As a result of ongoing political disputes, the legal international boundaries between Somalia (which includes Puntland, a semi-autonomous region within Somalia) and its neighbouring countries are in dispute. For instance, in September 2007, AOC was advised that the Ministry of Water and Mineral Resources of the Republic of Somaliland was claiming ownership of the Nugaal and AhlMedo Valley basins, including some or all of the areas that comprise the Puntland PSA, granted by the Government of Puntland. That claim was repeated in correspondence received by the Company in February 2012. The Republic of Somaliland and Somalia have disputed their respective borders since May 1991 when the Republic of Somaliland was established. As recently as August 2011, there have been armed confrontations at the Somalia / Somaliland border. AOC disputes the claims of the Republic of Somaliland, however, the outcome of this dispute cannot be predicted with any certainty.

Political Instability

Through Horn, the Company is highly exposed to significant political risk in Puntland (Somalia). The political climate in Puntland (Somalia) is characterized by strong internal political tension, turmoil and factional fighting. The political tensions sometimes escalate into violence or the threat of violence.

Through Horn, the Company continues to work and cooperate with government leaders in Somalia, however, there can be no certainty as to if, or when, the current political instability will be resolved.

Different Legal System and Litigation

AOC's oil production and exploration activities are located in countries with legal systems that in various degrees differ from that of Canada. Rules, regulations and legal principles may differ both relating to matters of substantive law and in respect of such matters as court procedure and enforcement. Almost all material production and exploration rights and related contracts of AOC are subject to the national or local laws and jurisdiction of the respective countries in which the operations are carried out. This means that AOC's ability to exercise or enforce its rights and obligations may differ between different countries and also from what would have been the case if such rights and obligations were subject to Canadian law and jurisdiction.

AOC's operations are, to a large extent, subject to various complex laws and regulations as well as detailed provisions in concessions, licenses and agreements that often involve several parties. If AOC were to become involved in legal disputes in order to defend or enforce any of its rights or obligations under such concessions, licenses, agreements or otherwise, such disputes or related litigation may be costly, time consuming and the outcome may be highly uncertain. Even if AOC would ultimately prevail, such disputes and litigation may still have a substantially negative effect on AOC and its operations.

Financial Statements Prepared on a Going Concern Basis

AOC's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. AOC's operations to date have been primarily financed by equity financing. AOC's future operations are dependent upon the identification and successful completion of additional equity or debt financing or the achievement of profitable operations. There can be no assurances that AOC will be successful in completing additional financing or achieving profitability. The consolidated financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should AOC be unable to continue as a going concern.

Shared Ownership and Dependency on Partners

AOC's operations are, to a significant degree, conducted together with one or more partners through contractual arrangements. In such instances, AOC may be dependent on, or affected by, the due performance of its partners. If a partner fails to perform, AOC may, among other things, risk losing rights or revenues or incur additional obligations or costs in order to itself perform in place of its partners. AOC and its partners may also, from time to time, have different opinions on how to conduct certain operations or on what their respective rights and obligations are under a certain agreement. If a dispute were to arise with one or more partners relating to a project, such dispute may have significant negative effects on AOC's operations relating to such project.

Uncertainty of Title

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

AOC has been made aware that previous operators in Somalia have made claims concerning areas covered by Horn's concessions. AOC believes that there is no merit to any of these claims. Accordingly, AOC, together with Horn, proposes to proceed with its exploration and development program as previously discussed.

Competing Claims from ConocoPhillips

In November 2007, the Company was advised that ConocoPhillips, which entity had previously engaged in oil and gas exploration in the Nugaal and Dharoor Valleys, was claiming a continued interest in certain of the concessions that comprise the blocks in which the Company has acquired an interest. ConocoPhillips stated that it had acquired its interest from the Somali Democratic Republic (a name given to Somalia in 1969 by the communist regime of President Barre), that its interests have not been terminated by the Somalia Democratic Republic, and that they have not been relinquished by ConocoPhillips. ConocoPhillips also disputes any suggest that its interests have lapsed.

No such correspondence has been received by the Company since 2007 and the Republic of Somalia does not recognize ConocoPhillips interest.

The Company does not recognize the interest of ConocoPhillips and disputes ConocoPhillips' position in respect of this matter. However, if ConocoPhillips chooses to pursue its claims, the outcome of a dispute or lawsuit cannot be predicted with any certainty.

Risks Relating to Concessions, Licenses and Contracts

AOC's operations are based on a relatively limited number of concession agreements, licenses and contracts. The rights and obligations under such concessions, licenses and contracts may be subject to interpretation and could also be affected by, among other things, matters outside the control of AOC. In case of a dispute, it cannot be certain that the view of AOC would prevail or that AOC otherwise could effectively enforce its rights which, in turn, could have significantly negative effects on AOC. Also, if AOC or any of its partners were deemed not to have complied with their duties or obligations under a concession, license or contract, AOC's rights under such concessions, licenses or contracts may be relinquished in whole or in part.

