

31 July 2012
NSX Announcement

Quarterly Reports

Please find attached the following reports relating to the quarter ended 30 June 2012:

- Quarterly Disclosure Declaration;
- Quarterly Activities Report; and
- Quarterly Cash Flow.

Yours faithfully
African Petroleum Corporation Limited

Tony Sage
Non-Executive Deputy Chairman

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**African
Petroleum**
CORP LTD

27 July 2012

Mr Ian Craig
Companies Manager
National Stock Exchange of Australia Limited
Level 3, 45 Exhibition Street
Melbourne
VIC 3000

Dear Sir

QUARTERLY DISCLOSURE DECLARATION

On behalf of the Board of African Petroleum Corporation Limited (**Company**) we declare that the Board has reviewed the operations of the Company and, in the opinion of each member of the Board:

- (a) all matters that require disclosure have been disclosed by the Company in accordance with Listing Rules of the NSX; and
- (b) the market remains fully informed as to the prospects and activities of the Company.

Yours sincerely

Frank Timis
Non-Executive Chairman

Antony Sage
Chairman: Continuous Disclosure
Committee

Karl Thompson
Chief Executive Officer

31 July 2012

HIGHLIGHTS

CORPORATE

- Approximately US\$ 34.9 million cash at bank at 30 June 2012
- In addition, approximately US\$95 million held in escrow accounts at 30 June 2012 as security for seismic data acquisition, the Maersk drilling contract and a bank guarantee for the Government of Cote d'Ivoire for the sum of the minimum work exploration programme, in accordance with the Cote d'Ivoire Block CI-513 Production Sharing Contract
- The Company held an Annual General Meeting, where all resolutions put to the Shareholders were passed by a strong majority
- NSX removed nine out of ten of the conditions that were imposed on the Company upon it being admitted onto the official list of the NSX. The remaining condition is that the Company lodge quarterly activities and cash flow reports
- Post quarter end, the Company entered into a Memorandum of Understanding (**MOU**) with PetroChina International Investment Company Limited (**PetroChina**), giving PetroChina an exclusive period to agree an investment in up to 20 per cent of Block LB-09 and up to 20 per cent in one or more of the Company's other exploration Blocks
- Post quarter end, the Company completed a placement of 62,963,000 ordinary shares at A\$1.35 each with institutional investors, raising a total of A\$85million (US\$87.3million) prior to the costs of the placement

