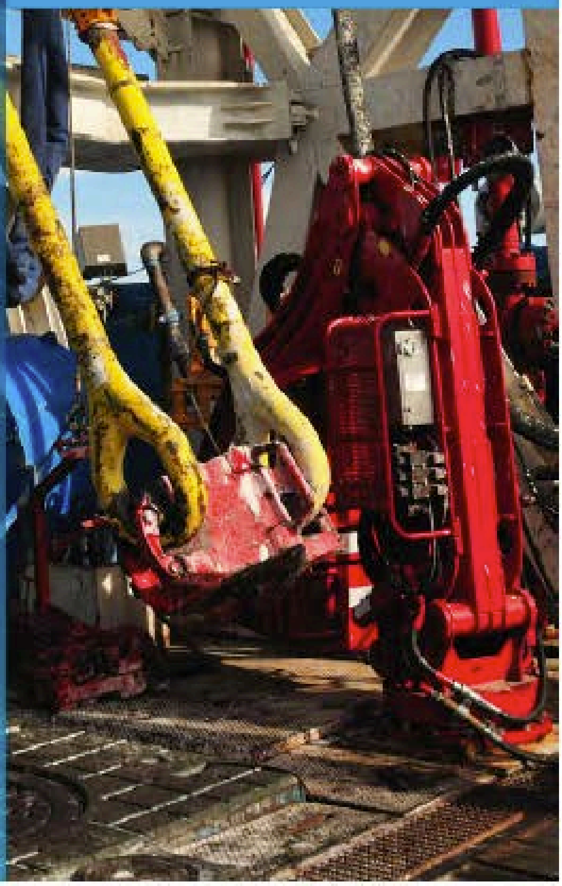
African Petroleum
CORP LTD

Interim Financial Report for the Fourth Quarter 2015



African Petroleum Corporation Limited

Interim Financial Report for the Fourth Quarter 2015

HIGHLIGHTS

- On 21 December 2015 the Company announced that it had entered into a new Production Sharing Contract ("PSC") with Ophir Energy plc covering the Company's CI-513 licence area in Côte d'Ivoire. Ophir Energy will make a contribution of US$16.9 million towards African Petroleum's back costs in relation to the block and holds a 45% operated interest in the PSC. African Petroleum holds a 45% interest and Petroci (the National Oil Company of Côte d'Ivoire) holds a 10% carried interest in the PSC. The transaction represents a significant achievement of a key corporate milestone by the Company, particularly in light of the persistently challenging environment in the oil sector.
- Mr Jens Pace and Mr Stephen West were appointed to the Board of the Company as Executive Directors, and Mr Mark Ashurst, Mr Gibril Bangura and Mr Jeffrey Couch resigned from the Board as Non-Executive Directors.
- In October 2015 the Company completed a private placement to certain existing and new investors raising approximately US$2 million through the issue of 9,691,937 new fully paid ordinary shares at a subscription price of NOK 1.70 per share.
- Advanced farm-out discussions are progressing with numerous interested parties across the Company's assets, including The Gambia and Senegal. Recent exploration success by third party operators in the area has led to a significant increase in the level of interest in these assets.
- On 2 December 2015 the Company announced that its wholly owned subsidiary, European Hydrocarbons Limited ("EHL"), had entered into the First Extension Period on the SL-03 licence, offshore Sierra Leone, with a modified work programme, minimum expenditure requirement and social obligations in favour of EHL.
- In accordance a the special resolution passed at the Company's General Meeting held on 21 December 2015, the Company's shares were voluntarily suspended from quotation on the National Stock Exchange of Australia ("NSX"), prior to being removed from the CHESS sub-register on 31 December 2015 and being formally de-listed from the NSX before open of trading on 4 January 2016.
- Significant cost savings have been maintained during the quarter through a reduced staff headcount, reduction in salaries of remaining staff of 20-45%, streamlining of the Board, reducing directors' fees and by de-listing the Company's shares from the NSX.
- Approximately US$0.6 million cash at bank as at 31 December 2015, together with US$12.6 million restricted cash.
- On 26 October 2015 the Company consolidated the issued capital of the Company on the basis of one share for every ten shares held, reducing the shares on issue from 1,066,113,157 shares to 106,611,316 shares.
- During the quarter the Company changed its accounting policy for exploration and evaluation expenditure from the full cost method to the successful efforts method.

COMPANY BACKGROUND

African Petroleum, listed on the Oslo Axess (APCL) and the Open Market of the Frankfurt Stock Exchange (A1C1G9), is an independent oil and gas exploration company led by an experienced Board and management team. The Company is a significant net acreage holder in West Africa with estimated net unrisked mean prospective oil resources in excess of 12.5 billion barrels.

African Petroleum operates 10 licences in five countries offshore West Africa (Côte d'Ivoire, Liberia, Senegal, The Gambia and Sierra Leone). The Company's assets are located in proven hydrocarbon basins, where several discoveries have been made in recent years, including significant discoveries by Total in Côte d'Ivoire, Cairn Energy in Senegal and by Kosmos Energy in Mauritania and Senegal.

