



**REVISED ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2011**

May 23, 2012

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Preliminary Notes

Forward-Looking Information

This revised annual information form (**AIF**) of Africa Hydrocarbons Inc. (the **Corporation** or **Africa Hydrocarbons**) contains forward-looking information (collectively, referred to as **forward-looking statements**) within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "predict", "project", "should", "target", "will", or similar words suggesting future outcomes or language suggesting an outlook.

Forward-looking statements involve significant known and unknown risks and uncertainties. A number of factors, many of which are beyond the control of the Corporation, could cause actual results to differ materially from the results discussed in the forward-looking statements. Although the forward-looking statements contained in this AIF are based upon assumptions which the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this AIF are made as of the date of this AIF, and the Corporation assumes no obligation to update or revise such information to reflect new events or circumstances, except as required by law. Because of the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in the Corporation's securities should not place undue reliance on these forward-looking statements.

In particular, this AIF herein contains forward-looking statements relating to, among other things, the following:

- future development and exploration activities, including the Corporation's expectations regarding the Bouhajla Permit (as defined herein) and significant prospects on the Bouhajla Permit;
- expectations regarding the Corporation's need and ability to raise capital and to add to resources and identify reserves through exploration and development;
- supply and demand for oil and natural gas;
- expectations regarding exploration and development activities;
- resource estimates for Undiscovered Petroleum Initially in Place for prospects on the Bouhajla Permit;
- the Corporation's obligations pursuant to the Bouhajla Agreement (as defined herein) as amended;
- expectations with respect to the Corporation's ability to attract and retain qualified personnel;
- exploration expenditures the Corporation believes qualify for refundable provincial tax credits and mining duties refund in the Province of Québec; and
- expected levels of operating costs, including general and administrative costs,

With respect to forward-looking statements contained in this AIF, the Corporation has made assumptions regarding, among other things:

- the Corporation's ability to meet the deadline of the payment of the Second Instalment (as defined herein) pursuant to the Bouhajla Agreement;
- anticipated financial performance, including, without limitation, the Corporation's ability to access capital markets to meet its future obligations;
- the ability of the Corporation's partners to meet their obligations;
- anticipated regulatory and tax developments;
- the Corporation's ability to attract and retain qualified personnel;
- political and economic stability in Tunisia;
- foreign currency and exchange rates; and
- there will be no significant events occurring outside of the normal course of the business of the Corporation.

Some of the risks that could affect the Corporation's future results and could cause results to differ materially from those expressed in the Corporation's forward-looking statements include, but are not limited to:

- the inability to obtain required financing as and when needed;
- the inability to receive Tunisia government ratification and publication of the expansion of the Bouhajla Permit in the official Government Gazette;
- general political and economic conditions in the countries in which the Corporation operates;
- the impact of competition;
- compliance with and liabilities under environmental laws and regulations;
- the volatility of oil and natural gas prices;
- changes in the foreign exchange rate;
- the Corporation's ability to hire and retain staff;
- imprecision in estimating capital expenditures and operating expenses;
- potential delays or changes in plans with respect to exploration and development projects or capital expenditures;
- the inability to acquire assets for prices within the Corporation's parameters;
- the inability of the Corporation to operate and develop its present properties;
- the inability of the Corporation to select and acquire suitable properties for exploration and development;
- changes to regulations and legislation applicable to the Corporation;

- the risks related to foreign operations and negotiating with third parties involved in international activities;
- general economic and business conditions; and
- unavailability of required equipment and services.

as well as additional risk factors set forth under "Risk Factors" in this AIF.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this AIF. These risk factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which is current only as of the date of this AIF. All subsequent forward-looking information attributable to the Corporation herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Corporation does not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this AIF or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Date of Information

Except as otherwise indicated in this AIF, all information disclosed in this AIF is as of September 30, 2011.

Currency

In this AIF, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references the "\$" are to Canadian dollars.

Corporate Structure

Name, Address and Incorporation

The Corporation was incorporated by Memorandum and Articles pursuant to the *Company Act* (British Columbia) on April 11, 1983 under the name Orotek Resources Corporation. On December 29, 1992, the Corporation consolidated its share capital on a 4.7:1 basis and changed its name to Doucette Developments Corp. Effective August 30, 1995, the Corporation changed its name to Traders International Franchise Systems Inc. The Corporation subsequently consolidated its share capital on a 3:1 basis and changed its name to Newquest Ventures Corp. on May 21, 1998. On May 26, 1999, the Corporation consolidated its share capital on a 2:1 basis and changed its name to Aster Ventures Corp. The Corporation subsequently consolidated its share capital on a 2:1 basis and changed its name to Knight Petroleum Corp. on March 22, 2001. On March 7, 2003, the Corporation changed its name to Knight Resources Ltd. On May 25, 2011, the Corporation's common shares were consolidated on a 19 old common shares for 1 new common share basis and the Corporation changed its name to Knight Metals Ltd. Effective February 2, 2012, the Corporation's name was changed to Africa Hydrocarbons Inc.

The head and registered office of the Corporation is located at 300 Royal Centre, P.O. Box 11130, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R3.

The Corporation is a reporting issuer in British Columbia, Alberta and Quebec. The common shares of the Corporation (the **Common Shares**) are listed on the TSX Venture Exchange (the **TSXV**) under the symbol "NFK".

Inter-Corporate Relationship

The following table provides the name, the percentage of voting securities owned by the Corporation and the jurisdiction of incorporation of our subsidiaries as at May 23, 2012:

	Percentage of voting securities (directly or indirectly)	Jurisdiction of Incorporation/Organization
Watutatu Inc.	100%	Ontario

General Development of the Business

The Corporation is an exploration company engaged in the acquisition and exploration of oil and natural gas properties.