Summary Cash Position of the Company as at the date of this report

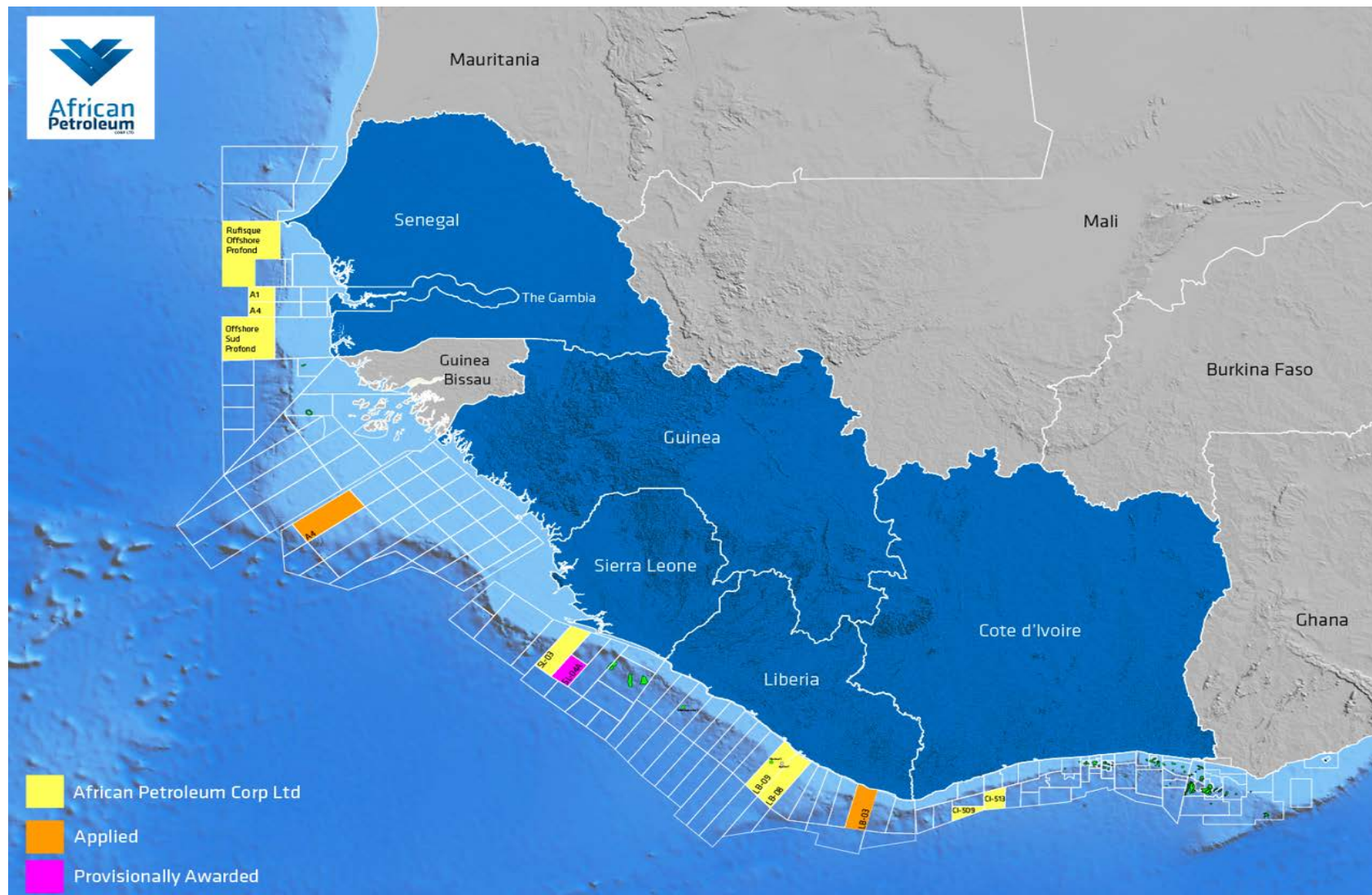
	US\$ million
At 30 June 2012	34.9
In escrow	95.0
Placing (gross)	87.3
Total	217.2

OPERATIONS

- Post period end, the Company was provisionally awarded Block SL 4A-10 offshore Sierra Leone
- New business opportunities continue to be reviewed offshore West Africa

OPERATIONS

Figure 1: Location of African Petroleum’s license blocks, provisional award and applications, and regional discoveries