Competition

The petroleum industry is intensely competitive in all aspects including the acquisition of oil and gas interests, the marketing of oil and natural gas, and acquiring or gaining access to necessary drilling and other equipment and supplies. AOC competes with numerous other companies in the search for and acquisition of such prospects and in attracting skilled personnel. AOC's competitors include oil companies which have greater financial resources, staff and facilities than those of AOC and its partners. AOC's ability to discover reserves in the future will depend on its ability to successfully explore its present properties, to select and acquire suitable producing properties or prospects on which to conduct future exploration and to respond in a cost-effective manner to economic and competitive factors that affect the distribution and marketing of oil and natural gas. AOC's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Oil and natural gas producers are also facing increased competition from alternative forms of energy, fuel and related products that could have a material adverse effect on AOC's business, prospects and results of operations.

Risks Inherent in Oil and Gas Exploration and Development

Oil and gas operations involve many risks which, even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of AOC depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that AOC will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, AOC may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that expenditures made on future exploration by AOC will result in discoveries of oil or natural gas in commercial quantities or that commercial quantities of oil and natural gas will be discovered or acquired by AOC. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

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

Capital Requirements

To finance its future acquisition, exploration, development and operating costs, the Company may require financing from external sources, including from the issuance of new shares, issuance of debt or execution of working interest farm-out agreements. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to the Company. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of the Company may be diluted. If unable to secure financing on acceptable terms, the Company may have to cancel or postpone certain of its

planned exploration and development activities which may ultimately lead to the Company's inability to fulfill the minimum work obligations under the terms of its various PSAs. Availability of capital will also directly impact the Company's ability to take advantage of acquisition opportunities.

Environmental Regulation

Drilling for and production, handling, transporting and disposing of oil and gas and petroleum by-products are subject to extensive regulation under national and local environmental laws, including those of the countries in which AOC currently operates. Environmental regulations may impose, among other things, restrictions, liabilities and obligations in connection with water and air pollution control, waste management, permitting requirements and restrictions on operations in environmentally sensitive areas. Environmental protection requirements have not, to date, had a significant effect on the capital expenditures, results of operations and competitive position of AOC. However, environmental regulations are expected to become more stringent in the future and costs associated with compliance are expected to increase. Any penalties or other sanctions imposed on AOC for non-compliance with environmental regulations could have a material adverse effect on AOC's business, prospects and results of operations.

Availability of Equipment and Staff

AOC's oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment and qualified staff in the particular areas where such activities are or will be conducted. AOC currently leases all the drilling rigs used for its exploration and development activities. Shortages of such equipment or staff may affect the availability of such equipment to AOC and may delay AOC's exploration and development activities and result in lower production.

Reliance on Operators or Key Employees

The loss of the services of such key personnel could have a material adverse effect on AOC's business, prospects and results of operations. AOC has not obtained key person insurance in respect of the lives of any key personnel. In addition, competition for qualified personnel in the oil and gas industry is intense and there can be no assurance that AOC will be able to attract and retain the skilled personnel necessary for operation and development of its business. Success of AOC is largely dependent upon the performance of its management and key employees.

Prices, Markets and Marketing of Crude Oil and Natural Gas

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of AOC. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could have an adverse effect on AOC's business and prospects.

Early Stage of Development

AOC has conducted oil and gas exploration and development activities for a relatively short period. There is limited financial, operational and other information available with which to evaluate the prospects of AOC. There can be no assurance that AOC's operations will be profitable in the future or will generate sufficient cash flow to satisfy its working capital requirements.

Risks Relating to Infrastructure

AOC is dependent on available and functioning infrastructure relating to the properties on which it operates such as roads, power and water supplies, pipelines and gathering systems. If any infrastructure or systems failures occur or do not meet the requirements of AOC, AOC's operations may be significantly hampered which could result in delayed, postponed or cancelled petroleum operations, lower production and sales and/or higher costs. In several areas in which AOC operates, very little infrastructure of any sort that is commonly associated with petroleum operations is in existence.

Current Global Financial Conditions

Global financial conditions have always been subject to volatility. Access to public financing has been negatively impacted by sovereign debt concerns in Europe and the United States, as well as concerns over global growth rates and conditions. These factors may impact the ability of the Company to obtain equity or debt financing in the future, and, if obtained, on terms favourable to the Company. Increased levels of volatility and market turmoil can adversely impact the Company's operations and the value and the price of the common shares could be adversely affected.

Foreign Currency Exchange Rate Risk

The Company is exposed to changes in foreign exchange rates as expenses in international subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates. The Company's exposure is partially offset by sourcing capital projects and expenditures in US dollars. The Company had no forward exchange contracts in place as at December 31, 2012.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity describes a company's ability to access cash. Companies operating in the upstream oil and gas industry, during the exploration phase, require sufficient cash in order to fulfill their work commitments in accordance with contractual obligations and to be able to potentially acquire strategic oil and gas assets.

