



**African
Petroleum**
CORP LTD

Interim Financial Report for the
Third Quarter 2015





African Petroleum Corporation Limited

Interim Financial Report for the Third Quarter 2015

HIGHLIGHTS

- Mr Jens Pace appointed as new CEO on 30 September 2015, and subsequent to quarter-end 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
- Binding joint bidding agreement signed with a London listed oil and gas company on licence Côte d'Ivoire Block CI-513 – the Company is working towards completion of the transaction as soon as possible
- Advanced farm-out discussions 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
- The Company announced that it had elected to voluntarily de-list from the National Stock of Exchange of Australia, 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
- Significant cost savings have been achieved during the quarter by reducing staff headcount, reducing salaries of remaining staff by 20-45%, streamlining the Board, reducing directors' fees and by de-listing the Company's shares from the NSX
- Approximately US\$0.51 million cash at bank as at 30 September 2015, together with US\$12.6 million restricted cash
- Post quarter end the Company completed a private placement to certain existing and new investors raising approximately US\$2 million
- Post quarter-end the Company consolidated the issued capital of the Company on the basis of one share for every ten shares held

COMPANY BACKGROUND

African Petroleum, listed on the Oslo Axess (APCL), the National Stock Exchange of Australia (AOQ) 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 unrisks 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 during 2014 by Total in Côte d'Ivoire and Cairn Energy in Senegal and during 2015 by Kosmos Energy in Mauritania.

The Company has acquired more than 18,500km² 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



"I am pleased to be providing my first quarterly statement as CEO of African Petroleum and to report on progress on a number of fronts. We continue to engage in positive dialogue with numerous potential industry partners, and some of these discussions are in the advanced stages of commercial negotiations. We have witnessed a consistently high level of industry interest in our acreage, buoyed by the third party successes and follow-on activity in adjacent acreage in the region. Clearly the market conditions for exploration remain challenging; however, we firmly believe that our acreage presents a world class opportunity for industry partners and as such are confident that we will complete transactions in the near future."

OPERATIONAL & CORPORATE UPDATE

CHANGE TO CEO / BOARD RE-STRUCTURE

The Board of African Petroleum announced on 30 September 2015 that Dr Stuart Lake, CEO and Executive Director, was stepping down with immediate effect for health reasons.

Mr Jens Pace, who was serving as Chief Operating Officer since 2012, assumed the position of CEO with effect from 30 September 2015. Mr Pace is a geoscientist with over 30 years of industry experience which includes exploration leadership roles in Africa and other regions for BP. Having joined the Company in 2012, Mr Pace has been instrumental in progressing the assets through technical work and leading the ongoing negotiations with potential partners.

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.

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 its high impact exploration drilling campaign in 2016 and beyond. The Company's immediate focus is to conclude the transaction in Côte d'Ivoire (refer below), and 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

As announced on 29 June 2015, African Petroleum has signed a binding joint bidding agreement with a London listed oil and gas company to provide a framework for the incoming third party to secure a 45% operated interest in a Production Sharing Contract (on terms to be agreed) covering the Company's Block CI-513 licence area in Côte d'Ivoire. It is intended that African Petroleum will hold a non-operated interest of 45%, with the remaining 10% carried interest held by Petroci, the National Oil Company of Côte d'Ivoire.

Completion of the transaction is subject to negotiation and entry into commercial agreements and several conditions precedent including, but not limited to, the agreement and approval of the Government of Côte d'Ivoire.

African Petroleum and the incoming party are working together towards completion of the transaction as soon as possible, and the Company expects to make further announcements, including further details of commercial terms, in due course as progress is made.

Meanwhile, third party activity continues in the region with the Vitol led group due to commence exploration drilling during 4Q 2015 in their licence CI-508, which is adjacent to the Company's CI-509 and CI-513 licences.

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. A significant level of activity in the region is ongoing as Cairn and its partners commence a multi-well exploration and appraisal programme to be drilled across their Senegalese acreage. In addition, Kosmos, currently drilling in Mauritania, has announced plans to move south into Senegal to follow-up their significant Tortue gas discovery with exploration and appraisal drilling.

