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## NEWS RELEASE

### AFRICA OIL SIGNS FARMOUT WITH MARATHON OIL

**July 23, 2012 (AOI-TSXV, AOI-NASDAQ OMX) ... Africa Oil Corp.** (“Africa Oil” or the “Company”) is pleased to announce that it has signed a definitive farmout agreement with Marathon Oil Corporation (“Marathon Oil”) whereby Marathon Oil will acquire the rights to obtain an interest in two of Africa Oil’s Kenyan exploration blocks.

Under the terms of the farmout agreement, Marathon Oil will acquire a 50% interest in Block 9 and a 15% interest in Block 12A, both in Kenya. Africa Oil will maintain operatorship in Block 9, but Marathon Oil has the right to assume operatorship if a commercial discovery is made. In addition, Africa Oil and Marathon Oil have agreed to jointly pursue exploration activities on an additional exploration area in Ethiopia. The above transactions are all subject to host country Government approvals.

The resulting interest in the Kenyan exploration blocks upon approvals and subsequent closing of the Marathon Oil farmout agreement, together with the completion of a separate farmout transaction with Tullow Oil plc (“Tullow”) (described below) will be as follows:

Block 9 (Kenya)	Africa Oil 50%	Marathon Oil 50%	
Block 12A (Kenya)	Africa Oil 20%	Marathon Oil 15%	Tullow 65%

Net Working Interests are subject to backin rights or carried working interests, if any, of the respective governments or national oil companies of the host governments.

In consideration for the assignment of these interests, Marathon Oil will pay Africa Oil an entry payment of \$35 million which includes prior expenditures, and has agreed to fund Africa Oil’s working interest share of future joint venture expenditures anticipated to be spent over the next three years up to a maximum of \$43.5 million.

Keith Hill, Africa Oil’s President and CEO, stated, “We are very pleased to welcome Marathon Oil as a partner with their stature and long history of success in the oil and gas business. We look forward to working together to expand on the success we have had in our East Africa exploration program to date. The consideration to be received from Marathon Oil will allow us to both accelerate the exploration in the blocks that Marathon Oil is farming into as well as provide additional funding to the Company for the accelerated exploration program on the Tertiary rift trend being executed in partnership with Tullow Oil. East Africa is rapidly becoming the most prospective oil and gas province in the world and the large, strategic land portfolio we hold ensures we will be at the center of industry activity.”

Africa Oil is also pleased to announce the completion of an additional farmout transaction with Tullow. Under the Tullow farmout transaction, which has received Kenya government approval, Tullow paid Africa Oil \$759,000 in consideration of past costs to acquire an additional 15% interest in Block 12A in Kenya. Tullow will also fund Africa Oil’s working interest share of costs related to the acquisition of 520 kilometers of 2D seismic until an expenditure cap of \$3.1 million net to Africa Oil has been met, following which Africa Oil will be responsible for its working interest share of seismic acquisition costs. Tullow previously acquired a 50% interest in, and operatorship of, Block 12A in a transaction that was completed in February 2011.

Africa Oil also announces that it has entered into a definitive agreement with New Age (Africa Global Energy) Limited ("New Age") whereby New Age will acquire an additional 25% interest in Africa Oil's Blocks 7 & 8 in Ethiopia, together with operatorship of Blocks 7 & 8 and the Adigala Area. In consideration of the assignment of the interest New Age will pay to Africa Oil \$1.5 million in consideration of past costs. Following the completion of the New Age farmout transaction, the resulting interest in Blocks 7 & 8 will be as follows:

Blocks 7 & 8	Africa Oil 30%	New Age 40%	Afren plc 30%
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The transfer of operatorship will occur upon completion of the acquisition of the Blocks 7 & 8 interest by New Age. This transaction is also subject to host government approvals, the waiver of preemption rights by Africa Oil's partners and the satisfaction of any applicable regulatory requirements.

*Africa Oil Corp. is a Canadian oil and gas company with assets in Kenya, Ethiopia and Mali as well as Puntland (Somalia) through its 45% equity interest in Horn Petroleum Corporation. Africa Oil's East African holdings are 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 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

“Keith C. Hill”  
President and CEO

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

Africa Oil's Certified Advisor on NASDAQ OMX First North is Pareto Öhman AB.

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.