

Africa Oil Corp.
First Quarter Report
For the Period Ended March 31, 2008

To our Shareholders,

Africa Oil Corp. holds an 80% interest in two large oil exploration licenses encompassing the Dharoor and Nogal Valleys in the state of Puntland in northern Somalia. Both blocks are considered world-class exploration plays with petroleum systems geologically similar to and formerly contiguous with those in the prolific oil producing Republic of Yemen.

Dharoor and Nogal Oil Exploration Projects, Puntland

A comprehensive seismic acquisition program is currently underway on the Dharoor Block. Previous seismic coverage on the Block was insufficient to define a drillable prospect and, therefore, the Company designed a survey of approximately 2,600 kilometres of 2D data to cover the prospective areas of the concession. IMC/Tesla were the successful bidders on the project. Their crew and equipment was mobilized to the project area and seismic recording will begin in mid-June.

At the Nogal Block to the south of Dharoor, an extensive seismic reprocessing program of all existing data, including review and integration of all geophysical and geological data, was successfully completed. This data is more than sufficient to enable mapping of the Block and prospect generation.

A drilling location was chosen on the Nogal block as the Company's first exploration well. A contract for a 2000 HP drilling rig was signed with ETP of Indonesia and drilling was scheduled to commence in July, 2008. The contract is for 2 firm wells and 2 contingent wells. The Company has made the decision to delay the start of its 2008 drilling programme due to logistical and security difficulties in and around Somalia. The Company has suspended the contract but retained an option to utilize the same rig, anticipating the resumption of exploration drilling before the end of 2008.

While the Company is disappointed in having to temporarily delay the drilling program, it is a minor setback and will not prevent us from satisfying our commitments and fulfilling our obligations under the Production Sharing Agreements. The first exploration period lasts until January, 2010 and, as a result, the Company has ample time to drill the two wells committed during that initial period.

We remain very excited about the potential of these projects and look forward to a successful exploration program.

Corporate

Mr. Darren Moulds was appointed Chief Financial Officer of the Company effective March 31, 2008. Mr. Moulds brings to Africa Oil nine years of financial experience in the oil and gas sector. He is a United States Certified Public Accountant (Illinois) and a graduate of the University of Saskatchewan where he obtained a bachelor of commerce degree. Mr. Moulds replaces Ian Gibbs, who has resigned to focus on his full-time role as CFO of Tanganyika Oil Company Ltd.

The Company looks forward to a successful venture in Puntland and, as well, continues to review other opportunities in Africa and beyond as part of an aggressive growth strategy.

On Behalf of the Board

Richard Schmitt
President and CEO

May 29, 2008