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.

CONSOLIDATION OF CAPITAL

On 18 September 2015 the Company gave notice for a General Meeting of shareholders to be held on 21 October 2015 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.

Post quarter end, on 21 October 2015 the resolution was passed at the General Meeting on a show of hands and the capital consolidation was subsequently implemented.

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 NSX Listing Rule 2.25, a General Meeting is being held on 21 December 2015 to consider and, if thought fit, pass a special resolution authorising the Company to voluntarily de-list from the NSX. If the resolution is passed the de-listing of the Company’s shares from the NSX will take effect from 31 December 2015. The Company’s shares will continue to be listed on the Oslo Axess.

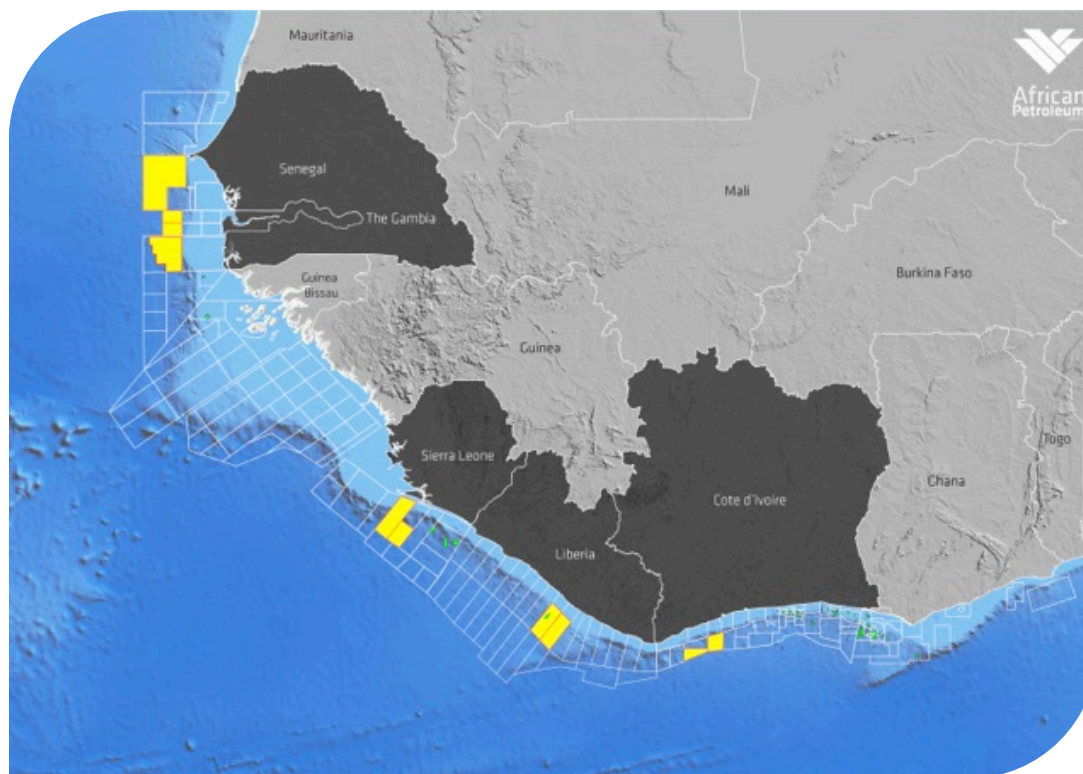
COST-CUTTING INITIATIVE

During the quarter, in line with current industry practice the Company has remained focused on reducing overhead costs by reviewing all costs across the business. Significant cost savings have been achieved during the quarter by reducing staff headcount, reducing salaries of remaining staff by 20-45%, streamlining the Board, reducing directors’ fees and by de-listing the Company’s shares from the NSX. The Company continues to act prudently in light of current challenging market conditions and remains on target to significantly reduce general and administrative expenses by year end.

PRIVATE PLACEMENT

Post quarter end, 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.