Liberian Project: Blocks LB-08 and LB-09

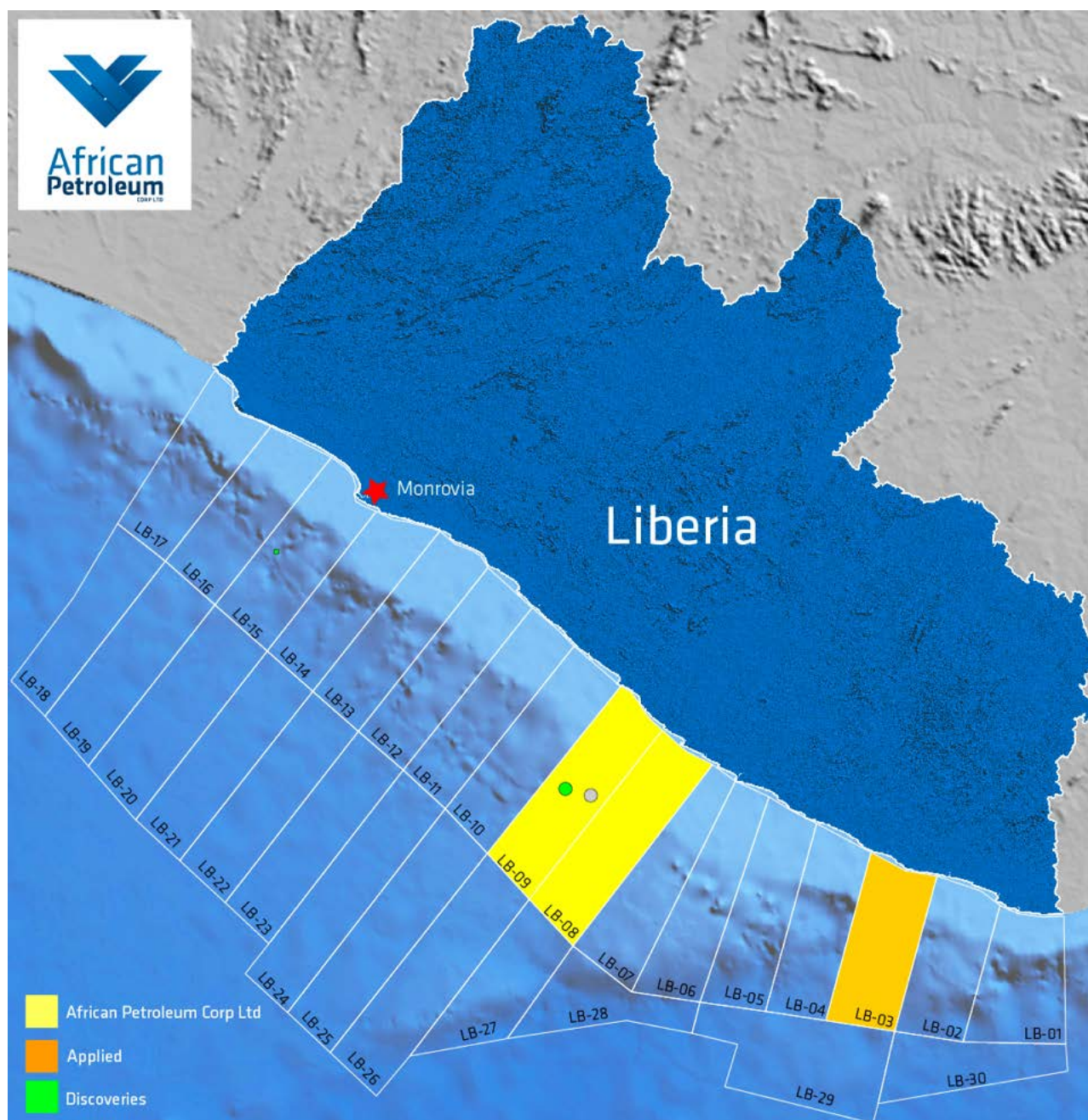


Figure 2: Location of the Liberia Licence Blocks, offshore Liberia

African Petroleum (through wholly owned subsidiary European Hydrocarbons) holds a 100% interest in Blocks LB-08 and LB-09 offshore Liberia (**Liberian Licence Blocks**).

African Petroleum completed the acquisition of 5,100 sq km of 3D seismic over the Liberian Licence Blocks in mid 2010. Seismic interpretation revealed an extensive submarine fan system similar to those containing the Jubilee Field in Ghana, and the Jupiter, Mercury, Venus discoveries in Sierra Leone has been identified on Blocks LB-08 and LB-09. The evaluation of the 3D seismic data identified more than 40 similar prospects and leads in the Upper Cretaceous section.

The Company contracted Maersk Drilling in 2010 for an initial two well programme in Liberia, utilising the “Maersk Deliverer” semi-submersible drilling rig.

In September 2011, the Company completed drilling African Petroleum's first well (Apalis-1) at Block LB-09, offshore Liberia. Apalis-1 was drilled to a depth of 3,665 metres and encountered oil shows in several geological units, including the shallower (Tertiary) and deeper (Cretaceous) and petrophysical analysis indicated the presence of hydrocarbons. The results of Apalis-1 confirmed that Blocks LB-08 and LB-09 are located in a prospective oil basin. The geological and geophysical data confirmed the critical components of a working hydrocarbon system.

Having confirmed a working hydrocarbon system with Apalis-1, the Company spudded its second well (Narina-1), on Block LB-09 in January 2012. The well was drilled to a total depth of 4,850 metres in a water depth of 1,143 metres, taking 43 days to completion.

In February 2012, a significant oil discovery was announced at the Narina-1 well. The well found a total of 32 metres (105 feet) of net oil pay in two zones: 21 metres (69 feet) in the Turonian; and 11 metres (36 feet) in the Albian. Good quality oil was found in each the Turonian and the Albian reservoirs of 37 degrees API and 44 degrees API, respectively. Hydrocarbon shows were encountered over a 170 metre interval in the Turonian and no oil water contact was found.

