

Second Quarter 2010 Highlights

- The Company signed a Farmout Agreement and Joint Venture Agreement with Agriterra Ltd. (formerly White Nile Ltd.) to acquire an 80% participating interest and operatorship of the South Omo Block in Ethiopia. The block encompasses 29,465 km² and 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 and Tullow's Uganda discoveries. Ethiopian Government approval of the farmout was obtained during August 2010.
- During August 2010, the Kenyan Government approved the assignment of a 100% interest in Blocks 12A and 13T in Kenya. The new contract areas 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 Block 10BB may extend onto these new blocks. These blocks, which comprise an area of over 23,800 km², brings the total gross acreage that Africa Oil has signed contracts on to almost 250,000 km².
- The Company signed a Letter of Intent with Red Emperor Resources NL ("Red Emperor") pursuant to which Red Emperor will acquire a 10% participating interest in the Dharoor and Nugaal Valley Blocks located in Puntland (Somalia) with an option to increase that interest by a further 10%.
- In Block 9, Kenya, the CNOOC-operated Bogal-1 exploration well reached a total depth of 5,085 meters during the quarter. Gas shows and petrophysical analysis of wireline logs indicated multiple gas pay zones totaling approximately 91 meters in Lower Cretaceous sandstones. Preliminary testing on two potential gas pay zones has been completed, with only minimal flow of gas from each zone. Analysis of the test results indicates that neither test was in communication with the extensive fracture network proven by the abundant fluid losses during drilling and the Formation Micro Imaging (FMI) log. The well has been plugged pending further analysis of the test results to determine the feasibility of an additional testing program, which might include fracture and acid stimulation, due to potential wellbore damage during drilling. The Company holds a 20% working interest in this Block which contains a number of excellent oil and gas prone prospects.
- Africa Oil intends to apply for a secondary listing of its Common Shares on the First North list of the Nasdaq OMX Stock Exchange. E. Ohman J:or Fondkommission AB has been engaged as the Company's financial advisor in conjunction with the secondary listing. The aim is to have the listing completed during the third quarter. Over the past year, the Company has seen tremendous growth in its shareholder base in Sweden. A listing on First North will complement the Company's existing listing on the TSX Venture Exchange in Canada and add liquidity and depth of distribution.
- Subsequent to the quarter under review, the Company raised \$25 million in gross proceeds through a non-brokered private placement.
- In Block 10BB, Kenya, seismic acquisition is in progress, with over 120km of 2D seismic recorded out of an anticipated 600km program. The Company has reprocessed all available vintage seismic data sharpening the imaging and the amplitude response for use in detecting direct hydrocarbon indicators. A surface geochemical survey is scheduled to commence during the third quarter of 2010 aimed at detecting oil and gas seepage from identified prospects and leads on the Block. The Company holds an 80% working interest in this Block.
- In Block 10A, Kenya, the Company is reprocessing all available vintage seismic data with the objective of improving the imaging of the data acquired in the late 1980s. New play concepts are being developed based on the reprocessed data in combination with vintage drilling data. The

Company intends to acquire 750 km of 2D seismic in the Block following the Block 10BB seismic acquisition program. The Company holds a 55% working interest in this Block.

- Seismic acquisition is in progress in the Company's Ogaden area of Ethiopia. It is anticipated that the 500 km 2D seismic acquisition program will be completed during the fourth quarter of 2010. The seismic program is aimed at previously identified leads in order to mature these leads into drillable prospects. The Company holds a 55% working interest in the Ogaden Blocks.