LICENCE INFORMATION



Côte d'Ivoire: Blocks CI-509 & CI-513

Licence Overview

In Côte d'Ivoire, African Petroleum holds a 90% working interest in offshore licences CI-509 and CI-513 (the "CI Licences"), the remaining 10% is held by Petroci, the National Oil Company of Côte d'Ivoire. The Company was awarded CI-513 in December 2011 and CI-509 in March 2012, with a combined net acreage of 2,283km².

Licence Activities

In October 2012, the Company acquired 4,200km² of 3D seismic data over the CI Licences, fulfilling the seismic work commitments of the first exploration phase for both licences. Fast-track 3D seismic data was received in November 2012, while final 3D seismic depth processing of the entire survey was completed in March 2014. Interpretation of the data has identified a number of significant prospects, with net unrisksed mean prospective oil resources of 2,130MMStb (ERC Equipoise letter, January 2015).

Total's Saphir-1XB oil discovery in CI-514 in April 2014, has effectively de-risked the Company's adjacent acreage. African Petroleum traded the 3D seismic covering both Total's CI-514 operated acreage and the CI-508 acreage immediately north of CI-513 and CI-509 held by the Vitol operated group. In January 2015, following an independent assessment of the Côte d'Ivoire prospects by ERC Equipoise, the Company announced an additional 570MMStb to be added to the net unrisksed prospective oil resources.

Recent Updates

On 29 June 2015, African Petroleum announced that it has signed a binding joint bidding agreement with a London listed oil and gas company to provide a framework for the incoming party to secure a 45% operated interest in a Production Sharing Contract (on terms to be agreed) covering the Company's Block CI-513 licence area in Côte d'Ivoire. It is intended that African Petroleum will hold a non-operated interest of 45%, with the remaining 10% carried interest held by Petroci, the National Oil Company of Côte d'Ivoire.

Completion of the transaction is subject to negotiation and entry into commercial agreements and several conditions precedent including, but not limited to, the agreement and approval of the Government of Côte d'Ivoire.

It has been reported that Vitol (with partner Genel Energy) is due to spud an exploration well on Block CI-508 towards the end of 2015 on their Aigle prospect, "targeting significant oil prospectivity in stacked Cretaceous reservoirs" and that the well "will take approximately 50 days to complete"¹. The CI-508 licence is adjacent to both of the Company's CI Licences and accordingly a positive drilling result will provide additional data to de-risk the prospect inventory on our acreage.

Senegal: Rufisque Offshore Profond & Senegal Offshore Sud Profond

Licence Overview

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 14,216km².

Licence Activity

As part of the initial licence entry, the Company purchased 10,000km of 2D seismic data over its Senegal Licences and compiled an extensive regional database. In addition, in May 2012, the Company completed a 3,600km² 3D seismic acquisition over the SOSP licence block and interpretation is ongoing. In the ROP block an existing seismic dataset (2007 vintage) covering 1,800km² was purchased from Petrosen. This base dataset was reprocessed with the final product delivered in Q4 2014 and interpretation is underway. 2D seismic data was also reprocessed to enable better regional well ties and geological understanding. Several large Cretaceous turbidite fan 'leads' have already been identified, these have been matured to prospects as the reprocessed data has been evaluated and included in the updated ERC Equipoise letter released in March 2015. The independently assessed leads and prospects estimates the net unrisked mean prospective oil resources at 1,779MMStb.

Recent Updates

During the last 12 months there have been four material discoveries in Senegal and Mauritania which provides a very positive context to African Petroleum's presence offshore Senegal (and The Gambia - refer next section):

¹ Genel Energy, Trading and operations update, 20 October 2015

- i) October 2014: Cairn Energy with its joint venture partners announced that the FAN-1 exploration well, offshore Senegal, discovered 29m of net oil bearing reservoir in Cretaceous sandstones “which may have significant potential as a standalone discovery.”²
- ii) November 2014: Cairn Energy announced that the SNE-1 exploration well, offshore Senegal, discovered 36m of net oil pay in excellent reservoir sands, and that “based on preliminary estimates is a commercial discovery”.³
- iii) April 2015: Kosmos (60% Operator, with Chevron 30%) announced that their Tortue-1 exploration well, drilled on the Tortue West prospect that straddles the Mauritania/Senegal border, made a “significant, play-opening gas discovery” that “far exceeded” their pre-drill expectations.⁴
- iv) November 2015: Kosmos (60% Operator, with Chevron 30%) announced that their Marsouin-1 exploration well, offshore Mauritania “made a significant, play extending discovery”.⁵

Importantly, all four discoveries are consistent with African Petroleum’s regional charge model.

