



# African Petroleum

CORP LTD

Interim Financial Report for the  
First Quarter 2015





# African Petroleum Corporation Ltd

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### Highlights

#### Corporate

- On 10 February 2015, African Petroleum announced the completion of a private placement, successfully raising NOK 95,106,200 (approximately US\$12.5 million)
- Approximately US\$11.6 million cash at bank as at 31 March 2015, together with US\$12m restricted cash that will be released upon the achievement of certain operational milestones in Côte d'Ivoire
- On 10 February 2015, African Petroleum announced its intention to launch a subsequent repair offering. The application period under the subsequent repair offering commenced on 17 March 2015 and closed on 1 April 2015, raising a total of NOK 4,061,516 (approximately US\$505,000)
- On 16 March 2015, African Petroleum announced the results of a General Meeting with all resolutions being passed on a show of hands
- On 18 March 2015, the Board of Directors of African Petroleum, in accordance with the mandate granted by the shareholders in the general meeting held on 16 March 2015, issued 271,732,000 new shares and 135,866,000 options which were allocated in the Private Placement and, subsequent to quarter end, on 16 April 2015 announced an additional 11,604,331 new shares and 5,802,150 options which have been allocated to investors who participated in the repair offering

#### Operations

- During Q1 2015, independently assessed upgrades were published on the Company's prospective resources in its licences in Côte d'Ivoire, Liberia, The Gambia and Senegal, and on 1 April 2015 an upgrade to the Company's Sierra Leone prospective resources was announced. The Company's prospective oil resources have more than doubled in the past 12 months, with the net unrisks mean prospective oil resources now in excess of 12.5 billion barrels
- On 20 March 2015, African Petroleum announced that further to the Company's announcement on 29 January 2015 regarding the extension of a non-binding term sheet with a private London based independent oil and gas company to farm-in to the Company's 100% owned Liberian LB-08 licence, it had agreed to a request from the third party for an additional extension of the proposed completion date

## Company Background

African Petroleum, listed on the Oslo Axess (APCL) and the National Stock Exchange of Australia (AOQ), is an independent oil and gas exploration company led by an experienced Board and management team, with substantial experience in oil and gas exploration, appraisal, development and production.

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 oil discoveries during 2014 by Total in Côte d'Ivoire and Cairn Energy in Senegal, and a significant gas discovery made by Kosmos in Mauritania/Senegal in April 2015.

The Company continues to achieve key operational milestones across its 10 licences, having rapidly matured its exploration portfolio by acquiring more than 18,500km<sup>2</sup> of 3D seismic data and drilling 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, Total, and Lukoil. The Company has net unrisksed mean prospective oil resources in excess of 12.5 billion barrels (ERC Equipoise Competent Persons Report April 2014 in conjunction with ERCE Audit January 2015 and ERCE Letters March 2015).



## CEO Statement



**“This was another quarter of progress for African Petroleum as we achieved a number of the key objectives that we set ourselves at the start of the year. These included the Company strengthening the balance sheet which we did through raising over US\$13 million through a private placement and a subsequent repair offering. This was particularly pleasing when one considers the challenging environment for oil and gas companies resulting from a continued low oil price environment. The fact that we were able to raise these funds despite the sector backdrop is testament to both our asset potential and the team we have here at African Petroleum. It also highlights the support and belief that we have from both new and existing shareholders and we hope to repay these shareholders with value creation.**

During the quarter we also demonstrated the huge technical progress that the company has made over the last year. This was highlighted by the independent resources assessment published by leading industry consultant ERC Equipoise which showed that the Company had doubled resources in the past year with material increases to our independently assessed net unrisks prospective oil resources across our portfolio in Senegal, The Gambia, Liberia, Côte d’Ivoire and most recently Sierra Leone. These upgrades have come as a result of our ongoing technical work and drilling preparations to date and as evidenced by these updated assessments, there is a huge opportunity to unlock material value in the event of exploration success.