The Narina discovery confirms the prospectivity of these highly successful West African exploration plays on the Liberia Licence Blocks. Oil was found in good quality reservoirs in a Turonian submarine fan system extending across a prospective area of 250 sq km. In addition, excellent quality oil was found in the Albian sands nearby to a very large Albian submarine fan prospect. In the shallower Campanian, Santonian and Coniacian horizons, 216 metres (709 feet) of excellent quality net reservoir sands were encountered, which significantly reduces the risk in a number of large prospects at these levels covering up to 500 plus sq km, which are expected to be oil bearing in the region.

In March 2012, the Company entered into a contract with Ocean Rig UDW, for a two well programme with the option for a third well, to continue its drilling programme in the Liberian Licence Blocks and within the Company's other licence blocks. The programme will be completed using the "Eirik Raude", a 5th generation deepwater semi-submersible drilling rig.

Gambian Project: Blocks A1 and A4



Figure 3: Location of the Gambian Licence Blocks, offshore The Gambia

African Petroleum Gambia Ltd has a 60% operating interest in Blocks A1 and A4 offshore The Gambia (**Gambian Licence Blocks**), acquired via a farm-in agreement with Buried Hill Gambia BV. The Gambian Licence Blocks cover a combined total area of 2,668 sq km.

The Company completed the acquisition of 2,500 sq km of 3D data in relation to the Gambian Licence Blocks in December 2010 (area shown in red box on Figure 3). Processed 3D seismic data was received in June 2011 and interpretation is ongoing.

More than 30 exploration prospects and leads have been identified on the Gambian Licence Blocks, including five different play types. The four way dip closed Alhamdullilah structure has been confirmed, which extends over an area of 24 sq km with five mapped reservoirs and a gross thickness of 1,000m. There are potential mean unrisked recoverable prospective undiscovered resources of approximately 500 Million barrels (Source: ERC Equipoise independent review of African Petroleum resource, April 2011).

Other play types in the Gambian Licence Blocks include stratigraphically-trapped fans and slope channel complexes of Turonian-Campanian age, Upper Jurassic and lower Cretaceous karstified reef build-ups and four-way closures and eroded shelf clastics onlapping the shelf edge.

Following the 3D seismic detailed interpretation Upper Cretaceous fan systems and other prospects have been identified, selected and ranked. The Company is now planning to drill the Alhamdullilah prospect in late 2012 or early 2013, and may utilise one of the slots on the Eirik Raude drilling rig for this purpose.