Following on from the above drilling success, during the next 6-12 months there are a number of follow-up appraisal and exploration wells being drilled offshore Senegal:

- i) Cairn Energy: announced its intention to drill three firm and three optional exploration and appraisal wells offshore Senegal, with drilling starting in Q4 2015.
- ii) Kosmos Energy: announced in November 2015 that their drillship is “expected to sail to Senegal where it will spud the Guembeul-1, the first in a series of wells to delineate the Greater Tortue area, before year-end.”⁵

African Petroleum will monitor the results of the above drilling programmes closely as they will help us develop a deeper understanding of the geology of our own acreage which in turn will significantly de-risk our future activity on the blocks.

Furthermore, as a result of the above recent material discoveries and the ongoing drilling activity offshore Senegal, the Company is seeing a heightened interest in the farm-out process for this exciting part of African Petroleum’s portfolio.

The Gambia: Blocks A1 & A4

Licence Overview

African Petroleum holds a 100% operated working interest in offshore licences A1 and A4 (the “Gambian Licences”), with a combined net acreage of 2,672km². The Company has completed a significant 3D seismic survey with data covering 2,500km² and has found a number of analogous leads and prospects in its acreage to that of the recent SNE-1 and FAN-1 discoveries made by Cairn Energy in Senegal.

Independent petroleum consultant ERC Equipoise prepared an updated assessment of prospective oil resources attributable to the Company’s Gambian Licences and estimates the

² Cairn Energy, news, 7 October 2014

³ Cairn Energy, news, 10 November 2014

⁴ Kosmos Energy, news release, 27 April 2015

⁵ Kosmos Energy, news release, 12 November 2015

net unrisked mean prospective oil resources at 3,079MMStb.

Licence Activity

The Company is committed to drill an exploration well on one of the Gambian Licences and reprocess 3D seismic on Licence Block A4 prior to 1 September 2016, the expiration date of the initial exploration period.

Recent Updates

The Company has identified leads and prospects in the Gambian Licences, many of which are on trend with the discoveries made at FAN-1 (announced October 2014) and SNE-1 (announced November 2014) by the Cairn Energy operated group in Senegal.

African Petroleum is looking to farm-out both Gambian Licences and has had significant interest from international and large independent oil companies. We expect this interest to culminate in a farm-in in due course.

Liberia: Blocks LB-08 & LB-09

Licence Overview

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 5,350km². The Company has completed an extensive work programme on its Liberian Licences with 5,100km² of 3D seismic acquired, three wells successfully drilled, including the discovery at Narina-1, and identified key prospects with net unrisked mean prospective oil resources of 4,192MMStb (ERC Equipose letter, January 2015 in conjunction with ERC Equipose Competent Persons Report, April 2014).

Licence Activities

The Company has completed the acquisition and processing of 5,100km² of 3D seismic data over both Liberian Licences. The interpretation of this data identified numerous prospects and leads in the Upper Cretaceous post rift section and also a number of Cretaceous aged syn-rift opportunities.