The Company has acquired more than 18,500km^2 of 3D seismic data and drilled three exploration wells, one of which was an oil discovery at Narina-1 in Liberia. African Petroleum is the largest net acreage holder in the West African Transform Margin, alongside industry majors such as Anadarko Petroleum, Chevron Corporation, ExxonMobil and Total.

CEO STATEMENT

"The transaction with Ophir Energy in Cote d'Ivoire announced in December 2015 represents an important milestone for the Company as it demonstrates we can deliver on our business model of building partnerships to explore attractive assets within our portfolio. We continue to engage in a positive dialogue with other potential industry partners, and some of these discussions are in the advanced stages of commercial negotiations. Clearly the market conditions for the industry remain challenging; however, we firmly believe that the quality of our acreage, and the reduction in costs of exploration services currently represents a world class opportunity for explorers seeking a position in the West African Margin and as such we are confident that we will complete more transactions in the near future."

OPERATIONAL & CORPORATE UPDATE

FARM OUT PROCESS

African Petroleum continues to seek strategic partners on its ten licences in Côte d'Ivoire, Liberia, Senegal, The Gambia and Sierra Leone in order to share risk and the potential reward of the Company's exploration programme, and to fund a high impact exploration drilling campaign. After successfully bringing Ophir Energy plc as a partner on the Company's CI-513 licence in Côte d'Ivoire, the Company's focus is to farm out the Company's assets in The Gambia and Senegal as ongoing discussions mature with key potential partners. The quality of the Company's acreage, coupled with the high level of equity interest held in all of the licences, provides management with confidence that agreements will be concluded in due course.

Côte d'Ivoire

On 21 December 2015 the Company announced that it had entered into a new Production Sharing Contract ("PSC") with Ophir Energy plc covering the Company's CI-513 licence area in Côte d'Ivoire.

In accordance with the terms of the new PSC, Ophir Energy holds a 45% interest and is Operator, African Petroleum holds a 45% interest and Petroci (the National Oil Company of Côte d'Ivoire) holds a 10% carried interest. The new PSC incorporates adjustments to fiscal terms and holding costs agreed with the Government of Côte d'Ivoire that reflect the current commodity price environment and outlook for development of the deepwater prospects identified through interpretation of the Company's 3D seismic. The agreement has resulted in an extension to the previous minimum work commitments on the block and now requires that an exploration well be drilled within two years of the signing of the new PSC.

On 29 June 2015 African Petroleum announced that it had signed a binding joint bidding agreement ("JBA") with a London listed oil and gas company to provide a framework for the incoming party to secure a 45% operated interest in a PSC covering the Company's CI-513 licence area in Côte d'Ivoire. In accordance with the terms of the JBA, Ophir Energy will make a contribution of US$16.9 million towards African Petroleum's historical investment in 3D seismic and the transaction costs. In addition, Ophir Energy will contribute an additional

10% (over and above their participating interest share) towards the drilling of the first exploration well to be drilled on the block.

The new PSC has been signed by African Petroleum, Ophir Energy, Petroci, and two out of three of the relevant government Ministries. The Company expects the final Ministry signature to be imminent.

The Gambia & Senegal

The Company is in advanced farm-out discussions with several interested parties across the Company's Gambia and Senegal assets. This part of the Atlantic Margin has become highly active with the recent exploration success of third party operators, namely Cairn Energy in Senegal and Kosmos in Mauritania and Senegal. A significant level of activity in the region is ongoing as Cairn and its partners commenced a multi-well exploration and appraisal drilling programme across their Senegal acreage in December 2015, with the first appraisal well SNE-2 being announced a success in January 2016. In addition, Kosmos extended their Mauritania drilling campaign further south and commenced drilling in Senegal in December 2015 to follow-up their significant Tortue gas discovery with exploration and appraisal drilling, and announced the Guembeul-1 exploration well made a significant gas discovery in January 2016.

African Petroleum's data room schedule remains active with a high calibre of industry companies continuing to view the data. A number of these parties have confirmed their interest in pursuing a transaction and have initiated detailed due diligence. The Company seeks to attract binding offers as soon as possible. Further announcements on progress will be made in due course.

SIERRA LEONE LICENCE SL-03 - ENTRY INTO FIRST EXTENSION PERIOD

On 2 December 2015 the Company announced that it's wholly owned subsidiary European Hydrocarbons Limited ("EHL") had entered into the First Extension Period on the SL-03 licence, offshore Sierra Leone. The expiry date of the First Extension Period is 23 April 2017.

The initial exploration period on the SL-03 licence expired on 23 April 2015 with EHL fulfilling all obligations, including the acquisition of 2,500 km^2 3D seismic. In April 2015 EHL gave notice to the Sierra Leone Petroleum Directorate of its intention to enter into the First Extension Period on the SL-03 licence and this has recently been approved. In accordance with the requirements of the petroleum licence agreement, EHL has relinquished 50% of the SL-03 licence area, reducing the licence area from 3,860 km^2 to 1,930 km^2.