The Company will potentially issue debt or equity and enter into farmout agreements with joint venture partners to ensure the Company has sufficient available funds to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support these financial obligations and the Company's capital programs. The Company will also adjust the pace of its exploration activities to manage its liquidity position.

Credit Risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The majority of our credit exposure relates to amounts due from our joint venture partners. The risk of the Company's joint venture partners defaulting on their obligations per their respective joint operating and farmout agreements is mitigated as there are contractual provisions allowing the Company to default joint venture partners who are non-performing and reacquire any previous farmed out working interests.

Conflict of Interests

Certain directors of AOC are also directors or officers of other companies, including oil and gas companies, the interests of which may, in certain circumstances, come into conflict with those of AOC. If and when a conflict arises with respect to a particular transaction, the affected directors must disclose the conflict and abstain from voting with respect to matters relating to the transaction. All conflicts of interest will be addressed in accordance with the provisions of the BCBCA and other applicable laws.

The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Limitation of Legal Remedies

Securities legislation in certain of the provinces and territories of Canada provides purchasers with various rights and remedies when a reporting issuer's continuous disclosure contains a misrepresentation and ongoing rights to bring actions for civil liability for secondary market disclosure. Under the legislation, the directors would be liable for a misrepresentation. It may be difficult for investors to collect from the directors resident outside Canada on judgments obtained in courts in Canada predicated on the purchaser's statutory rights and on other civil liability provisions of Canadian securities legislation.

Selling Off of Shares

To the extent that any issued and outstanding Company Shares are sold into the market, there may be an oversupply of shares and an undersupply of purchasers. If this occurs the market price for the Company Shares may decline significantly and investors may be unable to sell their shares at a profit, or at all.

Industry Regulatory

Existing regulations in the oil industry, and changes to such regulations, may present regulatory and economic barriers to the purchase and use of certain products, which may significantly reduce the Company's revenues.

Environmental and Social Policies

Environmental Considerations

The Company's oil and gas operations are located in regions where there are numerous environmental regulations including restrictions on where and when oil and gas operations can occur, regulations on the release of substances into groundwater, atmosphere and surface land and the potential routing of pipelines or location of production facilities. All such regulations are strictly followed. The Company could potentially be liable for contamination on properties acquired and it attempts to mitigate the risk of inheriting environmental liabilities when conducting due diligence on these acquisition opportunities. Breach of environmental regulations in any of the regions in which Africa Oil operates could result in restrictions or cessation of operations and the imposition of fines and penalties. See also "Risk Factors."

Social Policies

The objective of Africa Oil's corporate responsibility strategy is to address the challenge of sustainability – delivering value to its shareholders, providing economic and social benefits to communities while concurrently minimizing its environmental footprint. The Company views its commitment to corporate responsibility as a strategic advantage that enables it to access and effectively manage new business opportunities. Africa Oil is committed to providing a safe, healthy, and transparent environment for employment, production, and sharing of the economic benefits that flow from its regional presence.

Africa Oil is committed to building a legitimate 'social license to operate' in the communities and countries in which it operates. The Company sees this as an essential foundation for its business activity. Africa Oil will therefore enter into dialogue and engagement with key stakeholders, conducted in the spirit of transparency and good faith, at all stages of company activities. Africa Oil also has contractual obligations to support community development initiatives under its PSAs. Through ongoing stakeholder engagement led by corporate affairs officers in country teams, supported by dedicated community liaison and community development officers in each of its exploration theatres, initiatives reflecting local priorities are identified and supported across three key areas: community infrastructure, sustainable livelihoods and economic development. Africa Oil contributes to and works closely with the Lundin Foundation on many of these issues.

ITEM 5 CAPITAL STRUCTURE AND DIVIDENDS

The Company's common shares entitle the holders thereof to receive notice of and to attend at all meetings of shareholders, with each share entitling the holder to one vote on any resolution to be passed at such shareholders' meeting. The holders of common shares are also entitled to dividends if, as and when declared by the Board of Directors of the Company. Upon the liquidation, dissolution or winding up of the Company, the holders of the common shares are entitled to receive the remaining assets of the Company available for distribution to the shareholders.

As of December 31, 2012 the Company had an aggregate of 252,165,938 common shares issued and outstanding. The Company has unlimited authorized capital of common shares without par value of which, as at March 26, 2013, 252,165,938 common shares were issued and outstanding as fully paid and non-assessable.

DIVIDENDS

There are no restrictions which prevent the Company from paying dividends. Africa Oil has not paid dividends to date on its common shares and has no plans to pay dividends in the near future. Any decision to pay dividends in the future will be based on the Company's earnings and financial requirements and other factors which its board of directors may consider appropriate in the circumstances.

ITEM 6 MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

The common shares of the Company trade on the Exchange and on First North at NASDAQ OMX-Stockholm ("First North") under the trading symbol "AOI". The common shares of the Company commenced trading on First North on September 30, 2010.