History

Bouhajla Project, Tunisia

Effective December 2, 2011 the Corporation closed a transaction (the **Exchange Transaction**) to acquire Watutatu Inc. (**Watutatu**), a private Ontario company with a contingent, farmout interest in certain oil and gas assets in Tunisia, North Africa (the **Bouhajla Prospect**) pursuant to a share exchange agreement dated November 30, 2011 (the **Share Exchange Agreement**). Under the terms of the Exchange Transaction the Corporation acquired on the Closing Date (as defined in the Share Exchange Agreement) all of the issued and outstanding common shares of Watutatu in exchange for an aggregate of 16,000,000 Common Shares (the **Consideration**). The Exchange Transaction closed in escrow, and the Consideration was held in trust pending final TSXV approval, which was granted on December 5, 2011.

A finder's fee in the amount of 1,600,000 Common Shares (the **Third Party Finder Fee Shares**) was issued to a third party for introducing the Exchange Transaction to the Corporation.

The Share Exchange Agreement contained a provision that, provided certain milestones were met, the Corporation would issue an additional 16,000,000 Common Shares to the vendors under the Share Exchange Agreement. On May 7, 2012, the Share Exchange Agreement was amended to provide that if the Corporation completes a brokered financing with Canaccord Genuity Corp. then the issuance by the Corporation of the additional 16,000,000 Common Shares pursuant to the terms of the Share Exchange Agreement will not occur.

Brokered and Non-Brokered Private Placement Totalling \$3,011,989.50

As a condition to the completion of the Exchange Transaction, the Corporation completed a brokered private placement financing (the **Brokered Private Placement**) with BayFront Capital Partners Ltd. (**BayFront**) of subscription receipts for gross proceeds of \$1,500,000 at a price of \$0.15 per subscription receipt. Each subscription receipt was converted into one Common Share on December 2, 2011. The 10,000,000 Common Shares issued upon the conversion of the subscription receipts were subject to a hold period expiring April 3, 2012. BayFront received compensation of \$105,000 as well as 700,000 broker warrants exercisable to acquire 700,000 Common Shares, at a price of \$0.15 per Common Share, until December 3, 2013.

In addition to the Brokered Private Placement, the Corporation completed a non-brokered private placement financing (the **Non-Brokered Private Placement**) of subscription receipts for additional gross proceeds of \$1,511,989.50 at a price of \$0.15 per subscription receipt. Each subscription receipt was converted into one Common Share on December 2, 2011. The 10,079,930 Common Shares issued upon the conversion of the subscription receipts were subject to a hold period expiring April 3, 2012. The

Corporation paid finder's fees to a third party of \$103,739 as well as 691,595 finder's warrants exercisable to acquire 691,595 Common Shares at a price of \$0.15 per Common Share until December 3, 2013.

Bouhajla Agreement

Concurrently with the completion of the Exchange Transaction, Watutatu also executed (the **Bouhajla Closing**) a Farmout Agreement dated November 2, 2011 (the **Bouhajla Agreement**) between Watutatu and DualEx Tunisia Inc. (**DualEx**). The Bouhajla Agreement relates to DualEx's Bouhajla Exploration Permit (the **Bouhajla Permit**) in respect of an onshore region of Tunisia. Pursuant to the Bouhajla Agreement, Watutatu agreed to fund the first US\$7,250,000 towards the initial exploration program on the Bouhajla Permit area, consisting of a 55 km² 3D seismic survey and an exploration well on the Bouhajla North Prospect (as defined in the Bouhajla Agreement), in exchange for 47.5% of DualEx's interest in the Bouhajla production sharing contract (**PSC**), subject to the assignment provisions contained in the PSC. As of May 23, 2012, the Corporation has advanced US\$2,000,000 towards the cost of the seismic program and will be required to advance the balance of US\$5,250,000 (the **Second Instalment**) within 60 days of receipt of field data from the seismic program, which the Corporation received on March 18, 2012. On May 9, 2012, Watutatu and DualEx entered into an amending agreement pursuant to which the deadline for the payment of the Second Instalment was extended to May 29, 2012.

DualEx is the operator of the project. US\$450,000 was paid to DualEx on the Bouhajla Closing, being a *pro rata* share of Watutatu's costs incurred on the project up to the Bouhajla Closing. Since the Bouhajla Closing and as of May 23, 2012, an additional US\$30,272 and \$2,571 was paid to DualEx for Watutatu's proportionate share of costs.

The PSC and associated documents were executed in Tunisia on September 11, 2009, and were ratified and made effective on April 30, 2010. The initial term of the PSC is three years, with DualEx having two optional renewal periods of three years each.

Bouhajla Permit

The Bouhajla Permit is located onshore in the Pelagian Basin of east central Tunisia. Originally, the Bouhajla Permit encompassed 416 km² (105,000 acres). On April 12, 2012, the Corporation announced that it had received notification from Tunisian authorities that an application to expand the Bouhajla Permit was accepted and the expansion granted as requested. The permit expansion is subject to government ratification and publication in the official Government Gazette. A commitment to acquire 20 square kilometres of new 3D seismic was given in conjunction with the acreage award under the same PSC terms as the original Bouhajla Permit.

The area of additional acreage represents an increase of 120 square kilometres or 29% of the area of the original Bouhajla Permit. The expansion area lies south of the Bouhajla North prospect on which a 55 square kilometre 3D seismic survey was recently completed. Processing and interpretation of the 3D seismic survey over the Bouhajla North prospect is currently under way.