Contemporaneously with the approval of the entry into the First Extension Period, the Petroleum Directorate agreed to modify the work programme, minimum expenditure requirements and social obligations ("Licence Amendments") in favour of EHL during the First Extension Period on the licence. The Licence Amendments are subject to ratification by the Parliament of Sierra Leone.

Detailed mapping of 3D seismic has identified a number of prospects. The Altair Channel is the most easterly of these and exhibits a high amplitude seismic expression within a stratigraphic trap. Independently assessed by ERC Equipoise, the estimated net unrisked mean prospective oil resources attributable to the Altair prospect is 434MMstb. The forward programme provides an opportunity to analyse the seismic data fully prior to making a commitment to drill an exploration well.

BOARD RE-STRUCTURE

Subsequent to quarter end, on 18 November 2015 it was announced that Mr Jens Pace and Mr Stephen West were appointed to the Board of the Company as Executive Directors, and that Mr Mark Ashurst had resigned from the Board as a Non-Executive Director. In addition, on 30 November 2015 it was announced that Mr Gibril Bangura and Mr Jeffrey Couch had resigned from the Board as Non-Executive Directors.

African Petroleum will continue its activities with a highly experienced Board of Directors, which is now more streamlined to reflect the size of the Company and the current challenging market conditions.

CONSOLIDATION OF CAPITAL

On 21 October 2015 the Company held a General Meeting of shareholders to consider, and if thought fit, pass a resolution to consolidate the issued capital of the Company on the basis that:

a) every ten (10) shares be consolidated into one (1) share; and

b) every ten (10) options be consolidated into one (1) option and the exercise price of each option be amended in inverse proportion to this ratio.

The resolution was passed at the General Meeting on a show of hands and the capital consolidation was subsequently implemented, reducing the shares on issue from 1,066,113,157 shares to 106,611,316 shares.

NSX DE-LISTING

On 22 September 2015, the Company announced that it had elected to voluntarily de-list from the National Stock of Exchange of Australia ("NSX"). The decision to delist from the NSX was principally as a result of limited trading liquidity on the exchange compared with the Oslo Axess exchange, where African Petroleum has had its primary listing since May 2014.

In accordance with the special resolution passed at the Company's General Meeting held on 21 December 2015, the Company's shares were voluntarily suspended from quotation on the National Stock Exchange of Australia ("NSX"), prior to being removed from the CHESS sub-register on 31 December 2015 and being formally de-listed from the NSX before open of trading on 4 January 2016.

COST–CUTTING INITIATIVE

During the quarter, in line with current industry practice the Company has remained focused on maintaining reduced overhead costs across the business. Significant cost savings have recently been implemented by reducing staff headcount, reducing salaries of remaining staff by 20-45%, streamlining the Board, reducing directors' fees and by voluntarily de-listing the Company's shares from the NSX. The Company continues to act prudently in light of current challenging market conditions.

PRIVATE PLACEMENT

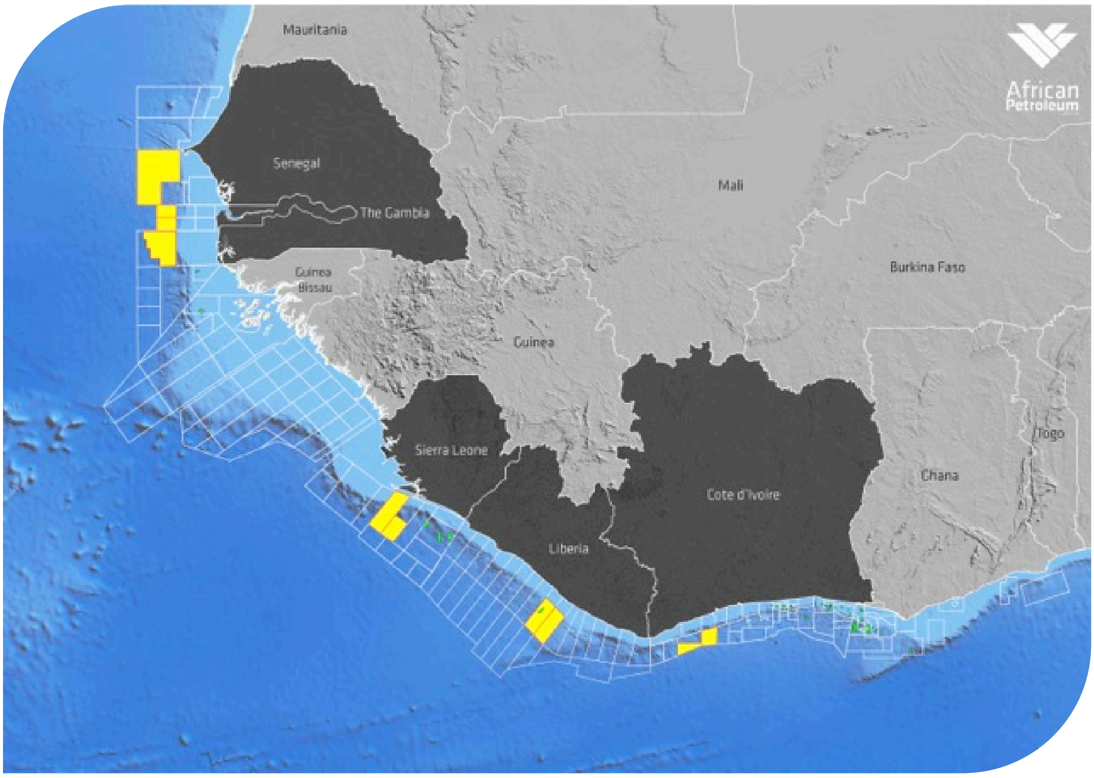
In October 2015 African Petroleum completed a private placement to certain existing and new investors raising NOK 16,476,293 (approximately US$2 million) through the issue of

