



Suite 2101
885 West Georgia Street
Vancouver, B.C. Canada V6C 3E8
Ph. 604-689-7842 Fx. 604-689-4250
africaoilcorp@namdo.com
africaoilcorp.com

NEWS RELEASE

AFRICA OIL SIGNS LETTER OF INTENT TO CREATE NEW PUNTLAND FOCUSED EXPLORATION COMPANY

May 12, 2011 - Africa Oil Corp. (AOI – TSXV, AOI - NASDAQ OMX) (“Africa Oil” or “the Company”) and **Denovo Capital Corp. (DVO.P - TSXV)** (“Denovo”) are pleased to announce that they have entered into a letter of intent dated May 11, 2011 for the creation of a new Puntland focused oil exploration company, to be named Puntland Petroleum Corp. Puntland Petroleum will be created as a result of the transfer of Africa Oil’s interest in its oil and gas properties in Puntland Somalia to Denovo (the “Transaction”). Denovo is a capital pool company and intends for the Transaction to constitute the “Qualifying Transaction” of Denovo, as that term is defined in the policies of the TSX Venture Exchange.

The Transaction

Under the terms of the letter of intent, Africa Oil and Denovo will negotiate and enter into a definitive agreement pursuant to which Africa Oil will transfer to Denovo all of the issued and outstanding shares of its subsidiary holding companies (the “Puntland Subsidiaries”) which hold participating interests in the Dharoor Valley and Nugaal Valley Production Sharing Agreements in Puntland (Somalia) (the “Puntland PSAs”). Africa Oil will receive, in consideration of the transfer, 27,777,778 common shares of Denovo.

As a result of the Transaction, the Puntland Subsidiaries will become wholly owned subsidiaries of Denovo, which will change its name to Puntland Petroleum Corp., and the business of the Puntland Subsidiaries will be the business of Puntland Petroleum. The definitive agreement will contain representations and warranties between the parties that are customary for transactions of a similar nature.

Africa Oil currently holds a 45% participating interest in the Puntland PSAs. Upon completion of the transaction, previously announced on April 3, 2011, for the acquisition of Lion Energy Corp, Africa Oil’s participating interest in the Puntland PSAs will be increased, directly or indirectly, to 60%. It is anticipated that the entire 60% participating interest will be transferred to Denovo. Africa Oil is currently in the process of planning a two well exploratory drilling campaign in Puntland (Somalia), with the first well planned to spud in Q3 2011. Drilling locations have been selected and a letter of intent has been signed with a drilling subcontractor.

Assuming satisfactory completion of due diligence by Denovo it is anticipated that the definitive agreement will be entered into by May 31, 2011. The definitive agreement will provide for conditions precedent that are standard for a transaction of this nature, including receipt, by both Africa Oil and Denovo, as required, of all regulatory, partner and third party approvals including TSX Venture Exchange (the “Exchange”) approval. Denovo will also seek Denovo shareholder approval for a proposed 0.65 (new) for 1.00 (old) consolidation of its common shares and a change of name to Puntland Petroleum Corp., both of which are conditions precedent to completion of the transaction. It will also be a condition precedent of the transaction that Africa Oil will have completed its proposed acquisition of Lion Energy Corp. and that Denovo will have completed a private placement of CAD\$35 million comprised of 38,888,889 subscription receipts of Denovo sold at a post-consolidation price of CAD\$0.90 per subscription receipt. Each subscription receipt will be exercised, upon completion of the transaction, into a unit of Denovo, comprised of one common share and one share purchase warrant (a “Denovo Warrant”). Each Denovo Warrant will entitle the holder to acquire an additional Denovo share for \$1.50 for two years, subject to accelerated exercise provisions if the Denovo shares trade at greater than \$2.00 for 10 consecutive trading days. Denovo will also make commercially reasonable efforts to have the

Denovo Warrants posted for trading on the Exchange. Denovo is a capital pool company listed on the Exchange. Denovo completed its initial public offering on October 5, 2010 and commenced trading on the Exchange on October 12, 2010.

Africa Oil will acquire 11,111,111 subscription receipts in the private placement financing, for proceeds of CAD\$10 million. At the conclusion of the acquisition and the private placement financing Africa Oil will hold 54.6% (non-diluted) of the issued and outstanding common shares of Puntland Petroleum.

The Transaction is an arm's length transaction and therefore will not be subject to approval of the shareholders of Denovo. Upon completion of the Transaction it is expected that Puntland Petroleum will meet the listing requirements of the Exchange for a Tier II Oil and Gas Issuer.

Keith Hill, President of Africa Oil Corp., said "The creation of Puntland Petroleum allows Africa Oil Corp. to keep a large working interest in a highly prospective exploration project and also provides the necessary capital to pursue an aggressive drilling program. We are in advanced planning stages of a two well drilling program which will drill the first well in a basin that appears to be directly analogous to the rift basins in Southern Yemen that have yielded multi-billion barrels of reserves."

Summary of Financial Information

Financial statements, as required by the Exchange, were not available at the time of the press release. The financial statements and summary financial information will be disclosed at a later date in accordance with the policies of the Exchange.

Other Information and Updates

Denovo's shares are currently listed for trading on the Exchange. In accordance with Exchange policy, however, Denovo's shares are currently halted from trading and will remain halted until such time as determined by the Exchange, which, depending on the policies of the Exchange, may not occur until the completion of the Transaction.

Denovo and Africa Oil will provide further details in respect of the Transaction, in due course, by way of press releases. However, Denovo will in due course make available to the Exchange all financial information as required by the Exchange, and will disclose at a later date summary financial information derived from such statements, in accordance with the policies of the Exchange.

Africa Oil Corp. is a Canadian oil and gas company with assets in Kenya, Ethiopia, Mali and Puntland (Somalia). Africa Oil's East African holdings are in what is considered a truly world-class exploration play fairway. The Company's total gross land package in this prolific region is in excess of 325,000 square kilometers. The East African Rift Basin system is one of the last of the great rift basins to be explored. New discoveries have been announced on all sides of Africa Oil's virtually unexplored land position including the major Albert Graben oil discovery in neighbouring Uganda. Similar to the Albert Graben play model, Africa Oil'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. The Company is listed on the TSX Venture Exchange and on First North at NASDAQ OMX-Stockholm under the symbol "AOI".

FORWARD-LOOKING STATEMENTS

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable Canadian securities legislation). Such statements and information (together, "forward looking statements") relate to future events or the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities, ultimate recovery of reserves or resources and dates by which certain areas will be explored, developed or reach expected operating capacity, that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in oil prices, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government or other regulatory approvals, actual performance of facilities, availability of financing on reasonable terms, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements.

ON BEHALF OF THE BOARD OF
AFRICA OIL CORP.

"Keith C. Hill"
President and CEO

ON BEHALF OF THE BOARD OF
DENOVO CAPITAL CORP.

"A. Murray Sinclair"
President and CEO

For further information, please contact:

Sophia Shane, Corporate Development, Africa Oil (604) 689-7842.
A. Murray Sinclair, President and CEO, Denovo Capital Corp. (604) 689-1428

Africa Oil's Certified Advisor on First North is E. Öhman J:or Fondkommission AB.

Completion of the Transaction is subject to a number of conditions including, but not limited to, Exchange acceptance and, if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information received or released with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) has in any way passed upon the merits of the Transaction and neither of the foregoing entities has in any way approved or disapproved the contents of this release.