Sierra Leone Project: Block SL-03

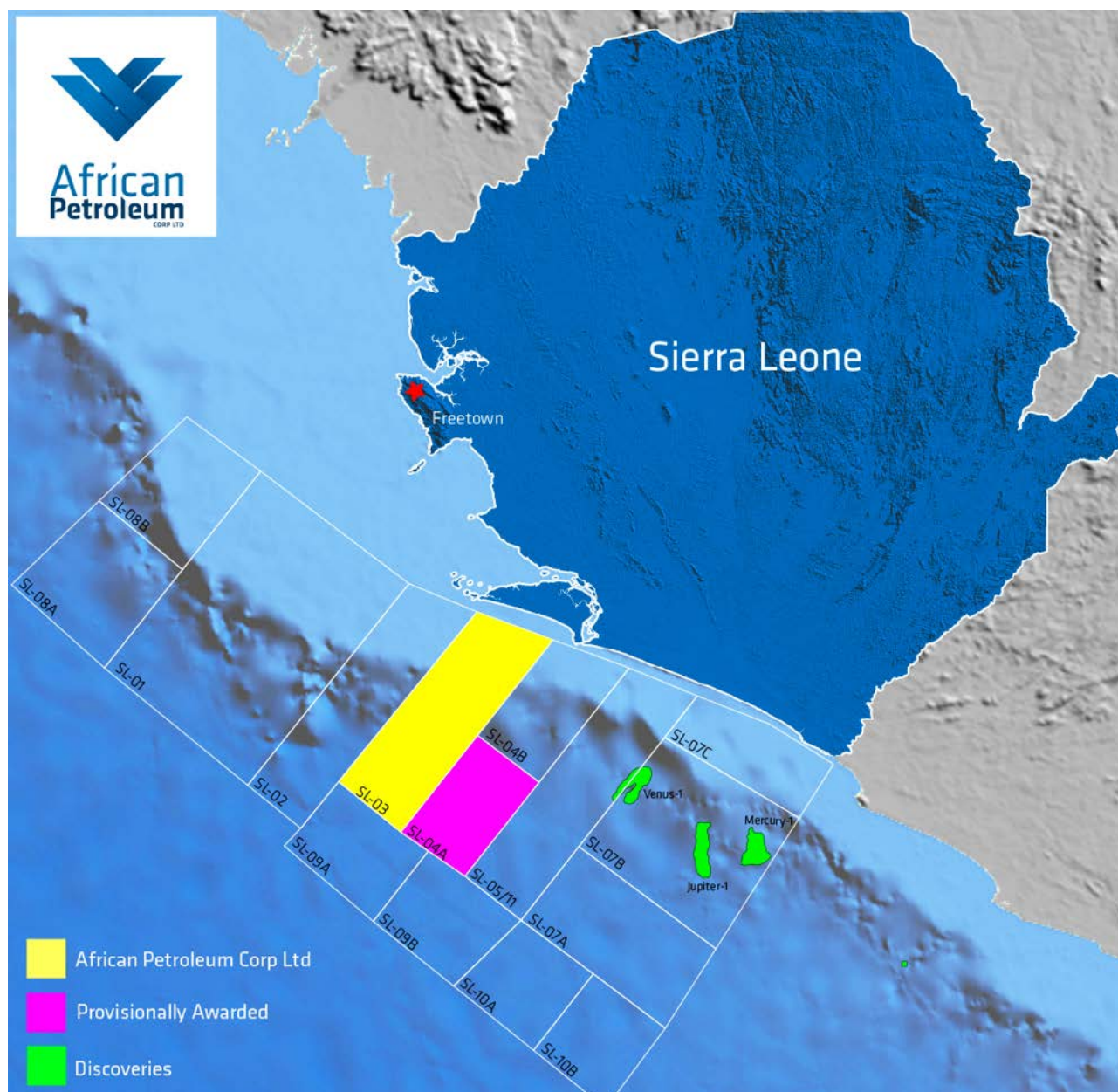


Figure 4. Location of the Sierra Leone Licence Block SL-03 and SL 4A-10, offshore Sierra Leone

African Petroleum holds a 100% interest in Block SL-03 offshore Sierra Leone. Block SL-03 is 3,135 sq km in area, and is situated approximately 90-150 km to the north west of Anadarko's recent Mercury, Jupiter and Venus discoveries.

The acquisition of 2,535 sq km of 3D seismic data in Block SL-03 was completed by TGS in September 2011, and an initial fast track 3D volume was received in January 2012 for interpretation. These prospective Cretaceous-age fan systems extend into Block SL-03, and the Company has identified a number of promising prospects for verification on the final 3D data, expected in August 2012. The Company hopes to be ready to drill a prospect in Block SL-03 in early 2014.

In June 2012, the Company was provisionally awarded Block SL 4A-10, together with Kosmos Energy LLC (a partner in the Jubilee field development in Ghana) in the Sierra Leone third offshore licensing round. The application was filed on 30 March 2012. The award is subject to further negotiations.

