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## NEWS RELEASE

### AFRICA OIL CORPORATE UPDATE

**December 16, 2011 (AOI – TSXV, AOI - NASDAQ OMX) Africa Oil Corp.** (“Africa Oil” or the “Company”) announced today that it has completed the first stage of its proposed reorganization of the assets of Lion Energy Corp. (“Lion”), its direct, wholly-owned subsidiary, acquired by the Company in a plan of arrangement transaction that completed in June, 2011. Lion has assigned to Africa Oil all of its assets, and Africa Oil assumed all of Lion’s liabilities, in contemplation of completing a voluntary dissolution of Lion in early 2012.

Lion was the registered holder of 2,500,000 Common shares (the “Shares”) of the Company, which Shares will be surrendered for cancellation, and returned to treasury. No consideration was paid to Africa Oil in connection with the cancellation and return to treasury of the Shares.

As a result of the cancellation of the Shares, Africa Oil currently has 211,413,059 issued and outstanding common shares.

The anticipated spud date of the Ngamia well has been revised to January, 2012. The prospect has been selected by the Tullow operated joint venture as the initial well in Block 10BB. The well will test the oil potential in Miocene age sandstones within a three way dip closure against the West Lokichar rift fault. Ngamia is directly analogous to successful oil accumulations drilled by Tullow and partners early in the exploration efforts in the Lake Albert graben of Uganda.

In addition, the Company reports that drilling operations continue on the Horn Petroleum operated Dharoor Block in Puntland, Somalia and the well is expected to spud in January, 2012.

*Africa Oil Corp. is a Canadian oil and gas company with assets in Kenya, Ethiopia, Mali and Puntland, Somalia (through its equity interest in Horn Petroleum). Africa Oil's East African holdings are in within a world-class exploration play fairway with a total gross land package in this prolific region in excess of 300,000 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, including the voluntary dissolution of Lion Energy Corp. All statements other than statements of historical fact may be forward-looking statements. 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, 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, and availability of third party service providers. Actual results may differ materially from those expressed or implied by such forward-looking statements.*

ON BEHALF OF THE BOARD

“Keith C. Hill”  
President and CEO

For further information, please contact: Sophia Shane, Corporate Development (604) 689-7842.

Africa Oil's Certified Advisor is E. Öhman J:or Fondkommission AB (Pareto Ohman), part of the Pareto Securities Group.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.