

Fourth Quarter 2010 Highlights

Highlights and accomplishments in 2010 included:

- As at December 31, 2010, the Company had cash of \$76.1 million and working capital of \$71.3 million as compared to cash of \$11.1 million and working capital of \$12.9 million at December 31, 2009. The Company's liquidity and capital resource position has been dramatically enhanced with the CAD\$25 million (gross) proceeds from the non-brokered private placement in July 2010 and the CAD\$55.8 million (gross) proceeds from warrants exercised in the fourth quarter of 2010.
- AOC currently has more than sufficient funds to meet its portion of the \$163 million expenditure obligations (\$43 million net) as per the active work programs approved by the Company's Board of Directors for 2011.
- During August 2010, the Company acquired an 80% participating interest and operatorship of the South Omo Block in Ethiopia. South Omo represents a new opportunity for AOC to secure a highly prospective block in the Omo Rift Valley of south-western Ethiopia. The block 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 Oil plc's ("Tullow") Uganda discoveries.
- During September 2010, the Company acquired 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.
- During December 2010, the Company completed a farmout transaction with Tullow on the South Omo Block in Ethiopia. Subsequent to December 31, 2010, the Company completed the remainder of the farmout transaction with Tullow. Tullow has acquired a 50% interest in, and operatorship of, five of AOC's east African exploration blocks, comprised of four exploration blocks in Kenya and one exploration block in Ethiopia. In order to provide the necessary interest to Tullow, AOC has also amended its existing farmout agreement with Lion Energy Corp. ("Lion"). Under the terms of the Tullow farmout agreement, Tullow acquired a 50% interest in, and operatorship of, Blocks 10BB and 10A in Kenya and of the South Omo Block in Ethiopia. Additionally, Tullow has also exercised an option to acquire 50% of AOC's interest in, and operatorship of, two additional exploration blocks in Kenya, 12A and 13T.
- The Company, together with its joint venture partner Lion, has entered into the First Additional Exploration Phase under the Block 9 PSC in Kenya. As a result of the withdrawal of its two other joint venture partners, AOC will now hold a 66.7% working interest in the PSC and has been approved by the government as Operator of Block 9. Lion will hold the remaining 33.3%. The First Additional Exploration Phase commenced on December 31, 2010 and will expire on December 31, 2013 with a one well work commitment (minimum depth 1,500 meters).
- During December 2010, AOC signed a definitive agreement with the Government of Ethiopia to jointly study the Rift Valley Block. The Block is located north of the Company's South Omo Block and encompasses the remainder of the Tertiary age East Africa Rift Trend in Ethiopia.
- The Company continued to actively explore in East Africa:
 - In Block 10BB, the Company has completed the recording of 610km of 2D seismic. The seismic data acquired has been processed. 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 was completed

during the third quarter of 2010, modules were analyzed in order to detect oil and gas seepage from identified prospects and leads on the Block.

- In Block 10A, Kenya, the Company expects to be completed recording approximately 850km (gross) of 2D seismic by the end of March 2011. Seismic data acquired is currently being processed. The Company has reprocessed 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
- In Block 9, Kenya, the CNOOC-operated Bogal-1 exploration well was spud on October 28, 2009. The well reached a total depth of 5,085 meters. 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 indicated 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 was plugged pending further analysis of the test results to determine the feasibility of an additional testing program.
- The Company completed its seismic acquisition program in the Company's Ogaden area of Ethiopia, acquiring 500 km 2D seismic. The new data has been integrated with existing seismic to generate a series of new prospect maps. The Company continues to focus efforts on the large El Kuran prospect in the Blocks 7/8 license.
- Subsequent to year end, the Company completed the acquisition of Centric Energy Corp. ("Centric"), a publicly traded oil and gas company listed on the TSX Venture Exchange. Pursuant to the acquisition agreement, AOC acquired, by way of a plan of arrangement, all of the issued and outstanding shares of Centric in consideration for 0.3077 AOC shares and CAD\$0.0001 for each common share of Centric. The value of consideration paid was estimated at \$60.2 million. Centric's primary asset is Block 10BA in Kenya which is strategically located within the highly prospective East African Tertiary Rift System between AOC's Block 10BB and its South Omo Block. Centric and Tullow are joint venture partners on the Block 10BA. In addition, Centric also has a carried 25% interest in Block 7 and Block 11, both located in the Republic of Mali and operated by Heritage Oil Corporation.
- Subsequent to year end, the Company entered into a letter of intent ("LOI") to acquire all of the issued and outstanding common shares of Lion Energy Corp. ("Lion"), a publicly traded oil and gas company listed on the TSX Venture Exchange. Under the letter of intent, the parties will negotiate and enter into a definitive agreement pursuant to which AOC will acquire Lion, by way of a plan of arrangement. The definitive agreement is currently being negotiated. As per the terms of the letter of intent, AOC is proposing to exchange each share of Lion for 0.2 shares of AOC. Lion currently has 86,118,177 common shares issued and outstanding, 2,580,000 share options with a weighted average exercise price of \$0.16/share, and 11,445,000 warrants. It is proposed that each warrant will be exchanged into an equivalent number of warrants of Africa Oil, adjusted for 0.2:1 ratio noted above. Lion is a joint venture partner of AOC in Kenya and Puntland (Somalia), and currently holds the following working interests; 33.3% in Block 9 (Kenya), 10% in Block 10BB (Kenya), and 15% in each of Dharoor Valley and Nugaal Valley (Puntland). In addition to the above properties, Lion estimated that it had cash, cash receivables and tradable securities with an approximate aggregate value of \$30 million at the date of signing the LOI.