Cote d'Ivoire Project: Blocks CI-509 and CI-513

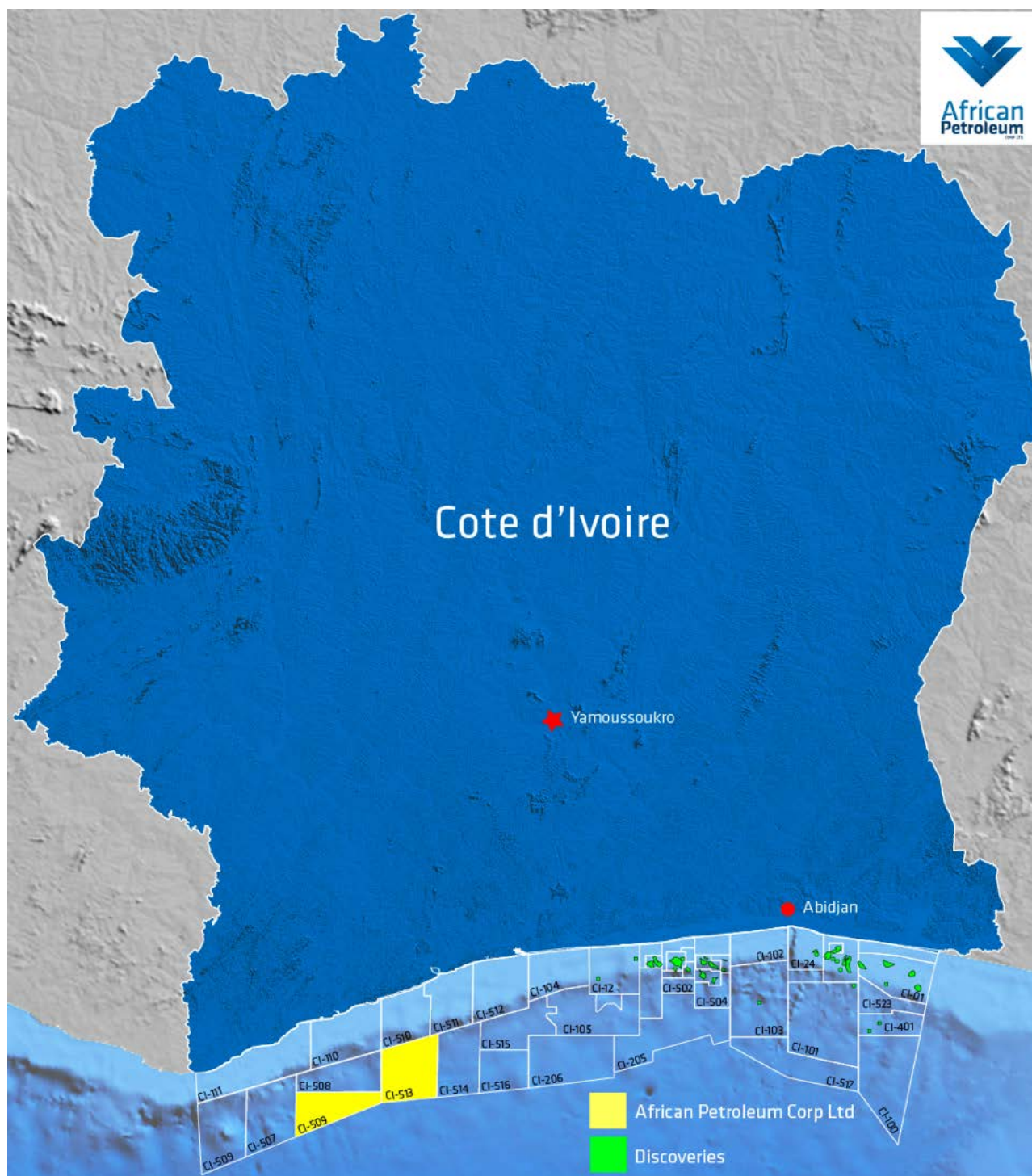


Figure 5. Location of the Cote d'Ivoire Licence Blocks CI-509 and CI-513, offshore Cote d'Ivoire

African Petroleum Cote D'Ivoire Ltd holds a 90% Operating interest in exploration Blocks CI-509 and CI-513 offshore western Cote d'Ivoire (together the Cote d'Ivoire Blocks). The remaining 10% carried interest is held by Petroci (the national oil company of Cote d'Ivoire). Block CI-509 covers 1,091 sq km and Block CI-513 covers 1,440 sq km.

The Company will again focus on targeting deepwater Upper Cretaceous submarine fans in Cote d'Ivoire which are considered to have similar high impact potential as discoveries in the Jubilee field. The existing 2D seismic dataset shows encouraging leads and prospects over the two blocks, and the recent discovery at Paon-1 (Tullow, June 2012), in the central Ivorian offshore, has confirmed the viability of the play in

western Cote D'Ivoire.

African Petroleum contracted with BGP Marine (Prospector PTE Ltd) for the acquisition of a 4200 sq km 3D seismic survey over Blocks CI-513, CI-509 and CI-508. The acquisition commenced in April 2012, using the 10-streamer vessel "BGP Prospector", and the CI-513 survey was completed in mid-July 2012. The vessel continued directly onto the CI-508 & CI-509 survey, which is expected to be completed in early October 2012. The CI-508 survey is being acquired by APCL on behalf of Vitol and partners in CI-508, and is subject to a cost sharing agreement executed in June 2012, whereby all seismic acquisition and processing costs are shared on an equal basis.

Following delivery and interpretation of 3D data in late 2012, the Company is planning to drill a well in CI-513 in late 2013.