9,691,937 new fully paid ordinary shares at a price of NOK 1.70 per share. The proceeds from the private placement will be used to strengthen the Company's balance sheet and liquidity position, to fund the Company's ongoing working capital and for general corporate purposes.

CHANGE IN ACCOUNTING POLICY – EXPLORATION AND EVALUATION EXPENDITURE

During the quarter the Company changed its accounting policy for exploration and evaluation expenditure from the full cost method to the successful efforts method. This is further described in Note 3 to the Interim Financial Report.

LICENCE INFORMATION



Côte d'Ivoire: Blocks CI-509 & CI-513

In Côte d'Ivoire, African Petroleum holds:

i) 90% working interest in offshore licence CI-509, with the remaining 10% held by Petroci, the National Oil Company of Côte d'Ivoire. The Company was awarded CI-509 in March 2012; and

ii) Subject to receipt of the final signature by the Côte d'Ivoire government on the new PSC, a 45% non-operated interest in offshore licence CI-513, with a 45% operated interest held by Ophir Energy plc and the remaining 10% held by Petroci.

The two licence interests (referred to as the "Côte d'Ivoire Licences") have a combined net acreage of 2,283km^2.

Independent petroleum consultant ERC Equipoise prepared an assessment of prospective oil resources attributable to the Company's Côte d'Ivoire Licences and estimates the net unrisked mean prospective oil resources at 2,130MMStb.

Senegal: Rufisque Offshore Profond & Senegal Offshore Sud Profond

In Senegal, African Petroleum Senegal Limited holds a 90% operated working interest in exploration blocks Rufisque Offshore Profond ("ROP") and Senegal Offshore Sud Profond ("SOSP") (together the "Senegal Licences"). The National Oil Company Petrosen, holds the remaining 10% equity. The Company's Senegal Licences are located offshore southern and central Senegal, with a net acreage of 14,216km^2.

Independent petroleum consultant ERC Equipoise prepared an assessment of prospective oil resources attributable to the Company's Senegal Licences and estimates the net unrisked mean prospective oil resources at 1,779MMStb.

The Gambia: Blocks A1 & A4

African Petroleum holds a 100% operated working interest in offshore licences A1 and A4 (the "Gambian Licences"), with a combined net acreage of 2,672km^2. The Company has completed a 3D seismic survey with data covering 2,500km^2 and has found a number of analogous leads and prospects in its acreage to that of the recent SNE-1, SNE-2 and FAN-1 discoveries made by Cairn Energy in Senegal.

Independent petroleum consultant ERC Equipoise prepared an assessment of prospective oil resources attributable to the Company's Gambian Licences and estimates the net unrisked mean prospective oil resources at 3,079MMStb.

Liberia: Blocks LB-08 & LB-09

African Petroleum, through its wholly owned subsidiary European Hydrocarbons Limited, is both operator and holder of a 100% working interest in production sharing contracts LB-08 and LB-09 (the "Liberian Licences"), which have a combined net acreage of 5,350km^2. The Company has completed an extensive work programme on its Liberian Licences with 5,100km^2 of 3D seismic acquired, three wells successfully drilled, including the discovery at Narina-1, and identified key prospects.

Independent petroleum consultant ERC Equipoise prepared an assessment of prospective oil resources attributable to the Company's Liberian Licences and estimates the net unrisked mean prospective oil resources at 4,192MMStb.

Sierra Leone: Blocks SL-03 & SL-4A-10

In Sierra Leone, the Company holds a 100% operated working interest in offshore licences SL-03 and SL-4A-10 (the "Sierra Leone Licences"). African Petroleum was awarded a 100% interest in SL-03 in April 2010, while licence SL-4A-10 was awarded as part of Sierra Leone's third offshore licencing round in 2012. The Company's Sierra Leone Licences cover a combined net acreage of 3,925km^2 and are located to the south of Freetown, offshore Sierra Leone.

Independent petroleum consultant ERC Equipoise prepared an assessment of prospective oil resources attributable to the Company's Sierra Leone Licences and estimates the net unrisked mean prospective oil resources at 1,354MMStb.