The Bouhajla Permit area lies immediately west of the Sidi el Kilani field, which has produced to date approximately 48 million barrels of light oil from the Abiod formation, which is the primary exploration target of the initial program. At Sidi el Kilani, the Abiod reservoir consists of a fractured chalk, locally dolomitized in association with wrench tectonics. Reservoirs of this type tend to have high recovery factors accompanied by high individual well productivity rates. The Sidi el Kilani field occupies a pop-up structural inversion and a similar structure has been identified on seismic previously recorded over the Bouhajla North Prospect area. On January 5, 2012, the Corporation reported that DualEx had entered into a contract with CGGVeritas Services SA, one of the world's largest geophysical service providers, to shoot a 55 square kilometre 3D seismic survey over the Bouhajla North Prospect on the Bouhajla Permit to confirm structural observations made on 2D seismic data. Surveying and permitting began in January 2012. On March 8, 2012, the Corporation announced that field recording of the Bouhajla North 3D

seismic survey in Tunisia had been completed. The 3D seismic data was high quality, within budget and within the estimated timeline to acquire and process. Interpretation of the new 3D data now significantly enhances the picking of a drilling location for the initial test well on the Bouhajla North Prospect.

In addition to the Bouhajla North Prospect, two other significant prospects on the Bouhajla Permit, Bouhajla Northeast and Bouhajla Southeast have been mapped.

West Raglan, Québec

The Corporation is party to a joint venture agreement with Anglo American Exploration (Canada) Ltd. (**Anglo American**) concerning the West Raglan Project (the **West Raglan Project**) in which it has a 49% interest. The West Raglan Project is located in the Cape Smith Belt in northern Québec.

Exploration work carried out by Anglo American, the operator, and the Corporation over the past seven years (2003 – 2010), including 197 drill holes, has been successful in discovering 12 mineralized zones in one area, known as Frontier.

Anglo American has the right to increase its interest in the West Raglan Project by 19% by completing, at its own cost, a bankable feasibility study. At the Corporation's election, Anglo American can further increase its interest in the West Raglan Project by 5% by arranging production financing for both parties. Anglo American is a wholly-owned subsidiary of Anglo American plc, of London, England.

No exploration program was carried out in 2011, however, in October 2011, camp clean-up and drilling de-mobilization was carried out.

On May 3, 2012, the Corporation entered into a dilution agreement with Anglo American whereby the Corporation relinquished any and all rights it had under the joint venture agreement and in the West Raglan Project.

Business Description

General

The Corporation is an exploration company engaged in the acquisition and exploration of oil and natural gas properties. The Corporation's focus up to September 30, 2011 had been the West Raglan Project, located in the Province of Québec, Canada. In December 2011, the Corporation closed a transaction to acquire Watutatu, which has certain oil and gas assets in Tunisia, North Africa.

Principal Products

The Corporation is an exploration company and is not currently in production. If it develops the Bouhajla Prospect into production, there is a global market into which the Corporation could sell any oil or natural gas produced and, as a result, the Corporation would not be dependent on a particular purchaser with regard to the sale of any oil or natural gas that it produces.

Competitive Conditions

The oil and natural gas industry is highly competitive in all its phases. The Corporation competes with numerous companies and individuals that have resources significantly in excess of those of the Corporation in the search for: (i) attractive oil and natural gas properties; (ii) qualified service providers and labour; and (iii) equipment and suppliers. The ability of the Corporation to acquire additional oil and natural gas properties in the future will depend on its ability to operate and develop its present properties, and also on its ability to select and acquire suitable producing properties or prospects for exploration and development. See "*Risk Factors - Competition Risk*".

Employees

In addition to the services provided by the Corporation's directors and officers, the Corporation has approximately 11 employees and consultants in Canada as at May 8, 2012. The Corporation has not experienced, and does not expect to experience, significant difficulty in attracting and retaining qualified personnel. However, no assurance can be given that a sufficient number of qualified employees can be retained by the Corporation when necessary. See "*Risk Factors - Availability and Dependence on Management and Outside Advisors*".

Environmental Protection

The current and future operations of the Corporation, including exploration and development activities, are subject to extensive laws and regulations governing environmental protection, employee health and safety, exploration, development, drilling, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of environment, reclamation, toxic substances and other matters. Compliance with such laws and regulations can increase the costs of, and potentially delay planning, designing, drilling and developing the Corporation's properties. Breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties, all of which might have a significant negative impact on earnings and overall competitiveness. See "*Risk Factors - Environmental Risks and Hazards*".

Significant Acquisitions

The Corporation has not made any significant acquisitions during the year ended September 30, 2011 for which disclosure is required pursuant to Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*. Subsequent to September 30, 2011, the Corporation acquired Watutatu Inc. See "*General Development of the Business*".

Statement of Reserves Data and Other Oil and Gas Information

Date of Statement

This NI 51-101F1 is dated May 23, 2012. The effective date is September 30, 2011. The preparation date is May 23, 2012.

Disclosure of Reserves Data

As of September 30, 2011, the Corporation had no oil and gas reserves. As of May 23, 2012, the Corporation has no oil and gas reserves.

Pricing Assumptions

Not applicable.

Reconciliation of Changes in Reserves

Not applicable.

Additional Information Relating to Reserves Data

Not applicable.

Other Oil and Gas Information

On December 2, 2011, the Corporation, through its wholly owned subsidiary, Watutatu acquired the right to earn a 47.5% interest in the Bouhajla Prospect in Tunisia, North Africa pursuant to the Bouhajla Agreement with DualEx. The Bouhajla Agreement relates to DualEx's Bouhajla Permit in respect of an onshore region of Tunisia, as detailed in the following table:

Region	Property	Gross Acres	depth (metres)	The Corporation's Option to Acquire Working Interest	Approximate geographical coordinates latitude/longitude
Tunisia	Bouhajla	105,000	unlimited	47.5%	35°21'N/10°14'E

Pursuant to the Bouhajla Agreement, Watutatu agreed to fund the first US\$7,250,000 towards the initial exploration program on the Bouhajla Permit area, consisting of a 55 km² 3D seismic survey and an exploration well on the Bouhajla North Prospect (as defined in the Bouhajla Agreement), in exchange for 47.5% of DualEx's interest in the PSC, subject to the assignment provisions contained in the PSC. As of May 23, 2012, the Corporation has advanced US\$2,000,000 towards the cost of the seismic program and will be required to advance the balance of US\$5,250,000 within 60 days of receipt of field data from the seismic program. DualEx is the operator of the project.