Whilst we have not formally concluded any farmouts during the quarter, we remain in very advanced discussions with a number of interested parties and with Governments across our diverse portfolio of assets along the margin, and the recent successes of Cairn Energy and partners in Senegal, Total and partners in Côte d’Ivoire and, most recently, Kosmos and partners in Mauritania, have only led the industry spotlight to shine more brightly on our own acreage. It is no exaggeration to say that post quarter end, our dataroom has been the most active since it was opened with an impressive traffic of quality industry players reviewing our data. During the quarter, we announced an extension to our signed term-sheet with a private London based independent oil and gas company to farm-in to the Company’s 100% owned Liberian LB-08 licence, and we remain confident that we will conclude this transaction within the amended timeframe.

The Company is at an exciting and critical juncture in its development and the management team is very focused on the task at hand. We hope to deliver on some important milestones again next quarter, namely the completion of partner negotiations, so that we can move into the next exciting phase of our Company’s development and commence drilling operations on our world class exploration acreage.”

## **Operational & Corporate Update**

### **Private Placement**

On the 9 February 2015, the Company published a stock exchange notice regarding a contemplated Private Placement to certain existing and new investors of new ordinary shares. On 10 February 2015, African Petroleum announced the completion of the private placement, successfully raising NOK 95,106,200 (approximately US\$12.5 million) in gross proceeds through the allocation of 271,732,000 Offer Shares at a subscription price of NOK 0.35 per share.

The completion of the Private Placement was conditional upon (i) the relevant corporate resolutions required to implement the Private Placement being made by the Company, including the approval of the Private Placement by shareholders of the Company in a general meeting held on 16 March 2015; (ii) the Company receiving full payment for the Offer Shares on the due date for payment; (iii) any regulatory approvals and filings required in connection with the issuance of the Offer Shares, including but not limited to an approval from the Australian Foreign Investment Review Board if applicable and (iv) the approval by the Financial Supervisory Authority of Norway of a prospectus prepared in accordance with the Norwegian Securities Trading Act Chapter 7 for admission to listing of the Offer Shares on Oslo Axess.

All of these conditions were fulfilled, and on 18 March 2015 the Company announced the issue of the 271,732,000 New Shares and 135,866,000 options that were allocated in the Private Placement.

The Private Placement raising of US\$12.5 million was required to strengthen the Company's balance sheet and liquidity position. The Company was encouraged to have completed the Q1 2015 fundraising in such adverse oil market conditions and we believe that this is a testament to the quality of the Company's assets offshore West Africa and the management team.

### **Repair Offering**

On 10 February 2015, African Petroleum announced its intention to launch a subsequent repair offering. The application period under the subsequent repair offering commenced on 17 March 2015 and closed on 1 April 2015 raising a total of NOK 4,061,516 (approximately US\$505,000).

The intention of the repair offering was to allow the Company's supportive retail shareholders an opportunity to participate in a raise on the same terms as the Private Placement.

On 16 April 2015 the Company announced the issue of an additional 11,604,331 new shares and 5,802,150 options that were allocated to investors who participated in the repair offering.

## **Results of General Meeting**

On 16 March 2015 African Petroleum announced that all resolutions put at the General Meeting of the Company held on 16 March 2015 were passed on a show of hands.

## **LB-08 Term Sheet**

On 20 March 2015, African Petroleum announced that further to the Company's announcement on 29 January 2015 regarding the extension of a non-binding term sheet with a private London based independent oil and gas company to farm-in to the Company's 100% owned Liberian LB-08 licence ("Term Sheet"), that it had agreed to a request from the third party for an additional extension of the proposed completion date. An extension of approximately three months to 30 June 2015 has been agreed to allow for conditions affecting the third party that are outside their control at the present time.

As previously disclosed, pursuant to the Term Sheet the third party has agreed, subject *inter alia* to completion of due diligence and entering into of mutually agreed contracts, to acquire a 50% net participating interest in the LB-08 licence in return for the payment of 50% of all future costs and expenditures relating to the LB-08 licence and a contribution to past costs and expenditures.

The LB-08 licence is situated in a highly prospective region offshore Liberia. In an independent review of African Petroleum's acreage conducted by ERC Equipoise Ltd in April 2014 and updated January 2015, the net unrisked mean prospective oil resources of LB-08 exceeds 2.6 billion barrels. With an oil discovery in the adjacent licence and proof of a working hydrocarbon system in the central Liberian basin, the Company believes that LB-08 has substantial potential.

