

Africa Oil Corp.
Second Quarter Report
For the Period Ended June 30, 2008

To our Shareholders,

Africa Oil Corp. (the "Company") holds an 80% interest in two large oil exploration licenses encompassing the Dharoor and Nogal Valleys in the state of Puntland in northern Somalia. The concessions encompass two highly prospective hydrocarbon basins and cover an area of 81,000 square kilometres or more than 20 million acres. 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

Seismic recording in the Dharoor Valley of Puntland, Somalia commenced on July 9, 2008. The Company plans to acquire up to 2,600 kilometres of 2D vibroseis data on the Dharoor Block before drilling 2 wells in each of its two Puntland concessions. To date approximately 300 kilometres has been acquired and the daily production rate is continuing to increase.

In the Nogal Basin, Africa Oil has acquired all of the more than 4,000 kilometres of good quality 2D data which was recorded in the late 1980's.

The two sedimentary basins were contiguous with the prolific Marib and Masila basins in Yemen during the Jurassic and Cretaceous periods. Over 9 billion BOE have been discovered in Yemen but exploration has been limited to date in Somalia. Only 3 wells have been drilled in basinal settings in these concessions before operations ceased in the early 1990's. Those wells confirmed thick sedimentary sequences, encountered oil in Cretaceous sandstones and proved the presence of active petroleum systems in both basins.

The Company is pleased with the progress made to date on the concessions and continues to receive excellent support from the Puntland Government. Current operational plans envisage that the seismic program in the Dharoor Valley will be completed by the end of 2008, allowing the selection of drilling locations in that area. Consequently, it is anticipated that the drilling program will be reinstated before the end of 2008 and that drilling will commence in Q4 2008 or Q1 2009.

We are excited about the potential of these projects and look forward to a successful exploration program. In addition, we are continuing 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

August 27, 2008