In connection with the acquisition by the Corporation of its interest in the Bouhajla Prospect, a technical report (the **Bouhajla Technical Report**) effective November 1, 2011 entitled "Evaluation of Prospective Resources and Other Petroleum Information for the Bouhajla Permit Located in the Pelagian Basin of East Central Tunisia" was prepared by B.L. Whelan, P.Geol. The Bouhajla Technical Report is available for review at www.sedar.com under the Corporation's profile.

The Bouhajla Technical Report provides best estimates for Undiscovered Petroleum Initially in Place (**UPIIP**) as is set out in the table below.

Best estimate	Km ² /acres	UPIIP Mstb
Bouhajla	416/105,000	
North		82,829
Northeast		590,912
Southeast		358,878
Total		1,032,619

Notes:

(1) UPIIP is defined by the Canadian Oil and Gas Evaluation Handbook (**COGEH**), as that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

(2) These are the gross volumes estimated for the Bouhajla North, Northeast and Southeast Prospects located on the Bouhajla Permit, assuming a successful discovery and without any adjustments for working interest or encumbrances.

(3) Best Estimate is considered to be the best estimate of the quantity of Petroleum Initially in Place. It is equally likely that the estimated quantity of Petroleum Initially in Place will be greater than or less than the actual quantity discovered.

(4) UPIPP were estimated for the Bouhajla North, Northeast and Southeast Prospects only, including the Cretaceous Abiod and, in the case of Bouhajla North, the Eocene El Gueria formations, which estimates were combined in the above table.

(5) The resource estimate was prepared in accordance NI 51-101 and COGEH. No proved, probable or possible reserves have been assigned to the Bouhajla North prospect at this time. Undiscovered resources are those quantities of oil and gas estimated on a given date to be contained in accumulations yet to be discovered. There is no certainty that any portion of the undiscovered resources will be discovered and that, if discovered, may not be economically viable or technically feasible to produce.

(6) Mstb = 1,000 stock tank barrels.

Risk Factors

Exploration and development activities of an oil and natural gas company are by their nature highly speculative and its operations involve a number of risks, some of which are beyond the Corporation's control. Financial, operational and non-financial risks could materially affect the Corporation's future operating results and could cause actual events to differ materially from those described in the forward-looking information of the Corporation.

The following is a description of significant risk factors and uncertainties. The risks described herein are not the only risks facing the Corporation. Additional risks and uncertainties not currently known to the Corporation may also materially and adversely affect its business.

Cash Flows and Additional Funding Requirements

The Corporation will require capital and operating expenditures in connection with the operation and development of its properties and for working capital purposes. There can be no assurance that the Corporation will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Corporation to obtain debt financing or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Corporation to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

Obligations under the Bouhajla Agreement

If the Corporation is unable to advance the balance of the US\$5,250,000 owing to DualEx pursuant to the Bouhajla Agreement, DualEx may immediately terminate the Bouhajla Agreement by notice to Watutatu.

Nature of Drilling and Oil and Natural Gas Exploration and Development

Oil and natural gas exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when oil and natural gas is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable oil and natural gas reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will be successful.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental

approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas operations generally involve a high degree of risk. The Corporation's operations are subject to all the risks and hazards typically associated with oil and natural gas exploration, development and production, including hazards such as environmental hazards, fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. Such risks could result in damage to, or destruction of, oil and natural gas properties, personal injury, environmental damage, delays in drilling, monetary losses and possible legal liability.

Global Financial Crisis

Recent market events and conditions, including American and European sovereign debt levels and numerous financial institutions having either gone into bankruptcy or having to be rescued by governmental authorities, have caused significant volatility to commodity prices and stock prices and currency exchange rates. These conditions have caused a loss of confidence in the global credit and financial markets creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit costs and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general economic health of certain European countries and the United States may cause further deterioration and volatility in commodity and stock prices.

Access to financing has been negatively impacted by liquidity crises throughout the world. These factors may impact the ability of the Corporation to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Corporation. If these increased levels of volatility and market turmoil continue, the Corporation may not be able to secure appropriate debt or equity financing, any of which could affect the trading price of the Corporation's securities in an adverse manner.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by the Corporation is and will continue to be affected by numerous factors beyond its control. The Corporation's ability to market its oil and natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. The Corporation may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing and storage facilities and operational problems affecting such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

The prices of oil and natural gas may be volatile and subject to fluctuation. Any material decline in prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes of the Corporation's reserves. The Corporation might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Corporation's expected net production revenue and a reduction in its oil and natural gas acquisition, development and exploration activities. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond the control of the Corporation. These factors include economic conditions, in the United States, Canada and Europe, the actions of the Organization of the Petroleum Exporting Countries (**OPEC**), governmental regulation, political stability in the Middle East, Northern Africa and elsewhere, the foreign supply of oil and natural gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the Corporation's carrying

value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing credit and liquidity concerns. Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

In addition, bank borrowings available to the Corporation may, in part, be determined by the Corporation's borrowing base. A sustained material decline in prices from historical average prices could reduce the Corporation's borrowing base, therefore reducing the bank credit available to the Corporation which could require that a portion, or all, of the Corporation's bank debt be repaid.