African Petroleum has successfully executed an initial exploration drilling programme on LB-09, with three wells drilled:

- i) Apalis-1: in September 2011, African Petroleum completed drilling its first exploration well on LB-09. The Apalis-1 well encountered oil shows in several geological units including the shallow unlogged (Tertiary-Paleocene) and proved source rock in the Cenomanian;
- ii) Narina-1: the Company’s second exploration well was drilled on LB-09 in January 2012 and encountered a total of 31 metres of net oil pay in the primary Turonian objective and underlying Albian reservoirs with no oil water contact observed. African Petroleum’s discovery at Narina-1 was the first to prove a working petroleum system in the central Liberian basin, an extremely positive result for the Company and one that improves the chances of success elsewhere in the area; and
- iii) Bee Eater-1: the Company drilled its third well on LB-09 in January 2013. The well

tested an up-dip axial section of the Turonian slope fan in which the Company's Narina-1 discovery had been made in 2012. The Bee Eater-1 well encountered a tight reservoir interval, but provided the impetus to integrate the information into a predictive model for improved reservoir in slope fans further down-dip. These new findings have been incorporated into a revised interpretation of the subsurface across the portfolio, with new basin floor fan prospects identified in both blocks.

In September 2013, the Company completed reprocessing of all the 3D seismic data from its Liberian Licences to improve image quality and support the maturation of additional prospects and appraisal opportunities. The reprocessing highlighted that certain areas may benefit from improved seismic imaging and further targeted 3D reprocessing and acquisition of new high-resolution 3D seismic are currently being considered for LB-08 and LB-09. Lessons learned from previous seismic reprocessing will be incorporated into any new data and any new acquisition will utilise state of the art broadband technology. If the new data is acquired with a different azimuth, there is a possibility to combine datasets.

Recent Updates

On 30 June 2015, it was reported that Kosmos Energy had bid for licence blocks LB-06 and LB-07 in Liberia⁶. Although there are limited details available, this is encouraging news for the region and demonstrates the industry's continued interest in the Liberian basin. Furthermore, ExxonMobil recently announced its intention to return to operations in Liberia following the Ebola crisis, and intends to drill a well on Block 13 before the end of 2016.⁷

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

Licence Overview

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 5,855km² and are located to the south of Freetown, offshore Sierra Leone.

Licence Activities

Since gaining operatorship of the Sierra Leone Licences, African Petroleum has acquired approximately 2,500km² of 3D seismic data over block SL-03 and approximately 1,000km² of 3D seismic data over block SL-4A-10. In addition, the Company has purchased regional 2D seismic data in western Sierra Leone. The Company has already identified a number of key prospects in its Sierra Leone Licences, one of which has net unrisks mean prospective oil resources of 1,354MMStb (ERC Equipoise letter, March 2015).

In September 2014, the Company commenced and completed the acquisition of approximately 1,000km² of 3D seismic data on Block SL-4A-10, offshore Sierra Leone. An initial version of the data was made available for interpretation in late December 2014.

The seismic acquisition fulfils the remaining obligations in Sierra Leone ahead of the next exploration phase in both blocks which are under discussion with the Government.

⁶ AfrOil, Issue 597, 7 July 2015

⁷ Upstream, 20 November 2015

Interpretation work on the new SL-4A-10 3D seismic has identified exciting deepwater prospects with strong AVO response. A high impact portfolio has now been evaluated, and a further >2.7 billion barrels⁸ of prospective resources have been identified in the Sierra Leone licences. These numbers are in addition to the already published CPR numbers and include additional prospects such as Vega, Leo, Spica and Spica Lobe. These new prospects have yet to be independently assessed in a CPR. The new AVO support to several of these prospects significantly changes the potential risk perception.

Recent Updates

In April 2015 the Company notified the government of Sierra Leone of its intention to enter into the First Extension Period on Sierra Leone licence SL-03, subject to certain amendments to the licence, including the work programme and minimum expenditure requirements. The Company expects to agree these amendments and formally enter into the First Extension Period shortly.

