

8 March 2018

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

### **Corporate Update**

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

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

As announced on 18 October 2017, the Company's wholly owned subsidiaries African Petroleum Gambia Limited and APCL Gambia B.V have lodged Requests for Arbitration ("RFA") documents with the International Centre for the Settlement of Investment Disputes ("ICSID") in order to protect its interests in the A1 and A4 licences in The Gambia. These RFAs have been registered and allocated the following case numbers by ICSID:

- ICSID Case No. ARB/17/38: African Petroleum Gambia Limited and APCL Gambia B.V. v. Republic of The Gambia
- ICSID Case No. ARB/17/39: African Petroleum Gambia Limited and APCL Gambia B.V. v. Republic of The Gambia
- ICSID Case No. ARB/17/40: APCL Gambia B.V. v. Republic of The Gambia

The parties to the arbitration proceedings and ICSID are currently working towards the confirmation of appointment of the arbitrators to the tribunals for each arbitration case.

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 continues to remain 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)**

As announced on 18 December 2017, the term of the first renewal phase of the Senegal Offshore Sud Profond ("SOSP") production sharing contract ("PSC") expired on 15 December 2017. Prior to the expiry of the current phase, and in accordance with the terms of the PSC, the Company lodged an application ("PSC Application") to enter into the second renewal phase of the contract, and also 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 Company has yet to receive any response to the PSC Application.

African Petroleum notes recent media reports that Total has commenced a seismic acquisition on the ROP block. The Company continues to reserve its rights on the Rufisque Offshore Profond ("ROP") PSC.

The Company has engaged the services of a Paris based law firm to provide legal advice on the Company's contractual rights under the SOSP and ROP PSCs. In January 2018, formal notices of dispute were lodged with the Senegalese authorities in respect of the SOSP and ROP PSCs and, in accordance with the terms of the PSCs, the parties have three months to resolve the disputes. In the event that the parties are unable to resolve the disputes then there are arbitration provisions within the PSCs that can be utilised by the Company in order to protect its interests.

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

**CI-513:** The Company and Ophir Energy (the Operator) have completed the post-well analysis work following the drilling of the Ayamé-1X exploration in May 2017 and it has been concluded that the remaining prospectivity of the CI-513 block does not represent an attractive investment opportunity that would justify entering the next phase of the PSC and the work programme and financial commitment therein.

Accordingly, the Operator has given notice to the Côte d'Ivoire authorities that the partners will not proceed past the expiry of the current phase of the PSC on 16 March 2018 and instead wish to withdraw from the CI-513 PSC.

**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 withdrawn from the CI-509 PSC.

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

As announced on 5 December 2017, the Company's wholly owned subsidiaries European Hydrocarbon Limited and African Petroleum Sierra Leone Limited ("Subsidiary Companies") entered into the Second Extension Periods of the SL-03-17 and SL-4A-17 licences respectively and modified the work programmes for both licences during these periods.

In December 2017, ERC Equipoise Ltd ("ERCE") prepared an updated assessment of prospective oil resources attributable to the Company's Sierra Leone licences (the "ERCE Letter"). The ERCE Letter of prospective resources includes six undrilled prospects and estimates the net unrisksed prospective oil resources at 2.53 billion barrels.

The Company is utilising State owned well and seismic data, together with existing seismic data, to further de-risk the licences prior to deciding to commit to the drilling of an exploration well on each licence.

The ultra-deep water (3,000 – 3,500m) setting of these licences has in the past been a deterrent to attracting industry interest. However, the Company has 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-03-17 and SL-4A-17 licences. As such, the Company is engaging in preliminary discussions with interested industry players with a view to potentially partnering on future activities relating to these licences.

## **Corporate**

As at 31 December 2017, African Petroleum held \$13.2 million and accordingly the Company remains well funded to protect its interests in The Gambia and Senegal, and to progress its two 100% owned high impact licences in Sierra Leone.

### **Jens Pace, African Petroleum's CEO, comments:**

*"We continue to channel our focus into overcoming the challenges that we see ahead of us relating to our assets in The Gambia and Senegal. With regards to the Gambian arbitration, we remain resolutely steadfast in our position and look forward to progressing the case through these independent channels. We continue to be frustrated by the lack of progress in resolving the disputes in Senegal and are duly taking the necessary legal advice to protect our interests.*

*Elsewhere in the portfolio, we have decided to relinquish our interests in Côte d'Ivoire. This decision follows the disappointing results of the Ayamé-1X exploration in May 2017 and our inability to find a suitable partner for CI-509 PSC. We exit Côte d'Ivoire with regret; however, we must prioritise our forward commitments and assign our resources accordingly.*

*In the near-term, our operational focus will be on Sierra Leone, an area that is seeing renewed industry interest and where a recent independent report highlighted the large prospectivity of our acreage. We remain well funded for the foreseeable future, and can comfortably cover our legal costs associated with Senegal and The Gambia, whilst also funding the exploration activity of European Hydrocarbons and African Petroleum Sierra Leone in Sierra Leone, and considering new opportunities."*

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### **About African Petroleum**

African Petroleum is an independent oil and gas exploration company with licence interests in offshore West Africa (Senegal, The Gambia 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](http://www.africanpetroleum.com.au)