Oil and Natural Gas Resource Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating oil and natural gas resources. Such estimates are a subjective process, and the accuracy of oil and natural gas resource estimates is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of recovery of oil and natural gas from such deposits may be different. Differences between management's assumptions, including economic assumptions such as oil and natural gas prices, market conditions and actual events could have a material adverse effect on the Corporation's oil and natural gas reserve and oil and natural gas resource estimates, financial position and results of operations.

Title to Properties

The Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an indirect option to acquire. This is in accordance with industry standards for the current stage of exploration of such properties; these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

No Revenues

To date, the Corporation has not recorded any revenues from operations nor has the Corporation commenced commercial production on any property. The Corporation is currently in an exploration stage. The Corporation expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Corporation's properties will continue to require the commitment of substantial resources. There can be no assurance that the Corporation will generate any revenue and be profitable in the future.

Foreign Operations

At present, substantially all of the operations of the Corporation are in Tunisia and, as a result, the operations of the Corporation are exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign jurisdictions. These risks and uncertainties include, but are not limited to, currency exchange rates; high rates of inflation; labour unrest; war, terrorism, crime, famine, drought, illegal exploration, corruption, uncertainty of the rule of law; renegotiation or nullification of existing concessions, licences, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; currency controls; and governmental regulations or

require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes, if any, in oil and natural gas exploration and development or investment policies or shifts in political attitudes in Tunisia may adversely affect the operations or profitability of the Corporation.

Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, import or export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and oil and natural gas exploration and development safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations and profitability of the Corporation.

The legal system in Tunisia is not yet as developed as legal systems in Canada, which leads to a higher level of uncertainty in the application and determination of Tunisian legal issues than would be expected in Canada, which can lead to regulatory delays, ill motivated use of courts or regulatory bodies and inconsistency in interpretation and enforcement of applicable Tunisian laws. Such risks are part of over-all risks of doing business in Tunisia and should be taken into account by any investor in Tunisian oil and natural gas projects.

Share Price Fluctuations

The market price of securities of many companies, particularly junior exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Corporation's share price will not occur. In particular, there can be no assurance that other factors beyond the control of the Corporation could cause a significant decline in the market price of the Common Shares.

Environmental Risks and Hazards

The Corporation's activities are subject to laws and regulations governing environmental protection and employee health and safety. Environmental legislation may evolve in a manner to create stricter standards, while enforcement, fines and penalties for non-compliance may also become more stringent. The cost of compliance with changes in governmental regulations could have the potential to reduce the profitability of operations. Furthermore, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Corporation, including the suspension or cessation of operations.

Licences and Permits, Laws and Regulations

The Corporation's exploration activities require permits and approvals from various government authorities, and are subject to extensive federal, departmental and local laws and regulations. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more time consuming and costly. In addition, the Corporation may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Corporation will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties. The termination or expiration of the Corporation's licenses or permits or the working interests relating to a licence or lease may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Availability and Dependence on Management and Outside Advisors

The Corporation has relied upon consultants, geologists, engineers and others and intends to rely on these parties for exploration and development expertise. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Corporation.

Competition Risk

The Corporation competes with many other oil and natural gas companies that have substantially greater resources. Such competition may result in the Corporation being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund the Corporation's operations and develop its properties. The Corporation's inability to compete with other oil and natural gas companies for these resources would have a material adverse effect on the Corporation's results of operations and business.

Insurance

The Corporation's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blow outs, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, such risks are not, in all circumstances, insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation.

Operational Dependence

Other companies operate some of the assets in which the Corporation has an interest. As a result, the Corporation has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Corporation's financial performance. The Corporation's return on assets operated by others therefore depends upon a number of factors that may be outside of the Corporation's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Conflicts of Interest

Certain of the Corporation's directors and officers serve or may agree to serve as directors or officers of other oil and natural gas companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, the directors of the Corporation may have a conflict of interest in negotiating and concluding terms respecting such participation.

Qualified Personnel

Recruiting and retaining qualified personnel in the future is critical to the Corporation's success. As the Corporation explores the Bouhajla Prospect, the need for skilled labour will increase. The number of persons skilled in the exploration and development of oil and natural gas properties is limited and competition for this workforce is intense. The development of the Bouhajla Prospect and other initiatives of the Corporation may be significantly delayed or otherwise adversely affected if the Corporation cannot recruit and retain qualified personnel as and when required.

Legal Systems

As a civil law jurisdiction, Tunisia has a legal system which is different from the common law jurisdictions of Canada. Standard legal practices in civil law jurisdictions may result in risks such as (i) a higher degree of discretion on the part of governmental authorities; (ii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, particularly where those rules and regulations are the result of recent legislative changes or have been recently adopted; (iii) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and (iv) relative inexperience of the judiciary and courts in such matters. In the case of foreign entities such as the Corporation doing business in civil law jurisdictions, effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, may be more difficult to obtain. As well, legislation and regulations may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by changes in governments, the actions of government authorities or others, or the effectiveness and enforcement of such arrangements.

Political Risk of Tunisia Operations

The Corporation is subject to additional risks resulting from doing business in Tunisia. These risks can involve matters arising out of the evolving laws and policies of Tunisia, political turmoil and unrest, the impositions of special taxes or similar charges, oil export or pipeline restrictions, foreign exchange fluctuations and currency controls, the unenforceability of contractual rights or the taking of property without fair compensation, and other matters.

Dividends

Africa Hydrocarbons has not declared or paid any dividends on the Common Shares since incorporation. It is not currently expected that dividends will be paid in respect of the Common Shares during the current phase of development of the Corporation's business and operations. The payment of dividends in the future will be at the discretion of the board of directors of the Corporation (the **Board**) and will be dependent on the future earnings and financial condition of the Corporation and such other factors as the Board considers appropriate.

