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NEWS RELEASE

AFRICA OIL PROVIDES UPDATE ON PUNTLAND DRILLING

August 27, 2012 (AOI-TSXV, AOI-NASDAQ OMX) ... Africa Oil Corp. (“Africa Oil” or the “Company”) is pleased to provide an update on the drilling program ongoing in Puntland (Somalia).

The Shabeel North-1 well has reached a total depth of 3945 meters and has encountered metamorphic basement at a depth of 3919 meters. The well penetrated 149 meters of interbedded sands and shales of the Triassic Adigrat Formation with no oil or gas shows and only minor porosity exhibited on electric logs. Accordingly, the well is being plugged. As noted in a previous Puntland drilling update, the Upper Cretaceous Jesomma sands did exhibit porosity and hydrocarbon shows but produced only fresh water on a drill stem test. These sands are similar to the Jesomma sands encountered in the previously drilled Shabeel well in respect of log response and oil and gas shows. It has therefore been determined that additional testing of these zones in the previously drilled Shabeel well is also not warranted.

Based on the encouragement provided by the Shabeel wells, the Operator (Horn Petroleum Corporation) and their partners, Range Resources and Red Emperor, plan to enter the next exploration period in both the Nugaal and Dharoor Valley Production Sharing Contracts (“PSC’s) which carry a commitment to drill one well in each block within an additional 3 year term. The current operational plan would be to contract a seismic crew to acquire additional data in the Dharoor Valley block and to hold discussions with the Puntland Government to gain access regarding drill ready prospects in the Nugaal Valley block. The focus of the Dharoor seismic program will to delineate new structural prospects for the upcoming drilling campaign.

Keith Hill, President and CEO of Africa Oil, commented, “While we were disappointed that we were not able to flow oil from the first two exploration wells in our Puntland (Somalia) drilling campaign, we remain highly encouraged that all of the critical elements exist for oil accumulations, namely a working petroleum system, good quality reservoirs and thick seal rocks. We look forward to working with the Puntland government to move our exploration project to the next phase which will likely require us to focus on prospects in different areas of the basins. One should keep in perspective that it often takes a number of wells to find commercial hydrocarbons and we plan to continue our aggressive program to unlock the potential of this highly prospective region.”

The Puntland (Somalia) exploration program is operated by Horn Petroleum Corporation (“Horn”). Africa Oil holds an approximate 45% equity interest in Horn which in turn holds a 60% working interest in the Dharoor and Nugaal Valley blocks. The other partners in the blocks include Range Resources (20%) and Red Emperor (20%).

About Africa Oil

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 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 neighboring Uganda. Africa Oil's recent Ngamia-1 discovery extends the Albert Graben play into Kenya where Africa Oil along with partner Tullow Oil plc hold a dominant acreage position. Newly acquired seismic and gravity data 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".

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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

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

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