The following table sets out the price range for and trading volume of the common shares on the Exchange, on a monthly basis, for the year ended December 31, 2012 as reported by the Exchange.

Month	High (CAD\$)	Low (CAD\$)	Volume
January 2012	1.82	1.61	11,311,655
February 2012	2.25	1.67	12,583,653
March 2012	4.49	1.888	42,795,908
April 2012	5.75	3.34	46,868,844
May 2012	11.35	5.20	67,147,384
June 2012	10.59	7.00	30,351,048
July 2012	9.21	7.25	20,278,836
August 2012	9.55	7.52	11,305,050
September 2012	10.65	8.61	17,211,368
October 2012	10.78	9.30	11,645,558
November 2012	10.80	7.53	23,227,306
December 2012	7.90	6.00	16,507,310

ITEM 7 DIRECTORS AND OFFICERS

NAME, ADDRESS AND OCCUPATION

The table below states the names, province or state and country of residence of each of the directors and executive officers of the Company, the principal occupations in which each has been engaged during the last five years, and the periods during which each has served as a director or executive officer.

Name, province or state and country of residence	Position(s) Held in the Company	Principal Occupation During the Past Five Years
Keith C. Hill Nairobi, Kenya	Director since October 16, 2006 Chief Executive Officer since March 30, 2009 President since October 20, 2009	Currently Chairman of ShaMaran Petroleum Corp., Petro Vista Energy Corp. and Horn Petroleum Corporation; director of BlackPearl Resources Ltd.; 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 Bayou Bend Petroleum (now ShaMaran Petroleum Corp.).
J. Cameron Bailey Calgary, AB, Canada	Director since May 3, 1994	Mr. Bailey is currently the President and CEO of AlvoPetro Inc. (formerly 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 Calgary, AB, Canada	Director since June 23, 2008	Currently the President and CEO and a director of Griffiths Energy International; director of TransGlobe Energy Corporation; director of ShaMaran Petroleum Corp.; formerly President and CEO of Orion Oil & Gas Corporation (January 2010 to June 2011) and of Tanganyika Oil Company Ltd. (May 2005 to April 2009). From October 2005 to February 2007, Mr. Guidry was President and CEO of Pearl Exploration and Production Ltd. (now BlackPearl Resources Ltd.)

Name, province or state and country of residence	Position(s) Held in the Company	Principal Occupation During the Past Five Years
John H. Craig Toronto, ON, Canada	Director since June 19, 2009	Mr. Craig is a practising 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., and Corsa Coal Corp.
Bryan M. Benitz London, UK	Director since September 29, 2009	Mr. Benitz is Vice Chairman and a director of Longreach Oil and Gas Ltd. Formerly Chairman of Kirrin Resources, Scandinavian Minerals Ltd., and of MagIndustries Corp., and a founding director of Tanganyika Oil Company Limited.
Ian Gibbs Vancouver, BC, Canada	Director in 2006 Chief Financial Officer from October 2006 to March 2008 Chief Financial Officer since September 15, 2009	Mr. Gibbs is currently a director of Fortress Minerals Corp., Horn Petroleum Corp. and Petro Vista Energy Corp. He is also the former Chief Financial Officer of Valkryies Petroleum Corp., Tanganyika Oil Company Ltd. and Shamaran Petroleum Corp. (formerly, Bayou Bend Petroleum Ltd.).
James Phillips Addis Ababa, Ethiopia	Vice President of Business Development since September 10, 2012 Chief Operating Officer from March 14, 2011 to September 10, 2012 Vice President, Exploration from September 15, 2009 to March 14, 2011	Before joining the Company in 2009, Mr. Phillips was Vice President, Exploration for Lundin Petroleum since 2005.
Dr. Paul Martinez Calgary, AB, Canada	Vice President, Exploration since March 14, 2011	Before joining the Company in 2011, Dr. Martinez was Director International Business Development for Occidental Oil & Gas since 2009, and Vice President Exploration, Occidental Libya Oil & Gas BV from 2007 to 2009.
David Grellman Addis Ababa, Ethiopia	Vice President, Operations since March 31, 2011	Before joining the Company in 2011, Mr. Grellman was Manager Exploration Operations for Occidental Oil & Gas since 2005.
Nicholas Walker Calgary, AB, Canada	Chief Operating Officer since September 10, 2012	Before joining the Company in 2012, Mr. Walker was Executive Vice-President of International Operations West for Talisman Energy Inc. since 2009 and Senior Vice-President and Director for Talisman Energy (UK) Limited from 2005 to 2009.

Each director of the Company holds office until the next annual general meeting or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the articles of the Company or he becomes disqualified to act as a director.