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

The Company's immediate focus is to conclude the CI-513 transaction in Côte d'Ivoire, and to farm out the Company's assets in The Gambia and Senegal, so that the Company can 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,

⁸ Company, management estimate

will be in a position to announce further agreements during Q4 2015 / Q1 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 third quarter of 2015, which has been prepared in accordance with IAS34 Interim Financial Statements, gives 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	Q3 2015 (unaudited)	Q3 2014 (unaudited)	YTD Q3 2015 (unaudited)	YTD Q3 2014 (unaudited)
Revenue	6a	58	887	408	3,824
Aircraft expenses		(27)	(1,057)	58	(3,527)
Depreciation expense		(82)	(248)	(429)	(771)
Impairment of exploration and evaluation expenditure		-	434	(426)	434
Impairment of consumable spares		-	(154)	(331)	(154)
Impairment of freehold land		-	-	(856)	-
Impairment of related party loans & deposits		-	382	-	(266)
Consulting expense		(392)	(1,117)	(2,330)	(4,293)
Compliance and regulatory expenses		(95)	(175)	(257)	(709)
General administration expenses		32	(238)	(528)	(970)
Employee remuneration	6b	(1,480)	(2,130)	(5,081)	(5,140)
Travel expenses		(205)	(270)	(544)	(922)
Occupancy costs		(178)	(334)	(523)	(807)
Unrealised gain on fair value of financial liabilities		-	-	772	-
Net foreign currency gain/(losses)		(67)	(98)	(389)	205
Finance costs		219	(12)	155	46
Other expenses		(5)	-	(12)	(11)
Loss from continuing operations before income tax		(2,222)	(4,130)	(10,313)	(13,061)
Income tax expense		-	-	-	-
Loss for the period, attributable to the members		(2,222)	(4,130)	(10,313)	(13,061)
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Foreign exchange gain on translation of functional currency to presentation currency		-	-	7	-
Other comprehensive income for the period, net of tax		-	-	7	-
Total comprehensive loss for the period		(2,222)	(4,130)	(10,306)	(13,061)
Loss for the period is attributable to:					
Non-controlling interest		(1)	(19)	(39)	(17)
Owners of the parent		(2,221)	(4,111)	(10,274)	(13,044)
		(2,222)	(4,130)	(10,313)	(13,061)
Total comprehensive loss for the period is attributable to:					
Non-controlling interest		(1)	(19)	(39)	(17)
Owners of the parent		(2,221)	(4,111)	(10,267)	(13,044)
		(2,222)	(4,130)	(10,306)	(13,061)
Basic/diluted loss per share attributable to members (US cents per share)		(0.24)	(0.60)	(1.09)	(2.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$ '000s	Note	30 Sep 2015 (unaudited)	31 Dec 2014 (audited)
ASSETS			
Current assets			
Cash and cash equivalents	7	511	3,869
Trade and other receivables	8	516	3,426
Restricted cash	10	12,625	12,070
Prepayments		57	736
		13,709	20,101
Assets held for distribution		931	931
Total current assets		14,640	21,032
Non-current assets			
Property, plant and equipment		82	1,407
Exploration and evaluation expenditure	11	409,689	396,327
Intangible assets		7	170
Total non-current assets		409,778	397,904
Total assets		424,418	418,936
EQUITY AND LIABILITIES			
Equity			
Issued capital	13	609,492	600,592
Reserves	14	19,038	17,502
Accumulated losses		(241,983)	(231,708)
Attributable to equity holders of the parent		386,547	386,386
Non-controlling interests		(365)	(327)
Total equity		386,182	386,059
LIABILITIES			
Current liabilities			
Trade and other payables	12	35,843	32,877
Financial liabilities	18	2,393	-
Total current liabilities		38,236	32,877
Total liabilities		38,236	32,877
Total equity and liabilities		424,418	418,936

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	(231,708)	(12,089)	(327)	386,059
Loss for the period	-	-	(10,274)	-	(39)	(10,313)
Other comprehensive income	-	-	-	7	-	7
Total comprehensive loss for the period	-	-	(10,274)	7	(39)	(10,306)
Transactions with owners in their capacity as owners:						
Issue of capital	9,782	-	-	-	-	9,782
Capital raising costs	(882)	-	-	-	-	(882)
Share-based payments	-	1,529	-	-	-	1,529
Balance at 30 September 2015	609,492	31,120	(241,982)	(12,082)	(366)	386,182

