

## Third Quarter Highlights

- In Block 9, Kenya, the CNOOC-operated Bogal-1 oil exploration well was spud on October 28, 2009. The well is expected to reach total depth of 5,500 meters within approximately 6 months. Block 9 covers an area of 27,778 square kilometers in the centre of the Anza Basin. The Anza Basin is a NW-SE trending rift basin along trend with the prolific Mesozoic play of southern Sudan. The basin is over 580 kilometers long and 150 kilometers wide with a potential prospective area in excess of 50,000 square kilometers. The basin is filled in places with more than 6,000 meters of Mesozoic and Cenozoic sediments and locally by Plio-Pleistocene basalts. Bouger and residual gravity anomalies have highlighted several sub-basins separated by intra-basin highs. Historic wells drilled in the block have proven the existence of natural gas and possibly oil. The Company holds a 20% working interest in the Block (subject to the completion of the Lion farmout discussed below).
- In Block 10A, Kenya, the Company plans to acquire approximately 750 kilometres of 2D seismic data during 2010. In Block 10BB, Kenya, the Company plans to acquire approximately 600 kilometres of 2D seismic data during 2010. Seismic data related to Block 9 was previously acquired and has led to identification of various leads and prospects.
- In Ethiopia, in the Adigala Block, 500 kilometres of 2D seismic has been acquired. Processing and interpretation of the seismic is currently underway.
- The Company is planning to commence seismic acquisition in the Ogaden region of Ethiopia. In Blocks 7/8, Africa Oil plans to acquire approximately 150 kilometres of 2D seismic data. In Blocks 2/6, the Company plans to acquire 350 kilometres.
- In the Nogal Block in Puntland, Somalia, Africa Oil acquired more than 4,000 kilometres of existing good quality 2D data which was recorded in the late 1980's. This has enabled the Company to work up an inventory of drilling prospects from which the first exploration well locations will be selected. During 2008, in the Dharoor Block of Puntland, Somalia, the acquisition of 782 kilometres of good quality new 2D seismic (comprised of 15 grid lines) was completed. The Company has combined 555 kilometres of previously acquired data into the seismic database and is currently being mapped to finalize exploration well locations.
- On July 21, 2009, the Company completed the acquisition of all of the issued and outstanding common shares of Turkana Energy Inc. ("Turkana"). Turkana's principal asset is a 100% interest in Block 10BB, a highly prospective oil exploration block in northwest Kenya. The block is within the Tertiary rift trend of East Africa which has recently yielded major oil discoveries by operators such as Heritage and Tullow. Block 10BB is located immediately west of the Company's holdings in the prospective Anza rift basin petroleum system. The shares of Turkana were acquired in consideration for 7.5 million common shares of Africa Oil. In addition, Turkana's previously outstanding convertible loans of CAD\$1.0 million were exchanged for 787,400 common shares of Africa Oil.
- In addition, the Company executed a farmout agreement with Lion Energy Corp. (formerly named Raytec Metals Corp.) ("Lion") for their entry into the production sharing contracts in the State of Puntland, Somalia and the Republic of Kenya (Kenya).

In Puntland, the Company will transfer a 15 percent license interest to Lion in the Nogal and Dharoor PSAs.

In Kenya, the Company will transfer a 10 percent interest in the Block 9 PSA, a 20 percent interest in the Block 10BB PSC and a 25 percent license interest in the Block 10A PSC.

- Lion, in both areas, will pay a disproportionate share of future costs associated with the planned exploration work programs to be carried out in 2009 and 2010. Completion of this farmout is subject to government, TSX Venture exchange, and partner approvals.
- Rick Schmitt resigned as President of the Company and from the Board of Directors in order to pursue other endeavors. Mr. Keith Hill has assumed Mr. Schmitt's responsibilities as President in addition to his current role as CEO.
- Ian Gibbs was appointed Chief Financial Officer of the Company.
- John Craig and Bryan Benitz joined the Board of Directors.

### **Looking Forward**

- An aggressive drill program is planned on its Kenyan and Ethiopian Blocks upon completion of seismic acquisition, processing, and interpretation. New discoveries have been announced on all sides of the Company's virtually unexplored land position in both countries including the major Heritage/Tullow Albert Graben oil discovery in neighbouring Uganda. Similar to the Albert Graben play model, the Company's concessions have older wells, a legacy database, and host numerous oil seeps indicating a proven petroleum system. Good quality existing seismic show robust leads and prospects throughout Africa Oil's project areas.
- In Somalia the Company intends to commence drilling on its two blocks as soon as political and safety conditions allow. Seismic interpretation indicates the presence of large, excellent prospects within both the Nogal and Dharoor blocks.