There are currently four standing committees of the Board; namely, the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Reserves Committee. The following table identifies the members of each of these 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	Bryan M. Benitz	J. Cameron Bailey	Keith C. Hill
Bryan M. Benitz	John H. Craig	John H. Craig	Bryan M. Benitz

SECURITY HOLDINGS

As at December 31, 2012, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly or exercise control or direction over 1,828,662 common shares, representing approximately 0.73% of the issued and outstanding common shares of the Company.

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 Company to affect materially the control of the Company, is, or within the past ten years before the date of this Annual Information Form 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 Alvo Petro Inc., formerly 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 AIF, no director, officer or shareholder holding a sufficient number of shares of the Company to affect materially the control of the Company, 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 Company, has been furnished by the respective directors, officers and any control shareholder of the Company individually.

PENALTIES OR SANCTIONS

No director or officer of the Company, or shareholder holding a sufficient number of shares of the Company to materially affect control of the Company, 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.

CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation, or the terms of such participation. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, the involvement in a greater number of programs or a reduction in financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and the financial position at that time.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the Business Corporations Act (*British Columbia*) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Other than as disclosed above, the directors and officers of the Company are not aware of any such conflicts of interest in any existing or contemplated contracts with or transactions involving the Company.

ITEM 8 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Neither the Company nor its material subsidiaries and material properties are currently subject to any material legal proceedings or regulatory actions.

The Company is a party to two separate court proceedings in Kenya, both of which are currently working their way through the Kenyan judicial system. Both proceedings, Judicial Review Number 30 of 2010 and Judicial Review Number 1 of 2012, involve a dispute concerning the administrative process that lead to the issuance of exploration permits in respect of, amongst others, Blocks 10BA, 10BB, 12A and 13T. The primary Respondents include the Minister and the Ministry of Energy, Republic of Kenya. The Company and certain of its affiliates are named as Interested Parties; the Applicants include Interstate Petroleum Ltd. ("IPL"). The Company has also initiated a third court proceeding, Winding-Up Cause No. 1 of 2012. This proceeding involves an application to cause IPL to be wound-up or "dissolved", which would terminate any further action in respect of Judicial Review Number 30 of 2010, which the Company considers to be the principal court proceeding.

A hearing in respect of Judicial Review Number 30 of 2010 was held in November 2010. The High Court in Kitale, Kenya found that the application was without merit and it was dismissed with costs. The Applicants filed a Notice of Appeal in respect of that Ruling, however, by a decision of the Court of Appeal made on March 8, 2013, the Applicants' Notice of Appeal was struck out. The Applicants have subsequently appealed that Court of Appeal decision.

On March 5, 2013 the High Court confirmed that the Applicants were entitled to proceed with the application brought under Judicial Review No. 1 of 2012, despite the application by the Company and others to have that application struck out. The Company has determined to appeal the decision of the High Court and will be filing documentation seeking leave to appeal. Concurrently, the Company is continuing to pursue its application to have IPL wound-up for failure to pay the costs that had been awarded against it.

The Company will continue to pursue its remedies through the courts. In the interim, the Company will vigorously defend any application made by the Applicants in any of these proceedings.

Regulatory Actions

No penalties or sanctions were imposed by a court relating to securities legislation or by a securities regulatory authority during the Company's recently completed financial year, nor were there any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, nor were any settlement agreements entered into before a court relating to securities legislation or with a securities regulatory authority during the Company's recently completed financial year.

ITEM 9 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive director of the Company, or person or company that beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the Company's common shares, nor any associate or affiliate of any such person, has any material interest, direct or indirect, in any transaction within the three most recently completed financial years of the Company, or during the current financial year, that has materially affected or will materially affect the Company.

ITEM 10 TRANSFER AGENT

The transfer agent and registrar for the common shares of the Company in Canada is Computershare Trust Company of Canada, 510 Burrard Street, Vancouver, British Columbia. The registrar for the common shares of the Company in Sweden is Euroclear Sweden AB, 103 97 Stockholm, Sweden.

ITEM 11 MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business or as otherwise disclosed herein, there have been no material contracts entered into by the Company between January 1, 2012 and the date of this AIF, or before January 1, 2012 and that are still in effect.

During the course of the most recently completed financial year, the Company entered into the 2012 Tullow Farmout Agreement, the Marathon Oil Farmout Agreement and the New Age Farmout Agreement. For further particulars of these agreements, refer to the section "Three Year History".

Copies of these agreements can be found on www.SEDAR.com.

ITEM 12 NAMES AND INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing made under NI 51-102 by the Company during the current financial year other than Gaffney Cline & Associates, the Company's independent resource evaluators and PricewaterhouseCoopers LLP, Africa Oil's auditors. None of the employees of Gaffney, Cline & Associates have any registered or beneficial interests, direct or indirect, in any securities or property of Africa Oil or of Africa Oil's associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them. PricewaterhouseCoopers LLP, the Company's auditors, are independent in accordance with the auditor's rules of professional conduct in Canada.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Africa Oil or any associate or affiliate of Africa Oil.

ITEM 13 ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's information circular for its most recent annual meeting of securityholders that involved the election of directors.