HEALTH, SAFETY, ENVIRONMENT AND SECURITY

As an operator of offshore concessions, it is the duty of African Petroleum to provide a safe working environment and minimize any adverse impact on the environment. Health, safety, environment and security policies are embedded throughout all of the Company's core operations. In this regard, we strive for continuous improvement as lessons learnt from past operations are incorporated into business practices going forward.

PRINCIPAL RISKS AND UNCERTAINTIES

As an exploration company in the oil and gas industry, the Company operates in an inherently risky sector. Oil and gas prices are subject to volatile price changes from a variety of factors, including international economic and political trends, expectation of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns. These factors are beyond control of the Company and may affect the marketability of oil and gas discovered. In addition, the Company is subject to a number of risk factors inherent in the oil and gas upstream industry, including operational and technical risks, reserve and resource estimates, risks of operating in a foreign country (including economic, political, social and environmental risks) and available resources. We recognise these risks and manage our operations in order to minimise our exposure.

OUTLOOK

Having recently concluded the CI-513 transaction in Côte d'Ivoire with Ophir Energy plc, the Company is now focussed on farming out the Company's assets in The Gambia and Senegal in order to align funding opportunities for the upcoming drilling commitments in areas with nearby significant discoveries. The Company remains confident that it has an asset base that is attractive to the industry and, despite the sector backdrop of a low oil price environment, will be in a position to announce further agreements during H1 2016 and work towards recommencing our high impact exploration drilling campaign.

STATEMENT OF RESPONSIBILITY

We confirm that, to the best of our knowledge, the condensed set of financial statements for the fourth quarter of 2015, which has been prepared in accordance with IAS34 Interim Financial Statements, provides a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US$ '000s	Note	Q4 2015 (unaudited)	Restated Q4 2014 (unaudited)	YTD Q4 2015 (unaudited)	Restated YTD Q4 2014 (unaudited)
Revenue	6a	**47**	2,209	**455**	5,623
Exploration & evaluation expenditure		**(612)**	(4,798)	**(5,845)**	(6,844)
Aircraft expenses		**(504)**	(1,352)	**(446)**	(4,851)
Depreciation expense		**(27)**	(234)	**(456)**	(1,016)
Impairment of exploration and evaluation expenditure		**(426)**	-	**-**	-
Impairment of consumable spares		**(1,879)**	(154)	**(2,210)**	-
Impairment of freehold land		**-**	-	**(856)**	-
Impairment of related party loans & deposits		**106**	(1,694)	**106**	(1,694)
Consulting expense		**(400)**	(1,532)	**(2,730)**	(5,781)
Compliance and regulatory expenses		**(115)**	(130)	**(371)**	(831)
General administration expenses		**(86)**	(369)	**(613)**	(1,262)
Employee remuneration	6b	**583**	(1,857)	**(4,499)**	(7,645)
Travel expenses		**(36)**	(287)	**(579)**	(1,211)
Occupancy costs		**(110)**	(192)	**(633)**	(1,013)
Gain/(loss) on sale of consumables spares		**-**	(44)	**-**	44
Unrealised gain on fair value of financial liabilities		**1,509**	-	**2,280**	-
Net foreign currency gain/(losses)		**2,738**	(115)	**2,349**	38
Finance costs		**(51)**	72	**105**	73
Other expenses		**(50)**	11	**(55)**	-
Profit/(loss) from continuing operations before income tax		**686**	(10,466)	**(14,000)**	(26,372)
Income tax expense		-	-	-	-
Profit/(loss) for the period, attributable to the members		**686**	(10,466)	**(14,000)**	(26,372)
Other comprehensive losses					
Items that may be subsequently reclassified to profit or loss:					
Foreign exchange loss on translation of functional currency to presentation currency		**(2,677)**	-	**(2,671)**	-
Other comprehensive losses for the period, net of tax		**(2,677)**	**-**	**(2,671)**	**-**
Total comprehensive loss for the period		**(1,991)**	(10,466)	**(16,671)**	(26,372)
Profit/(loss) for the period is attributable to:					
Non-controlling interest		**(85)**	(20)	**(123)**	1,022
Owners of the parent		**771**	(10,446)	**(13,877)**	(27,394)
		686	(10,466)	**(14,000)**	(26,372)
Total comprehensive loss for the period is attributable to:					
Non-controlling interest		**(85)**	(20)	**(123)**	1,022
Owners of the parent		**(1,906)**	(10,446)	**(16,548)**	(27,394)
		(1,991)	(10,466)	**(16,671)**	(26,372)
Basic/diluted loss per share attributable to members (US cents per share) (post-consolidation basis)		**(1.95)**	(14.18)	**(16.92)**	(40.33)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US$ '000s	Note	31 Dec 2015 (unaudited)	Restated 31 Dec 2014 (unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	7	**608**	3,869
Trade and other receivables	8	**319**	3,426
Restricted cash	9	**12,569**	12,070
Prepayments		**1,402**	736
Inventories		**279**	279
		15,176	20,380
Assets held for distribution		**650**	931
Total current assets		**15,826**	21,311
Non-current assets			
Property, plant and equipment		**10**	1,407
Exploration and evaluation expenditure	10	**51,331**	42,303
Intangible assets		**-**	170
Total non-current assets		**51,340**	43,880
Total assets		**67,167**	65,191
EQUITY AND LIABILITIES			
Equity			
Issued capital	12	**611,440**	600,592
Reserves	13	**16,147**	17,502
Accumulated losses		**(595,628)**	(582,913)
Attributable to equity holders of the parent		**31,960**	35,181
Non-controlling interests		**(2,990)**	(2,866)
Total equity		**28,970**	32,315
LIABILITIES			
Current liabilities			
Trade and other payables	11	**37,749**	32,877
Financial liabilities	17	**447**	-
Total current liabilities		**38,197**	32,877
Total liabilities		**38,197**	32,877
Total equity and liabilities		**67,167**	65,191