Senegal Project: Rufisque Offshore Profond and Senegal Offshore Sud Profond

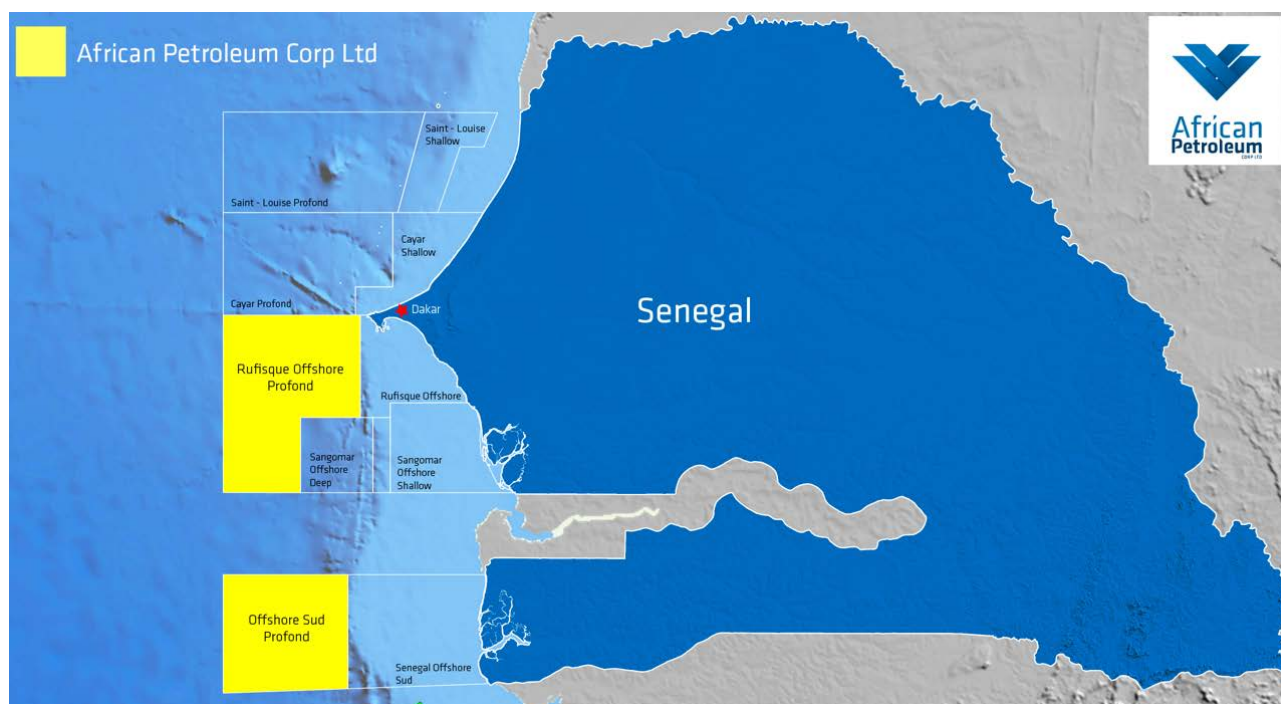


Figure 6. Location of the Senegal Licence Blocks, offshore Senegal

African Petroleum Senegal Ltd holds a 90% Operated interest in Exploration Blocks Rufisque Offshore Profond and Senegal Offshore Sud Profond (the **Senegal Blocks**) offshore southern and central Senegal. The remaining 10% carried interest is held by Petrosen (the national oil company of Senegal). The Senegal Blocks cover a total surface area of 18,277 sq km.

The Company has licensed over 10,000km of 2D seismic data over the Senegal Blocks to compile an extensive regional database. In May 2012, Dolphin Geophysical completed a 3,600 sq km 3D seismic survey over Senegal Offshore Sud Profond. Initial fast-track data was received in house in July, and prospects are currently being analysed. In June 2012, Fugro Seismic Imaging were contracted to reprocess the existing 1500 sq km 3D seismic survey over Rufisque Offshore Profonde, with results expected in mid-2013. The Company hopes to be in a position to drill a well in Senegal in 2014.

CORPORATE

Memorandum of Understanding with PetroChina

The Company announced, post quarter end, that African Petroleum had entered into a Memorandum of Understanding (**MOU**) with PetroChina, a subsidiary of China National Petroleum Corporation (**PetroChina**). The MOU gives PetroChina an exclusive period, which expires on 31 August 2012, to agree an investment in up to 20 per cent of Liberia Block LB-09 and up to 20 per cent in one or more of the Company's other exploration Blocks. Any investment made by PetroChina will be at a value to be agreed and will be subject to receiving appropriate governmental, regulatory and other third party consents.