CONSOLIDATED STATEMENT OF CASH FLOWS

US\$ '000s	YTD Q3 2015 (unaudited)
Cash Flows from Operating Activities	
Payments to suppliers and employees	(6,131)
Rental income	73
Interest received	3
Finance costs	(107)
Net cash flows used in operating activities	(6,162)
Cash Flows from Investing Activities	
Payment for plant and equipment	(2)
Proceeds from disposal of plant and equipment	57
Proceeds from disposal of land	200
Payment for exploration and evaluation activities	(8,723)
Increase in cash backing security	(1,167)
Cash backing security returned	611
Net cash used in investing activities	(9,024)
Cash Flows from Financing Activities	
Proceeds from issue of shares	12,056
Capital raising costs	(146)
Net cash from financing activities	11,909
Net decrease in Cash and Cash Equivalents	(3,277)
Cash and Cash Equivalents at the beginning of the reporting period	3,869
Net foreign exchange differences	(81)
Cash and Cash Equivalents at the end of the reporting period	511

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 third 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 and the National Stock Exchange of Australia.

NOTE 2 - BASIS OF PREPARATION

This general purpose condensed interim financial report for the quarter ended 30 September 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 30 September 2015 in accordance with the continuous disclosure obligations of Oslo Axess and the NSX Listing Rules.

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

NOTE 3 - ACCOUNTING POLICIES

The accounting policies adopted are consistent with those disclosed in the annual report 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 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.

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 30 September 2015, the Company had net current liabilities of US\$23,596,259 (31 December 2014: US\$11,844,416). The restricted cash position at 30 September 2015 was US\$12,625,377 (31 December 2014: US\$12,069,899), and the cash position at 30 September 2015 was US\$510,941 (31 December 2014:

NOTES TO THE INTERIM FINANCIAL REPORT

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 advanced in its farm-out negotiations 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 Consolidated Entity 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

	Q3 2015 (unaudited) US\$'000	Q3 2014 (unaudited) US\$'000	YTD Q3 2015 (unaudited) US\$'000	YTD Q3 2014 (unaudited) US\$'000
a) Revenue				
Bank interest income	1	27	3	76
Other interest income	-	94	35	645
Flight revenue	-	684	(11)	2,740
Other revenue	57	82	381	363
	58	887	408	3,824

	Q3 2015 (unaudited) US\$'000	Q3 2014 (unaudited) US\$'000	YTD Q3 2015 (unaudited) US\$'000	YTD Q3 2014 (unaudited) US\$'000
b) Employee remuneration				
Employee remuneration	1,111	1,534	2,581	3,675
Director's remuneration	284	610	1,005	1,995
Share-based payments expense/(reversal)	85	(14)	1,495	(530)
	1,480	2,130	5,081	5,140

NOTES TO THE INTERIM FINANCIAL REPORT**NOTE 7 - CASH AND CASH EQUIVALENTS**

	30 Sep 2015 US\$'000	31 Dec 2014 US\$'000
Cash at bank and on hand	511	3,869
	511	3,869

NOTE 8 - TRADE AND OTHER RECEIVABLES

	30 Sep 2015 US\$'000	31 Dec 2014 US\$'000
Trade receivables from related parties	1,212	2,967
Other receivables	477	1,747
	1,688	4,714
Impairment allowance ¹	(1,173)	(1,429)
	516	3,285
Loan receivable from Key Management Personnel	1,752	1,759
Share-based payment liability	(1,752)	(1,618)
	-	141
Total trade and other receivables	516	3,426

¹On 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.

NOTE 9 - NON-CURRENT ASSETS HELD FOR SALE

On 12 December 2014, the Company agreed to the immediate sale of the corporate aircraft. On 6 January 2015, the Company entered into an agreement to sell the corporate aircraft for consideration of US\$1,000,000. The asset was transferred on 6 January 2015, with payment to be received no later than three months following the date of the signed agreement. On the 21 April 2015, the agreement was amended to require payment before 6 June 2015, non-payment resulted in the immediate termination of the agreement. By 30 June 2015, the Company had not received payment for the corporate aircraft and the Company is now seeking an alternative buyer. Accordingly the corporate aircraft was classified as held for sale with a carrying amount at 30 September 2015 of US\$931,035 based on an independent valuation, with an accumulated impairment of US\$1,707,839.