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ '000s

	Ordinary Share capital	Share-based payment reserve	Accumulated losses	Foreign currency translation reserve	Non-controlling interest	Total equity
Balance at 1 January 2015	**600,592**	**29,591**	**(581,750)**	**(12,089)**	**(2,866)**	**33,478**
Loss for the period	-	-	(13,877)	-	(123)	(14,000)
Other comprehensive loss	-	-	-	(2,670)	-	(2,670)
Total comprehensive loss for the period	**-**	**-**	**(13,877)**	**(2,670)**	**(123)**	**(16,670)**
Transactions with owners in their capacity as owners:						
Issue of capital	14,803	-	-	-	-	14,803
Capital raising costs	(946)	-	-	-	-	(946)
Share-based payments	-	1,315	-	-	-	1,315
Fair value recognition of options	(3,009)	-	-	-	-	(3,009)
Balance at 31 December 2015	**611,440**	**30,907**	**(595,628)**	**(14,759)**	**(2,990)**	**28,970**

CONSOLIDATED STATEMENT OF CASH FLOWS

US$ '000s	YTD Q4 2015 (unaudited)
Cash Flows from Operating Activities	
Payments to suppliers and employees	(12,718)
Other income	73
Interest received	50
Finance costs	(157)
Net cash flows used in operating activities	**(12,752)**
Cash Flows from Investing Activities	
Payment for plant and equipment	39
Proceeds from disposal of plant and equipment	57
Proceeds from disposal of land	200
Payment for exploration and evaluation activities	(4,011)
Increase in cash backing security	(1,116)
Cash backing security returned	616
Net cash used in investing activities	**(4,214)**
Cash Flows from Financing Activities	
Proceeds from issue of shares	14,067
Capital raising costs	(210)
Net cash from financing activities	**13,857**
Net decrease in Cash and Cash Equivalents	**(3,110)**
Cash and Cash Equivalents at the beginning of the reporting period	3,869
Net foreign exchange differences	(152)
Cash and Cash Equivalents at the end of the reporting period	**608**

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 1 - GENERAL AND CORPORATE INFORMATION

These financial statements are the interim financial statements of African Petroleum Corporation Limited ("African Petroleum") and its subsidiaries (hereafter "the Company") for the fourth quarter of 2015. African Petroleum is a public limited company incorporated and domiciled in Australia, with its main office located in London, United Kingdom, whose shares are publicly traded on the Oslo Axess, a regulated market place of the Oslo Stock Exchange, Norway.

NOTE 2 - BASIS OF PREPARATION

This general purpose condensed interim financial report for the quarter ended 31 December 2015 has been prepared in accordance with IAS 34 Interim Financial Reporting and the supplement requirements of the Norwegian Securities Trading Act (Verdipapirhandelloven).

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that the interim financial report be read in conjunction with the annual report for the year ended 31 December 2014 and considered together with any public announcements made by African Petroleum Corporation during the period ended 31 December 2015 in accordance with the continuous disclosure obligations of Oslo Axess.

The interim financial report is presented in United States Dollars being the functional currency of the Company.

NOTE 3 - ACCOUNTING POLICIES

Except for the change explained below, the accounting policies adopted are consistent with those disclosed in the annual report for the year ended 31 December 2014.

During the period, the Company elected to change from the *full cost* method to the *successful efforts* method of accounting for exploration and evaluation expenditure, effective from 1 January 2015. This change in accounting method constitutes a change in accounting policy, requiring that all prior period comparative financial statements be adjusted retrospectively to reflect the change. The cumulative effect of the change in accounting policy to the Company's Consolidated Statement of Financial Position as at 31 December 2014 was to decrease the Company's net Exploration and Evaluation Expenditure from $396,326,784 to $42,302,813, increase Inventories from $Nil to $279,289 and to increase accumulated losses by $351,205,309. The change in accounting policy resulted in a decrease to the net loss from $42,202,605 to $26,371,822 for the year ended 31 December 2014.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim financial report entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognised as assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that

NOTES TO THE INTERIM FINANCIAL REPORT

are considered to be reasonable under the circumstances. The actual results may deviate from these estimates. The material assessments underlying the application of the Company's accounting policies and the main sources of uncertainty are the same for the interim accounts as for the annual accounts for 2014, except as detailed in Note 3.

