

18 April 2017

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

Heads of Terms & Exclusivity Agreement - Senegal and The Gambia

African Petroleum, an independent oil and gas exploration company operating high impact exploration licences offshore West Africa, is pleased to announce that it has signed non-binding heads of terms ("Heads of Terms") and a binding exclusivity agreement ("Exclusivity Agreement") with a well funded, listed oil and gas company with a strong track record in offshore deep-water drilling. The Heads of Terms and Exclusivity Agreement provide a framework for the incoming third party to secure a 70% operated interest in the Company's SOSP production sharing contract ("PSC") in Senegal and the A1 and A4 licences in The Gambia.

The Exclusivity Agreement grants the incoming third party an initial eight week period of exclusivity over the Company's SOSP PSC in Senegal and the A1 and A4 licences in The Gambia. This period of exclusivity may be further extended under certain conditions. During the period of exclusivity the Company and the incoming party will work together to finalise negotiations with the respective governments in order to amend the work commitment in Senegal and to enter the next phase of the licences in The Gambia, complete due diligence, and agree and execute farm-in documentation.

The Heads of Terms sets out the broad commercial terms under which the incoming party intends to, subject to certain conditions, farm-in to the Company's SOSP PSC in Senegal and the A1 and A4 licences in The Gambia. The terms propose that the incoming party will pay up to US\$8.5 million to the Company, fund 100% of at least two deep water offshore wells at a gross cost of up to US\$35 million per well, fund 100% of a 3D seismic acquisition, fund 100% of pre-stack depth migration ("PSDM") processing/reprocessing, and potentially fund 100% and 85% respectively of a further two wells at a gross cost of up to US\$35 million per well.

The broad commercial terms outlined in the Heads of Terms are summarised as follows:

SOSP (Senegal):

The incoming party proposes to farm-in to the SOSP PSC for a 70% operated interest in return for:

- a) reimbursing 100% of certain licence fee costs;
- b) paying 100% of acquiring 3D seismic and PSDM processing; and
- c) paying 100% of the first exploration well.

A1 (The Gambia):

The incoming party proposes to farm-in to the A1 licence for a 70% operated interest in return for:

- a) reimbursing 100% of certain licence fee costs;
- b) paying 100% of PSDM reprocessing;

- c) paying 100% of the first exploration well; and
- d) paying 85% of the second exploration well.

A4 (The Gambia):

The incoming party to be granted a 15 month option to farm-in to the A4 licence for a 70% operated interest in return for paying 100% of the annual licence fees for the licence during the option period. Should the incoming party exercise its option then it will pay 100% of the first exploration well in order to earn its 70% operated interest.

Commenting on this announcement, African Petroleum's Chief Executive Officer Jens Pace said:

"This is a significant development for the Company with a well funded credible partner with strong deep-water drilling experience. Whilst final farm-in agreements are subject to completion and the successful outcome of negotiations with the governments in Senegal and The Gambia, we are confident that the proposed partner's reputation, strong balance sheet and appetite to explore the potential of these exciting licences with the drill-bit, will greatly increase our ability to conclude the discussions with an outcome that benefits all parties. Our objective is to ensure that African Petroleum's shareholders retain significant exposure to several firm and contingent wells, at no cash cost to the Company, in one of the most exciting hydrocarbon basins in the world."

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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, Cote 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. The Company is working with its partner Ophir Energy (operator) on the CI-513 licence in Côte d'Ivoire to drill an exploration well in May 2017.

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