Placement of Shares

Post quarter end, the Company completed a placement of 62,963,000 new fully paid ordinary shares at A\$1.35 per share with institutional shareholders, raising a total of A\$85 million (US\$87.3 million), before costs (**Placement**). The Company intends to use the funds raised from the Placement to contract an additional oil rig. This has been conditionally contracted and it is currently expected to drill an appraisal well at Narina at Block LB-09, offshore Liberia, in the latter part of the third quarter or early part of the fourth quarter 2012. This well is planned to be drilled ahead of the previous contracted two well programme with the Eirik Raude, due at the end of 2012.

Additional Staff Recruitment

With increased activity and rapid expansion across our exploration permits, the Company has successfully recruited a significant number of new staff across the head office operations. The technical Geology & Geophysics team, lead by the Exploration Director, now has 18 staff including support personnel. The Drilling Team, lead by the Drilling Director, has 12 staff and the Commercial Team, lead by the Business Development Director, has four staff. The Finance Team, lead by the Group Financial Controller, has seven staff. In total, the London office now has 54 staff. In addition, across there are now six offices in West Africa, with a total of 21 local staff, located in Dakar (Senegal), Banjul (Gambia), Freetown (Sierra Leone), Monrovia (Liberia), Abidjan (Cote D'Ivoire) and Takoradi (Ghana).

Quarterly Report

Name of entity

AFRICAN PETROLEUM CORPORATION LIMITED

ABN

87 125 419 730

Quarter ended ("current quarter")

30 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter US\$'000	Year to date (6 months) US\$'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(2,411)	(3,181)
(b) advertising and marketing	(220)	(759)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(1,429)	(2,153)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	215	374
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
(a) Payments for exploration	(33,995)	(101,869)
(b) Payments for business development	(135)	(249)
(c) Payments for transaction related costs	-	-
(d) Payment for project related travel costs	(1,846)	(3,890)
(e) Payment of office rent deposit	-	(879)
(f) Payment of annual lease for exploration block	-	(1,388)
(e) Other income	-	-
Net operating cash flows	(39,821)	(113,994)

		Current quarter US\$'000	Year to date (6 months) US\$'000
1.8	Net operating cash flows (carried forward)	(39,821)	(113,994)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(1,426)	(2,014)
	(e) other non-current assets (land)	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	(68)
1.12	Loans repaid by other entities	25	40
1.13	Other – cash backing security returned	3,983	24,172
1.14	Other – cash backing security provided	(79,875)	(79,875)
	Net investing cash flows	(77,293)	(57,745)
1.15	Total operating and investing cash flows	(117,114)	(171,739)
	Cash flows related to financing activities		
1.16	Proceeds from issues of shares, options, etc	-	2,053
1.17	Proceeds from sale of forfeited shares	-	-
1.18	Proceeds from borrowings	-	-
1.19	Repayment of borrowings	-	-
1.20	Dividends paid	-	-
1.21	Other: payment of capital raising costs	-	-
	Net financing cash flows	-	2,053
	Net increase (decrease) in cash held	(117,114)	(169,686)
1.22	Cash at beginning of quarter/year to date	151,672	204,529
1.23	Exchange rate adjustments	316	31
1.24	Cash at end of quarter	34,874	34,874

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter US\$'000
1.24	Aggregate amount of payments to the parties included in item 1.2	441
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	US\$441,188 (net of GST) has been paid to directors during the quarter for the provision of services as directors.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available US\$'000	Amount used US\$'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter US\$'000	Previous quarter US\$'000
4.1 Cash on hand and at bank	29,484	146,237
4.2 Deposits at call	5,390	5,435
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.24)	34,874	151,672

NOTE: As at the end of the current quarter, the Company has provided US\$95m of cash backing security in relation to the Company's exploration programs. Of this amount, US\$65m is on escrow for the contracted two well programme with the Eirik Raude and US\$30m being security deposits that will be released upon completion of exploration works such as seismic data acquisition, and on achievement of certain drilling milestones.

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to NSX.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Claire Tolcon
Company Secretary

Date: 31 July 2012

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** NSX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.