Additional financial information is provided in the Company's audited consolidated financial statements as at and for the year ended December 31, 2012 and the MD&A.

AFRICA OIL CORP.

(the “Reporting Issuer” or the “Company”)

**FORM NI 51-101F1
STATEMENT OF RESERVES DATA AND
OTHER OIL AND GAS INFORMATION
For fiscal year ended December 31, 2012**

(This is the form referred to in item 1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (“NI 51-101”). Terms for which a meaning is given in NI 51-101 have the same meaning in this Form 51-101F1.)

TABLE OF CONTENTS

PART 1	DATE OF STATEMENT	Page 1
PART 2	DISCLOSURE OF RESERVES DATA	None – not included
PART 3	PRICING ASSUMPTIONS	None – not included
PART 4	CHANGES IN RESERVES AND FUTURE NET REVENUE	None – not included
PART 5	ADDITIONAL INFORMATION RELATING TO RESERVES DATA	None – not included
PART 6	OTHER OIL AND GAS INFORMATION	Page 1
Form 51-101F2	Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor	Not required – no reserves
Form 51-101F3	Report of Management and Directors on Oil and Gas Disclosure	Filed separately

PART 1 DATE OF STATEMENT

Item 1.1 Relevant Dates

1. The date of this report and statement is: March 26, 2013.
2. The Effective Date of information provided in this statement is as of the Company’s most recently completed fiscal year ended: December 31, 2012.

PART 6 OTHER OIL AND GAS INFORMATION

Item 6.1 Oil and Gas Properties and Wells

As at December 31, 2008, the Company’s oil and gas properties were located in the Dharoor and Nugaal Valley, in the State of Puntland in Northern Somalia. The Nugaal and Dharoor Valley blocks offer the potential to explore in basins that are believed to be analogues of the proven and productive Marib-Shawba and Sayun-Masila Basins of Yemen.

Over the course of 2009, the Company acquired additional working interests in concessions referred to as Blocks 2, 6, 7, 8 and the Adigala block located in Ethiopia, and three additional concessions - Blocks 10A, 10BB and Block 9 located in Kenya. The Company relinquished its interests in Block 2 and 6 during 2011.

In Kenya, Blocks 9 and 10A are located in the Anza Graben. This is a Mesozoic basin related to similar Mesozoic basins of southern Sudan (Muglad Basin) where the petroleum system is proven and productive. The Muglad Basin is a potential analogue and provides calibration for the analysis of the prospectivity of these Blocks. A Jurassic carbonate play has also been identified in Block 9. In Block 10BB the Tertiary Play similar to the Albert Graben play of Uganda is the principal objective. Block 10BB holds the only contingent resources currently under license, where the Loperot-1 and Ngamia-1 wells have tested oil from Tertiary age sandstones.

In Ethiopia, the Ogaden Basin is a proven hydrocarbon basin; however, to date no commercial production has been established. Oil, gas and condensate discoveries indicate that there is a complex petroleum system. The limited available

data indicates (Calub and Hilala Gas discoveries in the Ogaden Basin of Ethiopia) that there is a wide range of potential petroleum type and volumes in this basin. The Adigala Block lies to the north of the Ogaden Basin and field work indicates that a petroleum system similar to that found in Northern Somalia or Yemen may be developed in the Block. Africa Oil has completed the acquisition of an initial seismic campaign in these Blocks

Over the course of 2010, the Company acquired additional working interests in concessions referred to as Blocks 12A and 13T, located in Kenya, and the South Omo and the Rift Valley Blocks, located in Ethiopia. Blocks 12A and 13T are adjacent to the Company's Block 10BB. Existing gravity data on Blocks 12A and 13T suggests that the proven Lokichar basin and other prospective sub-basins and known strong leads in the Block 10BB Tertiary Play may extend onto these new blocks.

The South Omo Block is a highly prospective block in the Omo Rift Valley of south-western Ethiopia. The block is within the Tertiary age East African Rift, just north of Lake Turkana, Kenya and within the same petroleum system as the Company's Kenya Block 10BB.

During 2011, the Company acquired an interest in Block 10BA in Kenya which is strategically located within the Tertiary aged rift system between Blocks 10BB and South Omo

In February 2013, the Company formally executed a new Ethiopian Production Sharing Agreement covering the 42,519 km² "Rift Basin Area" This area was previously held by the Company under a Joint Study Agreement and referred to as the "Rift Valley Block".

As of the date of this report, the Company had no producing or non-producing oil or gas wells on any of these properties. All concessions are in the exploration stage and located onshore.