Completion of the farm-in transaction as contemplated by the Term Sheet is subject to contract and a number of conditions precedent, which, apart from one pertaining to approval from the Liberian Government, is now scheduled to be completed by midday 30 June 2015.

## **Farm-Out Update**

As previously announced, African Petroleum is seeking strategic partners on its ten licences in Côte d'Ivoire, Liberia, Senegal, The Gambia and Sierra Leone in order to share risk and potential reward of the Company's exploration programme.

African Petroleum is pleased to have secured an initial farm-in on Block CI-509 and to have signed a term sheet for Block LB-08. The Company continues to make progress on attracting additional companies to farm-in to its acreage, and has received a high level of interest in Côte d'Ivoire, The Gambia and Senegal since the significant discoveries made by Cairn Energy in Senegal and Total in Côte d'Ivoire during 2014, and Kosmos on the Mauritania/Senegal border in 2015. African Petroleum remains confident that it will complete one or more farm-outs during H1 2015.

## **Upgraded Prospective Resources**

### ***(i) Côte d'Ivoire and Liberia***

On 26 January 2015, the Company announced an update to its prospective oil resources at its 90% owned and operated CI-509 and CI-513 offshore licence blocks in Côte d'Ivoire ("Côte d'Ivoire Licences") and its 100% owned and operated LB-08 and LB-09 offshore blocks in Liberia ("Liberia Licences").

The Company engaged the independent petroleum consultant, ERC Equipoise Ltd (“ERCE”), to prepare an updated assessment of prospective oil resources attributable to the Company’s Côte d’Ivoire and Liberia Licences (the “ERCE Audit”).

The ERCE Audit of prospective resources includes the addition of eight new prospects and has taken into account information gathered from third party drilling campaigns in the margin during 2014, particularly the oil discovery made by Total in CI-514 in April 2014.

The ERCE Audit, in conjunction with the ERCE Competent Persons Report April 2014 (“April 2014 CPR”), estimates the net prospective oil resources relating to the Côte d’Ivoire Licences and Liberia Licences are as follows:

Licence	Mean (MMstb)		% Increase in Net Risked Prospective Oil Resources from April 2014 CPR
	Net Unrisked Prospective Oil Resources	Net Risked Prospective Oil Resources	
<b>Côte d’Ivoire</b>			
CI-509 & CI-513	2,130	456	118%
<b>Liberia</b>			
* LB-08 & LB-09	4,192	662	33%
<b>Total Updated Portfolio Côte d’Ivoire and Liberia</b>	<b>6,322</b>	<b>1,118</b>	<b>58%</b>

*\*Liberia values include four (4) new prospects reviewed in the ERCE Audit as well as unchanged prospects from April 2014 CPR*

The impact of de-risking through regional third party drilling activity in Côte d’Ivoire and the addition of new Turonian and Cenomanian prospects as outlined in the ERCE Audit translates into the addition of 410 MMstb in the net risked mean prospective oil resources from the April 2014 CPR (increase of 58%).

### ***(ii) Senegal and the Gambia***

On 16 March 2015, African Petroleum announced an update to its prospective oil resources at its 90% owned and operated Senegal Offshore Sud Profond and Rufisque Offshore Profond licence blocks in Senegal (“Senegal Licences”) and its 100% owned and operated A1 and A4 offshore blocks in The Gambia (“Gambian Licences”).

The Company engaged the independent petroleum consultant, ERC Equipoise Ltd (“ERCE”), to prepare an updated assessment of prospective oil resources attributable to the Company’s Gambian Licences, and an initial assessment of the Senegal Licences (the “ERCE Letter”).

The ERCE Letter of prospective resources includes 20 prospects and estimates the net prospective oil resources relating to the Senegal Licences and Gambian Licences as follows:

Licence	Mean (MMstb)	
	Net Unrisked Prospective Oil Resources	Net Risked Prospective Oil Resources
<b>Senegal</b>		
ROP & SOSP <sup>1</sup>	1,779	325
<b>The Gambia</b>		
A1 & A4	3,079	445
<b>Total Updated Portfolio Senegal and the Gambia</b>	<b>4,858</b>	<b>770</b>

<sup>1</sup> Net Unrisked and Risked Prospective Resources are stated net to APSL, in which APCL has a 90% shareholding

The two discoveries made by Cairn Energy at SNE-1 and FAN-1 in Senegal have had a positive impact on the chance of success for prospects within African Petroleum's portfolio.

