

**Africa Oil Corp.**  
**Third Quarter Report**  
**For the Period Ended September 30, 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. 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.*

*Subsequent to quarter end, the Company fulfilled its obligation of sole funding in the Dharoor Valley and has earned its 80% working interest.*

**Dharoor and Nogal Oil Exploration Projects, Puntland**

Seismic recording in the Dharoor Valley of Puntland, Somalia is continuing. The Company had acquired approximately 425 kilometres of 2D vibroseis data as of September 30, 2008. To date, the Company has acquired approximately 740 kilometres. The Company is reviewing the scope of the seismic program and anticipates completing the acquisition by the end of 2008.

In the Nogal Basin, Africa Oil has acquired all of the more than 4,000 kilometres of existing good quality 2D data which was recorded in the late 1980's. This data has been interpreted and several high quality prospects have been identified.

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 enjoy strong support from the Puntland Government.

*We are excited about the potential of these projects and look forward to a successful exploration program and, as well, continue 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

November 25, 2008