NOTE 10 - RESTRICTED CASH

	30 Sep 2015 US\$'000	31 Dec 2014 US\$'000
Current restricted cash	12,625	12,070
	12,625	12,070

NOTES TO THE INTERIM FINANCIAL REPORT

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 seismic acquisition and drilling milestones.

NOTE 11 - EXPLORATION AND EVALUATION EXPENDITURE

	30 Sep 2015	31 Dec 2014
	US\$'000	US\$'000
Acquisition cost at beginning of period (1 January)	396,327	403,273
Exploration expenditure incurred and capitalised during the period	14,120	15,773
Impairment of exploration and evaluation expenditure ¹	(426)	(22,675)
Impairment of consumable spares	(331)	-
Disposal of consumable spares	-	(44)
Acquisition cost at end of period	409,689	396,327

¹During the nine months ended 30 September 2015, an impairment loss of US\$426,407 (nine months ended 30 September 2014: US\$434,442) was recognised in respect of exploration and evaluation expenditure in Liberia and Senegal. This impairment loss amount was determined after consideration of several factors including ongoing discussions with potential partners on certain licences.

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of its rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Directors' assessment of carrying amount was made after consideration of prevailing market conditions, previous expenditure carried out and the potential for the discovery of hydrocarbons. The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole, or part, of the Company's interests in those areas for an amount at least equal to the carrying value.

NOTE 12 - TRADE AND OTHER PAYABLES

	30 Sep 2015	31 Dec 2014
	US\$'000	US\$'000
Trade payables	7,147	3,492
Withholding tax ¹	13,588	13,587
Other payables and accruals ²	15,108	15,798
	35,843	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 13 - ISSUED CAPITAL**

	30 Sep 2015	31 Dec 2014
	No. of shares	No. of shares
Fully paid ordinary shares	969,193,787	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 a capital raising	283,336,331	120,712,820
Number of outstanding shares at the end of period	969,193,787	685,857,457

	30 Sep 2015	31 Dec 2014
	US\$'000	US\$'000
Fully paid ordinary shares	609,492	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	9,782	26,175
Capital raising cost	(882)	(1,495)
Amount of outstanding shares at the end of period	609,492	600,592

¹ During the nine months ended 30 September 2015, 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 18). The remainder of \$9,782,230 represents the notional value of the shares issued and is recognised as equity.

NOTE 14 - RESERVES

	30 Sep 2015	31 Dec 2014
	US\$'000	US\$'000
Share-based payments reserve		
At beginning of period (as at 1 January)	29,591	29,371
Share-based payments	1,529	220
Total share-based payments reserve	31,120	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	7	-
Total foreign currency translation reserve	(12,082)	(12,089)
Total reserves	19,038	17,502

NOTES TO THE INTERIM FINANCIAL REPORT**NOTE 15 - 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:

	30 Sep 2015 US\$'000	31 Dec 2014 US\$'000
Côte d'Ivoire	59,200	55,637
The Gambia	3,649	593
Liberia	282,491	280,315
Senegal	28,803	28,018
Sierra Leone	35,556	32,907
United Kingdom	79	434
	409,778	397,904

NOTE 16 - EVENTS AFTER THE BALANCE SHEET DATE

No event has arisen between 30 September 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.

NOTE 17 - 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 30 September 2015 and 31 December 2014:

	30 Sep 2015 US\$'000	31 Dec 2014 US\$'000
Within one year	95,750	63,394
After one year but not more than five years	2,645	40,533
More than five years	-	-
	98,395	103,927

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 18 - 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 the period the Company granted 141,668,150 options at an exercise price of NOK0.75 to the participants of the fundraising (Note 13). 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

	30 Sep 2015	31 Dec 2014
	US\$	US\$
Options granted in NOK	2,392,985	-

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 30 September 2015 approximates their fair values.

INFORMATION ON AFRICAN PETROLEUM CORPORATION LIMITED

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

COMPANY SECRETARY

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National Stock Exchange of Australia
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