Compliance with anti-corruption legislation

The Corporation is required to comply with the Canadian *Corruption of Foreign Public Officials Act* and applicable laws in other jurisdictions (collectively, the **Anti-Bribery Laws**), which prohibit Canadian companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. There is no assurance that the Corporation's agents or industry partners have not engaged in such illegal conduct for which the Corporation may be held responsible. If the Corporation is held responsible for such actions under Anti-Bribery Laws, it could have a material adverse effect on the Corporation, its business, prospects, assets, results of operations and condition (financial or otherwise).

Description of Capital Structure

General Description of Capital Structure

Common Shares

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As of May 23, 2012, there were 45,350,393 Common Shares issued and outstanding. Holders of Common Shares are entitled to receive notice of and to attend any meetings of shareholders and shall have one vote per share at all meetings. Holders of Common Shares are entitled to receive on a *pro rata* basis such

dividends, if any, as and when declared by the Board and, upon liquidation, dissolution or winding up of the Corporation, are entitled to receive on a *pro rata* basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a *pro rata* basis with the holders of Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Warrants

As of May 23, 2012, the Corporation has 1,391,595 warrants exercisable into Common Shares (**Warrants**) outstanding, each of which entitles the holder to acquire one Common Share. The following table sets forth the exercise price and expiry date of the Warrants.

Warrants		
Number	Exercise Price	Expiry Date
1,391,595	\$0.15	December 3, 2013

Options

The Board is authorized to issue options to acquire Common Shares (**Options**) to directors, officers, employees and consultants of the Corporation pursuant to the stock option plan of the Corporation dated February 17, 2011 (the **Stock Option Plan**). As of May 23, 2012, there are 4,300,000 Options outstanding. The following table sets forth the exercise price and expiry date of the Options.

Options			
	Number	Exercise Price	Expiry Date
Options	3,400,000	\$0.24	December 11, 2014
Options	900,000	\$0.36	January 17, 2015

Market for Securities

Trading Price and Volume

Common Shares

The Common Shares are listed on the TSXV under the symbol NFK. The following table sets forth the high and low closing trading prices and the aggregate volume of trading of the Common Shares (as reported) for the periods indicated.

Common Share Trading Price Range and Aggregate Volume			
Month	TSXV		
	High (\$)	Low (\$)	Volume
October 2010	2.09	0.855	1,407,503
November 2010	1.14	0.855	292,397
December 2010	0.855	0.665	425,698

Common Share Trading Price Range and Aggregate Volume			
	TSXV		
Month	High (\$)	Low (\$)	Volume
January 2011	0.855	0.475	776,917
February 2011	0.57	0.38	605,391
March 2011	0.57	0.475	208,337
April 2011	0.475	0.285	221,430
May 2011	0.38	0.205	356,241
June 2011	0.28	0.22	131,490
July 2011	0.23	0.15	181,950
August 2011	0.18	0.13	140,788
September 2011	0.16	0.11	147,532
October 2011	0.13	0.085	268,347
November 2011	0.21	0.115	91,668
December 2011	0.265	0.20	559,292
January 2012	0.49	0.215	1,049,762
February 2012	0.580	0.265	764,657
March 2012	0.465	0.24	986,657
April 2012	0.295	0.12	6,118,290
May 2012 ⁽¹⁾	0.235	0.135	3,192,973

(1) From May 1 to May 22, 2012

Prior Sales

During the financial year ended September 30, 2011 and to May 23, 2012, the Corporation issued the following securities that are not listed or quoted on a marketplace:

Date Issued	Number and Type of Securities Issued	Issuance/Exercise Price per Security
December 2, 2011	1,391,595 Warrants	\$0.15
December 12, 2011	3,400,000 Options	\$0.24
January 16, 2012	900,000 Options	\$0.36

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

Securities Held in Escrow

There are no securities of the Corporation currently held in escrow.

Securities Subject to Contractual or Legal Restrictions on Transfer

The 10,000,000 Common Shares issued upon the conversion of the subscription receipts sold pursuant to the Brokered Private Placement were subject to a hold period which expired on April 3, 2012.

The 10,079,930 Common Shares issued upon the conversion of the subscription receipts sold pursuant to the Non-Brokered Private Placement were subject to a hold period which expired on April 3, 2012.

The 16,000,000 Common Shares issued pursuant to the Exchange Transaction were subject to a hold period which expired on April 3, 2012.

The Third Party Finder Fee Shares were subject to a hold period which expired on April 3, 2012.

Designation of Class	Number of Securities Subject to Contractual Restriction on Transfer	Percentage of Class
Common Shares	37,679,930	83.27%
Warrants	1,391,595	80.35%

Directors and Officers

Name, Occupation and Security Holding

As of May 23, 2012, the directors and executive officers of the Corporation (as a group) owned, or exerted direct or indirect control over, a total of no Common Shares, representing approximately 0% percent of the total outstanding Common Shares on an undiluted basis.

The following table sets forth the name, state or province and country of residence of each director and executive officer of the Corporation, as well as such individual's position within the Corporation, principal occupation within the five preceding years and number of Common Shares beneficially owned by each such director or executive officer as at May 23, 2012. Information as to residence, principal occupation and Common Shares owned is based upon information furnished by the person concerned and is as of May 23, 2012. All directors of the Corporation are elected by the shareholders of the Corporation at each annual general meeting of the shareholders and serve a term until the subsequent annual general meeting of the shareholders.

Name and Residence of Proposed Directors and Present Offices Held	Date Elected or Appointed	Principal Occupation	Number of Shares ¹
JOHN NELSON ^{2,3,4} Calgary, AB CEO and Director	February 29, 2012	Mr. Nelson has over 25 years of resource industry experience in geology and geophysics, including numerous frontier exploration areas worldwide for Mobil Oil Corp. (1985 to 1991). From 2009 to 2011 Mr. Nelson was a Director and Chief Executive Officer for Lion Energy Corp. He serves as a Director of Liuyang Fireworks Ltd. (since June 2009) and Resource Hunter Capital Corp. (since February 2008). He is the	Nil.