Item 6.2 Properties with No Attributed Reserves

The Company's working interest at December 31, 2012, the Effective Date of this report, in the various concessions is outlined in the table below together with the gross and net acreage of each:

Region	Production Sharing Contracts	Operator	Current Working Interest ⁽¹⁾	Gross Acreage	Net Acreage
				(km ²)	(km ²) ⁽³⁾
Puntland, Somalia	Dharoor Valley	Horn Petroleum Corporation	27% ⁽²⁾	14,384	3,884
	Nugaal Valley	Horn Petroleum Corporation	27% ⁽²⁾	21,784	5,882
Ethiopia	Blocks 7 and 8	New Age	30%	21,767	6,530
	Adigala	New Age	50%	27,193	13,597
	South Omo	Tullow	30%	22,088	6,626
Kenya	Block 10A	Tullow	30%	14,597	4,379
	Block 10BB	Tullow	50%	8,835	4,417
	Block 10BA	Tullow	50%	21,088	10,544
	Block 12A	Tullow	20%	20,341	4,068
	Block 13T	Tullow	50%	6,298	3,149
	Block 9	Africa Oil Corp.	50%	29,593	14,797

¹ Net Working Interests are subject to back-in rights, if any, of respective governments

² Represents the Company's Net Working Interest subsequent to the formation of Horn Petroleum Corporation ("Horn"). The Company owns approximately 44.7% of Horn. This figure represents the Company's Net Working Interest in the production sharing agreements, net of the 55.3% minority interest in Horn.

³ Net acreage is calculated by multiplying Gross Acreage by the Current Working Interest.

The principal work commitments, timing of completion and minimum expenditures to be incurred during the current exploration period of each of the respective Production Sharing Contracts are listed in the following tables:

Region	Concession	Exploration Period and Expiry	Work Commitments	Minimum Expenditures	Relinquishments of Gross Acreage required during 2013
				(Gross)	
				(US\$)	
Kenya	Block 10A	Initial Exploration Phase – January 2014	<ul style="list-style-type: none"> Review, reprocess and interpret existing seismic Airborne gravity survey Geologic mapping 2D seismic (750 km) Drill one well 	16.25 million	None
	Block 10BA	Initial Exploration Phase – April 2014	<ul style="list-style-type: none"> Geological and geophysical and geochemical studies Review, reprocess and interpret existing seismic 2D seismic (200km) Airborne gravity survey 	3.0 million (note: secured by \$450,000 bank guarantee (net))	None
	Block 10BB	First Additional Exploration Phase – July 2014	<ul style="list-style-type: none"> Review, reprocess and interpret existing seismic Geological, geophysical and geochemical studies 3D seismic (300 km) 	13.0 million	None
	Block 12A	Initial Exploration Phase – September 2013	<ul style="list-style-type: none"> Review, reprocess and interpret existing seismic Acquire high density gravity and aeromagnetic data 2D seismic (500 km) or 3D seismic (100 km²) 	3.65 million	25% of Gross Acreage
	Block 13T	First Additional Exploration Phase – September 2014	<ul style="list-style-type: none"> Review, reprocess and interpret existing seismic Acquire high density gravity and aeromagnetic data 3D seismic (200 km²) Drill one well 	6 million	None
	Block 9	First Additional Exploration Phase - December 2013	<ul style="list-style-type: none"> Drill one well 	2.5 million (note: secured by \$375,000 bank guarantee(net))	25% of Gross Acreage
Puntland, Somalia	Dharoor Valley	Second Exploration Phase – October 2015	<ul style="list-style-type: none"> Drill one well 	5.0 million	None
	Nugaal Valley	Second Exploration Phase – October 2015	<ul style="list-style-type: none"> Drill one well 	5.0 million	None
Ethiopia	Blocks 7 & 8	Initial Exploration Phase – July 2013	<ul style="list-style-type: none"> Geological and geophysical reprocessing Geological and geophysical study Airborne gravity magnetic 2D seismic (1,250 km) Drill one well 	17.0 million	25% of Gross Acreage
	Adigala	Initial Exploration Phase – July 2013	<ul style="list-style-type: none"> Geological and geophysical fieldwork Geological and geophysical study Full tensor Gravity (7,500 km) 	1.75 million	25% of Gross Acreage

Region	Concession	Exploration Period and Expiry	Work Commitments	Minimum Expenditures	Relinquishments of Gross Acreage required during 2013
				(Gross)	
				(US\$)	
	South Omo	Initial Exploration Phase – January 2015	<ul style="list-style-type: none"> · Geological and geophysical studies · 2D seismic (400 km) · Drill one well 	14.0 million (note: secured by \$294,000 bank guarantee(net))	None
	Rift Valley Basin	Initial Exploration Phase – February 2016	Geological and geophysical studies <ul style="list-style-type: none"> · 2D seismic (400 km) · Full tensor gravity (8,000 km²) 	5.0 million	None

Item 6.3 Forward Contracts

The Company is not party to any agreements relating to the transportation or marketing of oil and gas.

Item 6.4 Abandonment and Reclamation Costs

The Company will continue to estimate its liability for abandonment and reclamation costs as exploration and development activities continue. To date, all abandonment and reclamation costs have been expensed as incurred given the limited investment in above surface facilities.

