

16 October 2017

African Petroleum Corporation Limited
("African Petroleum" or the "Company")

Corporate Update

African Petroleum, an independent oil and gas exploration company with licence interests in four countries offshore West Africa, provides the following corporate update:

The Gambia (A1 & A4 Licences – 100% interest)

As announced on 4 September 2017, African Petroleum is in the process of commencing arbitration proceedings in order to protect its 100% interest in the A1 and A4 licences in The Gambia. Due to legal confidentiality considerations and commercial sensitivities associated with the arbitration process, the Company intends to only provide material updates to shareholders as and when appropriate.

The Company remains open to engaging in constructive dialogue with the Gambian authorities with a view to establishing a satisfactory solution that is in the interests of all parties.

Senegal (SOSP & ROP PSCs – 90% interest)

SOSP: Further to ongoing discussions with the Senegalese authorities, the Company has recently lodged an application to enter into the second renewal phase of the Senegal Offshore Sud Profond ("SOSP") production sharing contract ("PSC"). Concurrently with the application, the Company has requested to exchange the outstanding well commitment in the current phase for a 3D seismic acquisition programme, and to transfer this revised outstanding commitment to the second renewal phase.

The term of the current first renewal phase of the SOSP PSC is due to end on 15 December 2017. Should the Senegalese authorities agree to the Company's proposal then the second renewal phase will be for a term of 2.5 years with a work programme commitment of acquiring, processing and interpreting 3D seismic and the drilling of one exploration well.

Although the SOSP PSC continues to generate industry interest, the uncertainty around the status of the PSC has proven to be an obstacle to securing a farm-in partner. It is for this reason that the Company has decided to proceed with entry into the second renewal phase of the PSC prior to re-engaging with interested parties.

ROP: African Petroleum continues to reserve its rights on the Rufisque Offshore Profond ("ROP") PSC while it negotiates the SOSP renewal application and proposal with the Senegalese authorities.

Côte d'Ivoire (CI-509 & CI-513 PSCs – 90% and 45% interest, respectively)

CI-513: The Ayamé-1X exploration well drilled on the CI-513 block in May 2017 had oil shows recorded in the target reservoirs but no significant hydrocarbons were encountered, and the

well was plugged and abandoned as a dry hole. Ophir Energy (Operator) completed the well safely and under budget with a final gross cost of approximately US\$19 million.

Work is continuing with Ophir Energy to incorporate the Ayamé-1X exploration well results into the joint venture's views of the prospect inventory in the area. The well encountered good reservoir sands with oil shows, and so potential traps up-dip are being examined in detail. This includes a recalibration of the 3D seismic using the petrophysical data acquired from the well.

CI-509: The current phase of the CI-509 PSC ended in March 2016; however, as previously announced, the Ivorian authorities allowed the Company additional time to find a new partner to join the PSC. Unfortunately, the Company has been unable to find a new partner and has now commenced the process to withdraw from the CI-509 PSC.

Sierra Leone (SL-03 & SL-4A-10 licences – 100% interest)

The Company is in advanced negotiations with the Sierra Leone authorities to formalise documentation in order to enter into the next phases of the SL-04 and SL-4A-10 licences and to modify the work programmes for the phases. Further updates to shareholders will be provided as appropriate.

In anticipation of entering into the next phases of the licences, the Company has been working with ERC Equipoise to re-assess the prospective oil resources on the licences through the inclusion of two new material prospects: Leo and Vega. It is expected that the revised prospective resources for the SL-03 and SL-4A-10 licences will be published shortly after entry into the next phases of the licences.

The ultra-deep water (3,000 – 3,600m) setting of these licences has been a deterrent to attracting industry interest during the low oil price environment in the last few years. However, the Company has recently experienced increased industry interest in this acreage due to technology improvements and cost reductions in ultra-deep water drilling together with the materiality of the prospects identified by the Company on the SL-03 and SL-4A-10 licences.

Corporate

African Petroleum is well funded with approximately US\$14 million cash at bank, together with US\$1 million in restricted cash, as at 30 September 2017.

Jens Pace, African Petroleum's CEO, comments:

"We are in the process of formally commencing the arbitration process with the Gambian government as a way to protect our interests and historic investment in those licences. Despite the commencement of this process, we remain open to engaging in dialogue with the relevant authorities with the hope of reaching an agreement that suits all parties. We ask shareholders to remain patient as we start what will be a fluid process with unknown outcomes. We will endeavour to provide material updates as and when appropriate; however, will be constrained by what we are able to disclose throughout the process due to the legal and commercial sensitivities associated with it."

We are encouraged by the ongoing dialogue that we are having with the Senegalese authorities on SOSP and remain hopeful that we will reach an agreement prior to the expiration date. Importantly, we are no longer reliant on bringing in a partner prior to receiving the extension, giving us more flexibility and optionality to engage with known interested parties upon receipt of the extension.

The rest of our portfolio continues to evolve in line with the industry backdrop. Whilst the Ayamé-1X exploration well was commercially unsuccessful, we are exploring the potential elsewhere in the block. We are in the process of withdrawing from our other asset in Côte d'Ivoire, which whilst disappointing to do so, enables us to further rationalise our portfolio and focus on the assets that are most likely to attract industry partners. Our assets in Sierra Leone are increasingly exciting as a result of a significant resource potential and advancements in ultra-deep-water drilling technology. We are close to obtaining agreement on progressing into the next phases for our two licences in country.

In summary, we are at an important juncture across the majority of our licences and look forward to updating the market as and when the outcomes of our ongoing discussions are finalised."

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About African Petroleum

African Petroleum is an independent oil and gas exploration company with an equity interest in licences in four countries offshore West Africa (Senegal, The Gambia, Côte d'Ivoire and Sierra Leone). The Company's assets are located in proven hydrocarbon basins in the West African Transform Margin and the Atlantic Margin, where several discoveries have been made in recent years.

For more information about African Petroleum, please see www.africanpetroleum.com.au