Name and Residence of Proposed Directors and Present Offices Held	Date Elected or Appointed	Principal Occupation	Number of Shares ¹
		former President and Director of Winslow Resources Inc. (April 2003 to August 2007) and was Vice-President of Exploration for Petrovista Energy Corp. (2008). Mr. Nelson was a co-founder of Ceres Capital Corp., now Reliable Energy Inc.	
GORDON MCKAY ² Calgary, AB Director	April 16, 2012	Mr. McKay has over 25 years of oil industry experience. He currently is a Founder and the President and CEO of All Points Energy Ltd., a private corporation formed in 2010 to focus on oil and gas exploration and production in Alberta. Mr. McKay was formerly Chief Operating Officer of Gentry Resources Ltd. which was acquired by Crew Energy Inc. in 2008. He was Vice President Exploration of Stratic Energy Corporation, a junior oil and gas exploration company focused on Africa and subsequently sold to EnQuest PLC in November 2010. He was also a former director of Lion Energy Corp. which was acquired by Africa Oil Corp. in June 2011.	Nil.
BINH VU ^{2,3,4} Toronto, ON Director	February 29, 2012	Mr. Vu is a lawyer practising in the area of corporate finance and securities law. For the past ten years, he has advised resource and energy based clients in respect of equity and debt financings, mergers and acquisitions, divestitures and corporate restructurings.	Nil.
CHARIDY LAZORKO Calgary, AB CFO	April 16, 2012	Mrs. Lazorko is a CGA with over 8 years of financial services and public company experience, with an emphasis on small-cap corporate restructurings, amalgamations and asset acquisitions. She has also acted as financial advisor on numerous private transactions in the oil and gas industry. She currently serves as the CFO of Blackhawk Resource Corp. and Paramax Resources Ltd. Mrs. Lazorko previously served as CFO of Ranger Energy Ltd., which was amalgamated with North Sea Energy Inc. in October 2011.	Nil.

1 Information as to voting shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.

2 Member of Audit Committee.

3 Member of Compensation Committee.

Each director will hold office until the next annual general meeting of shareholders of the Corporation until his successor is elected or appointed.

The above information was provided by management of the Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, except as disclosed below, no director or executive officer of the Corporation is, as at the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any Corporation that: (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an **Order**) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Corporation, no director or executive officer or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (a) is, as at the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company that while that person was acting in the that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of the AIF, become bankrupt, made a proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of the Corporation, no director or executive officer or, to the knowledge of the Corporation, a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body.

Conflicts of Interest

Each of the directors and officers of the Corporation may become or already are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. Certain of the directors have either other employment or other business or time restrictions placed on them and accordingly, these directors will only be able to devote part of their time to the affairs of the Corporation. Some of the directors or officers have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations. Any such potential conflicts of interest that do materialize would be subject to procedures under applicable corporate law.

Audit Committee Information

Under National Instrument 52-110 – *Audit Committees (NI 52-110)*, the Corporation is required to include in its AIF the disclosure required under Form 52-110F2 with respect to its audit committee (the **Audit Committee**), including the text of its Audit Committee mandate, the composition of the Audit Committee and the fees paid to the external auditor. Accordingly, the Corporation provides the following disclosure with respect to its Audit Committee.

Audit Committee Mandate

A copy of the Corporation's Audit Committee Charter is attached hereto as Schedule "B".

Composition of Audit Committee

As of May 23, 2012, the Corporation's Audit Committee is comprised of John Nelson, Gordon McKay and Binh Vu. Each of the members of the Audit Committee is "financially literate" as such term is defined in NI 52-110. The Audit Committee is chaired by Binh Vu who is "independent" as such term is defined in NI 52-110.

Auditors' Fees

KPMG LLP, Chartered Accountants, became the Corporation's auditors on November 20, 2003. Fees paid to the Corporation's auditors for the years ended September 30, 2011 and 2010 are detailed below:

<u>Fee</u>	<u>For the year ended September 30, 2011</u>	<u>For the year ended September 30, 2010</u>
Audit Fees ⁽¹⁾	\$35,000	\$35,000
Audit-Related Fees ⁽²⁾	\$0	\$0
Tax Fees ⁽³⁾	\$18,000	\$8,000
All Other Fees ⁽⁴⁾	\$0	\$0
Total	<u>\$53,000</u>	<u>\$43,000</u>

Notes:

- (1) "Audit Fees" include the aggregate fees billed by the Corporation's external auditor.
- (2) "Audit-Related Fees" include the fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
- (3) "Tax Fees" include the aggregate fees paid to external auditors for tax compliance, tax advice, tax planning and advisory services, including namely preparation of tax returns. For the year ended September 30, 2011, \$10,000 of the Tax Fees related to the preparation of notices of objection in response to notices of assessments that were issued for the years ended September 30, 2008 and 2009.
- (4) "Other Fees" include fees for assurance procedures in connection with filings statements and information circulars.

Relevant Education and Experience of Audit Committee Members

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

Binh Vu - Mr. Vu has practised law for over ten years, and was a lawyer with WeirFoulds LLP (from May 2000 to April 2010) and Aird & Berlis LLP (from April 2010 to April 2011). Mr. Vu has advised resource and energy based clients in respect of equity and debt financings, mergers and acquisitions, divestitures and corporate restructurings, and obtained financial experience and exposure to accounting and financial issues through his legal profession. Mr. Vu holds an LL.B from Queen's University (2000) and a Masters of Tax from the University of Waterloo (2005).

