

# Africa Oil Closes Farmout With Tullow Oil on Blocks 10A and 10BB and Signs Farmout Agreement for Blocks 12A and 13T

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VANCOUVER, BRITISH COLUMBIA -- ([Marketwire](#) - Jan. 26, 2011) - [Africa Oil Corp.](#) ("Africa Oil" or the "Company") (TSX VENTURE: AOI) (OMX: AOI) is pleased to announce that it has now closed on three blocks out of the previously announced five block farmout transaction with Tullow Oil plc ("Tullow"). To date, the Company and Tullow have closed farmouts related to the South Omo Block (Ethiopia) and Blocks 10BB and 10A (Kenya). Tullow will assume the role of operator of these blocks. The previously announced amendment to the Company's existing farmout agreement with Lion Energy Corp. ("Lion") has also closed. The resulting interests in the three blocks, subject to the Tullow farmout and Lion amending agreements, are as follows:

Block 10BB (Kenya)	Tullow 50%	Africa Oil 40%	Lion 10%
Block 10A (Kenya)	Tullow 50%	Africa Oil 30%	Afren-EAX (Black Mar
South Omo (Ethiopia)	Tullow 50%	Africa Oil 30%	Agriterra (former

*Tullow previously completed the South Omo portion of the farmout on December 9, 2010.*

Tullow paid an aggregate of US\$9.6 million to Africa Oil, in consideration of estimated back costs and acquisition costs associated with these three blocks, incurred prior to the Effective Date of the farmout (July 1, 2010), subject to post-closing audit. Tullow will also fund Africa Oil's working interest share of future joint venture expenditures in these blocks until the cap of US\$23.75 million is reached. Once the expenditure cap has been met, Africa Oil will be responsible for its working interest share of future costs.

Pursuant to the amendment to the Lion farmout agreement, Africa Oil will pay Lion \$US 2.5 million and issue Lion 2.5 million shares. In addition, the Company has eliminated Lion's previous expenditure promotes in Block 10BB and the Company's projects in Puntland (Somalia), effective from July 1, 2010, and will release to Lion the \$US 4 million of escrow funds that were being held under the terms of the Lion farmout agreement.

Additionally, Africa Oil and Tullow have signed a definitive farmout agreement in respect of Blocks 12A and 13T (Kenya), two exploration blocks in which the Company currently holds a 100% interest. Under the farmout agreement, Tullow will acquire 50% of Africa Oil's interest in, and operatorship of, each of the blocks in consideration of its pro-rata share of back costs, including the Company's acquisition costs, and its respective share of future joint venture expenditures in the blocks. Completion of the farmout for Blocks 12A and 13T is subject to normal closing conditions, including approval of the Kenyan Ministry of Energy, which is expected to be received by mid-February.

Keith Hill, Africa Oil's President and Chief Executive Officer, commented, "We are pleased with the continued progress in our multi-block farmout arrangement with Tullow who have arguably been the most successful exploration company in Africa, if not the world, over the past decade. We see great synergies with the use of the technical and operational expertise they have gained in their nearby Uganda Lake Albert Graben project. The transaction also means that any resultant discoveries will be operated by one of the main partners in the proposed pipeline project to export crude from this highly prospective developing region. With their proven success in Africa, combined with the East African Rift Basin assets that Africa Oil brings to the deal, we look forward to the implementation of a successful exploration program in the months and years to come."

Africa Oil Corp. is a Canadian oil and gas company with assets in Kenya, Ethiopia 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 350,000 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 Tullow 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.*

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## **ON BEHALF OF THE BOARD**

Keith C. Hill  
President and CEO

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

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