Item 6.5 Tax Horizon

The Company was not required to pay income taxes during 2012. Given the Company is in the exploration stage and does not currently have reserves, no reasonable estimate may be made as to when the Company will be required to pay income taxes in the future.

Item 6.6 Costs Incurred

The nets costs incurred by the Company in relation to the various geographic areas in which the Company operated during 2012 were as follows:

Geographic Region	Costs (\$US million) Exploration
Puntland, Somalia	34.3
Ethiopia	15.4
Kenya	84.2

Item 6.7 Exploration and Development Activities

As of December 31, 2012, the Company has been engaged in exploration activities aimed at fulfilling and some blocks exceeding work commitments outlined in the table included in Item 6.2 above. The Company and partners plan to pursue an aggressive exploration strategy with assets positioned along several producing trends. In 2012 Africa Oil announced successful results from the Ngamia-1 exploration well, which was the first exploration well for the Company in the Tertiary Rift Play. The well encountered more than 100 meters of net oil pay and confirmed discovery of a significant new oil producing province, and the first significant oil discovery in Kenya. This discovery was followed by Twiga South-1 some 22km north, which also discovered and tested light gravity and further confirmed a potentially significant extension of the Tertiary Rift Play. Following these discoveries, the Company and its partners have significantly ramped up seismic acquisition and mobilized extra rigs that over the next few years will be working to drill a large prospect inventory that spans several sub-basins. Meanwhile the Company, with its partners, plans to continue an aggressive exploration campaign that will see additional exploration wells drilled to test high-impact prospects in the Cretaceous, Jurassic, and Permo-Triassic Rift plays.

In 2013 the Company plans to continue drilling exploration wells within Blocks 10BB and 13T within the Tertiary Rift Play of Kenya and will continue to test discoveries. The Company and partners are currently drilling in the South Omo block which is an extension of the Tertiary Rift Play into Ethiopia and have plans to follow with a second exploratory test in 2013. The Company also plans to drill a well in Block 9 in Kenya to test the Cretaceous Rift Trend, and will follow the recent drilling of the Paipai-1 well which was completed in early 2013 and suspended for further testing. The Company and partners also plan to drill a commitment well in Blocks 7/8 in Ethiopia, and will be the exploratory test for the Company in the Permo-Triassic Rift trend.

2013 will also be an active year for seismic acquisition, with between 2-3 crews acquiring 2D seismic in the Tertiary Rift Blocks of Kenya and Ethiopia, and startup of a new crew to acquire 3D seismic surveys in the areas of recent discoveries in Blocks 10BB and 13T. In Block 10BA the Company plans to complete a large 2D seismic survey that includes both land and marine seismic acquisition around Lake Turkana. The Company and partners also plans to begin the first 2D seismic acquisition program in Block 12A. In the newly-acquired Rift Basin Area block of Ethiopia, the Company plans to begin acquisition of a block-wide full tensor radiometry (FTG) survey and geologic studies in advance of 2D seismic acquisition. The Company is also undertaking geologic studies in the Dharoor and Nugaal blocks in advance of planned seismic programs and exploratory drilling.

Item 6.8 Production Estimates

The Company is unable to estimate production or future net revenue from its oil and gas activities as of December 31, 2012.

Item 6.9 Production History

The Company had no oil and gas production history as of December 31, 2012.

FORM 51-101F3

Report of Management and Directors on Oil and Gas Disclosure

(This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Terms to which a meaning is ascribed in NI 51-101 have the same meaning in this form.¹)

Report of Management and Directors on Reserves Data and Other Information

Management of **Africa Oil Corp.** (the "Company") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. The Company is a reporting issuer involved in oil and gas activities pursuant to NI 51-101; however, as at December 31, 2012, the Company did not have any reserves or related future net revenue from reserves. As a result, no reserves data for the Company has been disclosed as of December 31, 2012.

The Company has not commissioned an independent qualified reserves evaluator to evaluate the Company's reserves data as the Company has no reserves at this time and no report of an independent qualified reserves evaluator will be disclosed by the Company for the period from January 1, 2012 to December 31, 2012.

The Board of Directors of the Company has reviewed the position of the Company as of December 31, 2012 and has determined that, as of that date, the Company has no reserves data.

The Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management of the Company. The Board of Directors has approved:

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing information detailing the Company's oil and gas activities;
- (b) the Company not filing Form 51-101F2, which is the report of the independent qualified reserves evaluator on the reserves data because the Company has no reserves; and
- (c) the content and filing of this report.

/s/Keith Hill

Keith C. Hill, Chief Executive Officer

/s/Ian Gibbs

Ian Gibbs, Chief Financial Officer

/s/Gary S. Guidry

Gary S. Guidry, Director

/s/Bryan M. Benitz

Bryan M. Benitz, Director

Date: March 26, 2013

¹ For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in *NI 51-101*, *Form 51-101F1*, *Form 51-101F2* or *Companion Policy 51-101CP*.