John Nelson - Mr. Nelson has more than 27 years of resource industry experience in geology and geophysics. Mr. Nelson founded three private companies providing various geophysical services and technology to Canadian based oil and mining companies. Mr. Nelson currently acts as director of Liuyang Fireworks Limited, a public company focussed on the manufacture of fireworks, and Dualex Energy International Ltd., a public company focussed on oil and gas activities in the greater Mediterranean area. He also has acted as a director, President and CEO and member of the audit committee of Lion Energy Corp. (from February 2010 to June 2011), a public company focussed on oil and gas activities in Africa. Mr. Nelson holds B.Sc. and M.Sc. Degree's in geology from Michigan State University and is a member of APEGGA, AAPG and CSPG.

Gordon McKay – Since February 2010, Mr. McKay has been President and CEO and a director of All Points Energy Ltd., a private corporation focused on oil and gas exploration and production in Alberta. Prior to this, he was COO of Gentry Resources Ltd. (June 2003 to August 2008), an oil and gas company with activities in Western Canada that sold for approximately \$300 million, and was VP Exploration of Stratic Energy Corporation (from June 2003 to May 2006), a public company focused on oil and gas activities in Africa. Mr. McKay recently served as a director of Lion Energy Corp. (from February 2010 to June 2011), a public company focussed on oil and gas activities in Africa. Mr. McKay holds a B.E.S. degree from the University of Waterloo.

Legal Proceedings and Regulatory Actions

Neither the Corporation nor its properties are subject to any legal proceedings or regulatory actions, nor are any proceedings known by the Corporation to be contemplated.

During the financial year ended September 30, 2011 and as at May 23, 2012, no penalties or sanctions were imposed against the Corporation by a court or regulatory body. The Corporation has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

Interest of Management and Others in Material Transactions

The management of the Corporation is not aware of any material interests, direct or indirect, of: (i) any director and executive officers; (ii) any persons beneficially owning, controlling or directing more than 10% of the issued and outstanding Common Shares; and (iii) associates or affiliates of (i) and (ii), in any transaction within the three most recently completed financial years and the current financial year that has materially affected or is reasonably expected to materially affect the Corporation.

Transfer Agent and Registrar

The Corporation's transfer agent and registrar is Computershare Investor Services Inc., 200 - 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Material Contracts

The material contracts entered into by the Corporation during the financial year ended September 30, 2011 and since the financial period ended September 30, 2011 and that are still in effect, other than in the ordinary course of business are as follows:

- **Bouhajla Agreement** – A description of the Bouhajla Agreement is provided on page 5 of this AIF.
- **Share Exchange Transaction** – A description of the Share Exchange Agreement is provided on page 4 of this AIF.

Interests of Experts

Technical information regarding the Bouhajla Prospect included in this AIF is based on the Bouhajla Technical Report prepared by B.L. Whelan, P.Geo. Mr Whelan is a "Qualified Reserves Evaluator" as defined in NI 51-101 and an "Independent Person" having no direct or indirect interest in the Corporation or the Bouhajla Prospect.

The auditors of the Corporation are KPMG LLP Chartered Accountants (**KPMG**). KPMG is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants of British Columbia.

Additional Information

Additional information about the Corporation, including, but not limited to, directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and options to purchase the Corporation's securities is contained in the management information circular of the Corporation dated as of January 25, 2012. Additional financial information is provided in the Corporation's audited annual financial statements for the year ended September 30, 2011 and accompanying management's discussion and analysis. This information and other additional information regarding the Corporation can be found on SEDAR at www.sedar.com.

SCHEDULE "A"

FORM 51-101 F3 REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE (Year End September 30, 2011)

This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101).

1. Terms which a meaning is ascribed in *NI 51-101* have the same meaning in this form.
2. The report referred to in item 3 of section 2.1 of *NI 51-101* shall in all material respects be as follows:

Report of Management and Directors on Reserves Data and Other Information

Management of Africa Hydrocarbons Inc. (the "Company") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenue as at September 30, 2011 estimated using forecast prices and costs.

The board of directors of the Company have reviewed the assets, data and position of the Company as of September 30, 2011 and has determined that, as of the last day of the Company's most recently completed financial year, the Company had no reserves.

An independent qualified reserves evaluator has not been retained to evaluate the Company's reserves data as the Company has no reserves as of the last day of the Company's most recently completed financial year and no report of an independent qualified reserves evaluator will be disclosed by the Company for the period from September 30, 2010 to September 30, 2011.

The board of directors of the Company has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and have reviewed that information with management of the Company. The board of directors has approved:

- a) the content and filing with securities regulatory authorities Form 51-101F1 containing information detailing the Company's oil and gas activities;
- b) the Company not filing Form 51-101F2, which is the report of the independent qualified reserves evaluator on reserves data due to the Company having no reserves; and
- c) the content and filing of this report.

Reserves data is based on judgments regarding future events, and therefore actual results may vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

Therefore, based on information available at September 30, 2011, the board of directors of the Company has determined that the Company had no reserves at such time.

Signed, and dated effective May 23, 2012.

"John Nelson"

John Nelson
Chief Executive Officer

"Binh Vu"

Binh Vu
Director

"Charidy Lazorko"

Charidy Lazorko
Chief Financial Officer

"Gordon McKay"

Gordon McKay
Director

SCHEDULE "B"

AFRICA HYDROCARBONS INC.

AUDIT COMMITTEE CHARTER

Mandate

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control systems and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Audit Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would reasonably interfere with the exercise of his or her independent judgment as a member of the Audit Committee. At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements. The members of the Audit Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting.

Meetings

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee shall:

Documents/Reports Review

- (a) Review and update this Charter annually.

- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
- (c) Confirm that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Company, consistent with the Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors, take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Audit Committee by the Company and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee. Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval, such authority may be

delegated by the Audit Committee to one or more independent members of the Audit Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

Review any related-party transactions.