NOTE 5 - GOING CONCERN

The interim financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 31 December 2015, the Company had net current liabilities of US$22,370,335 (31 December 2014: US$11,565,127). The restricted cash position at 31 December 2015 was US$12,569,093 (31 December 2014: US$12,069,899), and the cash position at 31 December 2015 was US$607,512 (31 December 2014: US$3,869,086). The ability of the Company to continue its operations is dependent on the Company completing farm-out transactions on one or more of its exploration licences in Côte d'Ivoire, Senegal and The Gambia and/or the raising of funds through the issue of equity to meet working capital requirements and the minimum exploration commitments. As at the date of this report, the Company is waiting on a final government signature on a new Production Sharing Agreement signed with Ophir Energy plc for the CI-513 licence area in Cote d'Ivoire which will result in a payment to the Company of US$16.9 million. In addition, the Company is advancing farm-out negotiations for its licences in The Gambia and Senegal and expects to receive sufficient working capital, through the reimbursement of past costs from future farm-out partners, to meet its operating commitments.

Should the Company not complete a farm-out transaction and/or the raising of funds through the issue of equity, there is uncertainty whether it would continue as a going concern and therefore it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report. This financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Company not be able to continue as a going concern.

NOTE 6 - REVENUE, INCOME AND EXPENSES

	Q4 2015 (unaudited) US$'000	Q4 2014 (unaudited) US$'000	**YTD Q4 2015 (unaudited) US$'000**	YTD Q4 2014 (unaudited) US$'000
a) Revenue				
Bank interest income	**11**	28	**14**	104
Other interest income	**36**	-	**71**	645
Flight revenue	**-**	1,642	**-**	4,381
Other revenue	**-**	539	**370**	493
	47	2,209	**455**	5,623

NOTES TO THE INTERIM FINANCIAL REPORT

	Q4 2015 (unaudited) US$'000	Q4 2014 (unaudited) US$'000	YTD Q4 2015 (unaudited) US$'000	YTD Q4 2014 (unaudited) US$'000
b) Employee remuneration expense (reversal)				
Employee remuneration	**(337)**	754	**2,244**	4,429
Director's remuneration	**(50)**	620	**955**	2,614
Share-based payments	**(195)**	483	**1,300**	602
	(583)	1,857	**4,499**	7,645

NOTE 7 - CASH AND CASH EQUIVALENTS

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Cash at bank and on hand	**608**	3,869
	608	3,869

NOTE 8 - TRADE AND OTHER RECEIVABLES

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Trade receivables from related parties	**1,321**	2,967
Other receivables	**170**	1,747
	1,491	4,714
Impairment allowance[1]	**(1,173)**	(1,429)
	319	3,285
Loan receivable from Key Management Personnel	**1,745**	1,759
Share-based payment liability	**(1,745)**	(1,618)
	-	141
Total trade and other receivables	**319**	3,426

[1]On 1 December 2014, African Minerals Limited ('AML') and its subsidiaries announced that the Tonkolili Iron Ore Project had been placed in care and maintenance due to insufficient working capital being available and an inability to secure additional short term funding. In addition, on 10 February 2015 AML announced that they had insufficient funds to meet their obligation to pay a $17 million biannual coupon payment due and that it is unlikely that such a payment will be made in the near future. On 26 March 2015, AML appointed administrators and on 20 April 2015, 75% of former AML subsidiary Tonkolili Iron Ore (SL) Ltd ('TIO') was sold to Shandong Iron and Steel. The Company continues to pursue TIO for repayment of the debts owed; however, the Company considers it prudent to continue to recognise an impairment allowance for the outstanding balance of US$1,172,656.

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 9 - RESTRICTED CASH

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Current restricted cash	**12,569**	12,070
	12,569	12,070

Restricted cash balances represent interest bearing cash backed security provided in relation to the Company's exploration programmes. The security deposits will be released upon achievement of certain drilling milestones. The classification of restricted cash balances as either current or non-current within the Statement of Financial Position is based on management's estimate of the timing of completion of milestones.

NOTE 10 - EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2015 US$'000	Restated 31 Dec 2014 US$'000
Acquisition cost at beginning of period (1 January)	**42,303**	33,952
Exploration expenditure incurred and capitalised during the period	**9,028**	8,351
Acquisition cost at end of period	**51,331**	42,303

During the period, the Company elected to change from the full cost method to the successful efforts method of accounting for exploration and evaluation expenditure, effective from 1 January 2015. This change in accounting method constitutes a change in accounting policy, requiring that all prior period comparative financial statements be adjusted retrospectively to reflect the change.

