

20 July 2017

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

Corporate Update – The Gambia & Senegal

African Petroleum provides the following corporate update covering its licence interests in The Gambia and Senegal, West Africa:

Highlights

- Exclusivity Agreement allowed to lapse to enable the Company to engage with other interested parties for the SOSP licence in Senegal and to provide flexibility in government discussions regarding the A1 and A4 licences in The Gambia
- Ongoing discussions with Gambian officials to agree a forward plan for A1 and A4 licences, including meeting with President Barrow on 13 July 2017
- The Board of African Petroleum reiterates and maintains its legal position on the A1 and A4 licences in The Gambia, and reiterates its willingness to utilise dispute resolution mechanism provisions if the outcome is unfavourable for the Company
- The Company expects formal feedback from the Gambian government in early August 2017
- The Company is confident that the Senegalese authorities will approve the Company's proposal to extend the SOSP licence, subject to farming out to a suitable partner

Heads of Terms Agreement

Further to the announcement on 7 June 2017 regarding an extension to the previously announced Exclusivity Agreement covering the SOSP licence in Senegal, and the A1 and A4 licences in The Gambia, the Company announces that the parties have mutually agreed to not extend the Exclusivity Agreement which expired today.

Due to recent developments whereby the Senegalese authorities have expressed a willingness to proceed with the SOSP licence extension upon the Company securing a farm-out, and the delays being experienced in The Gambia, the Exclusivity Agreement (which regarded both countries as one transaction) was viewed as too restrictive, as the Company could not secure the SOSP licence extension without first resolving the situation in The Gambia.

Accordingly, the Company considered it to be in the best interests of the Company to allow the Exclusivity Agreement to lapse, thereby enabling the Company to enter into discussions with other interested parties in its SOSP Licence in Senegal whilst it seeks to resolve the situation in The Gambia.

The Gambia

Since the announcements in early July 2017 regarding its A1 and A4 licences in The Gambia, the Company has been engaged in dialogue with Gambian officials with a view to identifying a solution that is in the best interest of all stakeholders. The Company confirms that a local representative for the Company met with the Minister for Petroleum and Energy and Permanent Secretary on 6 July 2017, and a delegation from African Petroleum, including the CEO and CFO, travelled to The Gambia for a meeting with President Barrow in Banjul on 13 July 2017.

Further to the meeting with the President and subsequent dialogue, it is the understanding of the management team that the government is considering the Company's proposal regarding the licences and it is anticipated that the Company will receive formal feedback and clarity on the situation from the government in early August 2017.

The Company has reiterated its firm position over its legal rights to the A1 and A4 licences in The Gambia and has communicated to the government that it will utilise the dispute resolution mechanism provisions of the licences should the outcome of the government's decision not be favourable to the Company.

In the meantime, the Company has been approached by other industry players that are interested to join the Company in the A1 and A4 licences when the situation with the Gambian government is resolved.

Senegal

The Senegalese authorities are currently considering the Company's proposal to extend the SOSIP licence for a period of 18-24 months in order to allow additional time to acquire 3D seismic and to drill an exploration well on the block.

Any such extension is conditional on African Petroleum bringing in a suitable partner on the licence and to this end, the management team will commence discussions with a number of companies who had expressed interest in farming into SOSIP but were restricted from entering into commercial negotiations as a result of the Exclusivity Agreement that had been in place since mid-April 2017.

The SOSIP licence continues to generate industry interest and the Company hopes to finalise a standalone farm-out transaction on the SOSIP licence shortly in order to enable the licence extension to be granted.

African Petroleum continues to reserve its rights on the ROP licence while it negotiates the SOSIP extension.

Commenting on the update, African Petroleum's CEO Jens Pace said:

"After much consideration, we have decided to allow the Exclusivity Agreement to lapse as we now have more flexibility to engage in standalone commercial discussions on our SOSIP licence in Senegal whilst we seek to resolve the uncertainty over our position in The Gambia.

We have continued to engage with the relevant authorities in The Gambia and had an audience with the President who is well informed of the situation and understands the measures that we will take should we not receive a positive outcome next month. I think the fact that we were granted an audience with the President highlights that the significant investment made by the Company in these licences is recognised by the Gambian government and we hope that sense will prevail in finding a way forward.

Our near-term focus will be on seeking a positive resolution on our position in The Gambia whilst concurrently formalising an agreement for SOSP licence. We know that there are a number of interested parties who we expect to engage with in the coming days now that we are no longer bound by an exclusivity agreement.”

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About African Petroleum

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

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