NOTE 11 - TRADE AND OTHER PAYABLES

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Trade payables	**7,710**	3,492
Withholding tax [1]	**13,587**	13,587
Other payables and accruals [2]	**16,452**	15,798
	37,749	32,877

[1] An accrual for withholding tax in relation to the Company's exploration activities has been recognised. In certain jurisdictions the Company may be required to withhold payment on services provided by subcontractors. Any such amounts withheld are due to the tax authorities and will be credited against the subcontractors own income tax liability.

[2] Other payables include amounts accrued for in respect of exploration activities.

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 12 - ISSUED CAPITAL

	31 Dec 2015 No. of shares	31 Dec 2014 No. of shares
Fully paid ordinary shares	**106,611,781**	685,857,457
Reconciliation		
Number of outstanding shares at beginning of period (1 January)	**685,857,457**	565,144,637
Issue of shares pursuant to capital raising prior to share consolidation[1]	**283,336,331**	120,712,820
Consolidation of shares: 1 for 10 basis[3]	**(872,273,944)**	-
Issue of shares pursuant to capital raising post share consolidation[2]	**9,691,937**	-
Number of outstanding shares at the end of period	**106,611,781**	685,857,457

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Fully paid ordinary shares	**611,440**	600,592
Reconciliation		
Amount of outstanding shares at beginning of period (1 January)	**600,592**	575,912
Issue of shares pursuant to a capital raising[1,2]	**11,794**	26,175
Capital raising cost	**(946)**	(1,495)
Amount of outstanding shares at the end of period	**611,440**	600,592

[1] Prior to the share consolidation, the Company issued 283,336,331 shares at approximately NOK0.35 each and granted 141,668,150 options with an exercise price of NOK0.75 each at approximately NOK0.35 each, raising NOK 99,167,716 (US$12,791,142). Costs associated with the capital raising were US$881,741. The initial fair value of the options granted was US$3,008,912 and has been recognised as a financial liability (Note 17). The remainder of US$9,782,230 represents the notional value of the shares issued and is recognised as equity.

[2] In October 2015, post share consolidation, the Company issued 9,691,937 shares at NOK 1.70 each, raising NOK 16,476,293 (US$2,012,000). Costs associated with the capital raising were US$64,000.

[3] On 21 October 2015 the Company held a General Meeting of shareholders to consider, and if thought fit, pass a resolution to consolidate the issued capital of the Company on the basis that (a) every ten (10) shares be consolidated into one (1) share; and (b) every ten (10) options be consolidated into one (1) option and the exercise price of each option be amended in inverse proportion to this ratio. The resolution was passed at the General Meeting on a show of hands and the capital consolidation was subsequently implemented.

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 13 - RESERVES

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Share-based payments reserve		
At beginning of period (as at 1 January)	**29,591**	29,371
Share-based payments	**1,315**	220
Total share-based payments reserve	**30,907**	29,591
Foreign currency translation reserve		
At beginning of period (as at 1 January)	**(12,089)**	(12,089)
Foreign currency exchange differences arising on translation of functional currency to presentation currency	**(2,670)**	-
Total foreign currency translation reserve	**(14,759)**	(12,089)
Total reserves	**16,147**	17,502

NOTE 14 - BUSINESS SEGMENTS

For management purposes, the Company is organised into one main operating segment, which involves exploration for hydrocarbons. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

The analysis of the location of non-current assets is as follows:

	31 Dec 2015 US$'000	Restated 31 Dec 2014 US$'000
Côte d'Ivoire	**27,757**	23,492
The Gambia	**3,544**	794
Liberia	**8,299**	7,262
Senegal	**3,200**	2,504
Sierra Leone	**8,530**	9,191
United Kingdom	**10**	637
	51,340	43,880

NOTE 15 - EVENTS AFTER THE BALANCE SHEET DATE

No event has arisen between 31 December 2015 and the date of this report that would be likely to materially affect the operations of the Company or its state of affairs which have not otherwise been disclosed in this financial report.

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Exploration commitments

The Company has entered into obligations in respect of its exploration projects. Outlined below are the minimum expenditures required as at 31 December 2015 and 31 December 2014:

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Within one year	**59,750**	63,394
After one year but not more than five years	**20,645**	40,533
More than five years	**-**	-
	80,395	103,927

NOTE 17 - FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

New foreign currency risk

The Company is exposed to currency risk on the grant of options that are denominated in a currency other than the respective functional currencies of the entities making up the Consolidated Entity.

Fair values

During February and March 2015 the Company granted 14,166,815 options at an exercise price of NOK 7.50 (on a post-consolidation basis) to the participants of a fundraising (Note 12). As the options may be settled in exchange for a variable amount of cash when expressed in AUD, a financial liability has been recognised.

Financial liabilities

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Options granted in NOK	**447**	-

The fair value of the options has been calculated using the Black-Scholes model.

The carrying values of other financial assets and financial liabilities at 31 December 2015 approximates their fair values.

INFORMATION ON AFRICAN PETROLEUM CORPORATION LIMITED

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Stephen West – Chief Financial Officer
David King
Bjarne Moe
Timothy Turner
Anthony Wilson

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Open Market, Frankfurt Stock Exchange
Code: A1C1G9