### ***(iii) Sierra Leone***

On 1 April 2015, African Petroleum announced an update to its prospective oil resources at its 100% owned and operated Licence Blocks SL-03 and SL-4A-10 in Sierra Leone ("Sierra Leone Licences").

The Company engaged the independent petroleum consultant, ERC Equipoise Ltd ("ERCE"), to prepare an updated assessment of prospective oil resources attributable to the Company's Sierra Leone Licences (the "SL ERCE Letter"). The SL ERCE Letter of prospective resources includes four prospects and estimates the net prospective oil resources relating to the Sierra Leone Licences as follows:

Licence	Mean (MMstb)	
	Net Unrisked Prospective Oil Resources	Net Risked Prospective Oil Resources
<b>Sierra Leone</b>		
SL-03 and SL-4A-10	1,354	223

### **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 minimise 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 learned from past operations are incorporated into business practices going forward.

Due to the Ebola outbreak in West Africa, African Petroleum has implemented precautionary measures to ensure the safety of its staff. There have been office closures in Liberia and Sierra Leone, and local staff have been urged to work from home and avoid dangerous regions. Currently, the Company does not have any active operations in Sierra Leone or Liberia. We are pleased to note the recent announcement by the government of Liberia and the World Health Organisation stating that Liberia has gone over 42 days without new cases being identified and the disease is effectively under control in that country.



## Outlook

The Company's strategy and outlook can be broken into three phases: near-term, medium-term and long-term. The near term strategy is to deliver on a number of key milestones during the remainder of this calendar year. These milestones primarily centre around securing partners to share both the risk and the rewards of exploration activity on our acreage. We are pleased to say that this process is at its most advanced stage yet at this moment in time and we remain confident that we will deliver additional transactions to the ones already announced in the coming months.

Our ability to have completed more transactions to date has been somewhat delayed by the global sector backdrop which has been challenging over the past six to nine months as a result of the rapid oil price decline at the back end of 2014. The surprising speed at which the oil price fell led the majority of independent E&Ps, IOCs and NOCs, many of whom we had been in discussion with at the time, to take a step back to assess the wider impact of oil price decline on their respective strategies and capex budgets. We believe that most of these companies have now recalibrated their strategies to adapt to a lower oil price environment and, based on the recent exploration successes in the region and the high level of interest we are seeing in our dataroom at present (including parallel datarooms), we are confident that exploration of the West Africa Transform Margin is very much on the industry agenda.

African Petroleum benefits from high equity positions across the portfolio ranging from 90-100% and this gives us a lot of flexibility and optionality in our farmout discussions. We continue to be mindful of the sector backdrop and are pragmatic about the impact it has played and continues to play on our farmout discussions with regards to transaction structures. However, we are confident that our acreage, which has been de-risked by a number of world-class discoveries along the margin in the last year, will enable us to conclude farmout discussions with an outcome that crystallises value for shareholders and retains significant yet suitable exposure to the exciting upside potential to be explored in the coming years.

Once we have secured the appropriate partners we are seeking for our licences, we will be able to enter the second phase of our strategy which will focus on the operational activity across the portfolio. We have made significant strides towards progressing the portfolio through technical work, as highlighted by the significant volumes of prospective resources independently verified by leading petroleum consultant ERC Equipoise Ltd, and as a result many of the prospects on our blocks are drill ready. We have already ordered some of the long-lead items to enable the Company and its future partners to commence drilling operations in late 2015 and early 2016. The weaker oil price environment has had a significant impact on the rig contractors, both in terms of pricing and industry demand, and we will be well positioned to take advantage of these factors as we commence drilling activity.

The longer term strategy for the Company is simple and focuses on leveraging our world class exploration portfolio to grow into a significant independent exploration and production company. We believe that we have the right asset base and management team to be able to achieve this ambition.

The management team is confident in its ability to deliver on the near, medium and longer term strategies outlined above and is fully focused on the task at hand. We are at a critical

juncture in the Company's development and are excited about what lies ahead in the next 6-12 months and beyond.

### **Principal Risks and Uncertainties**

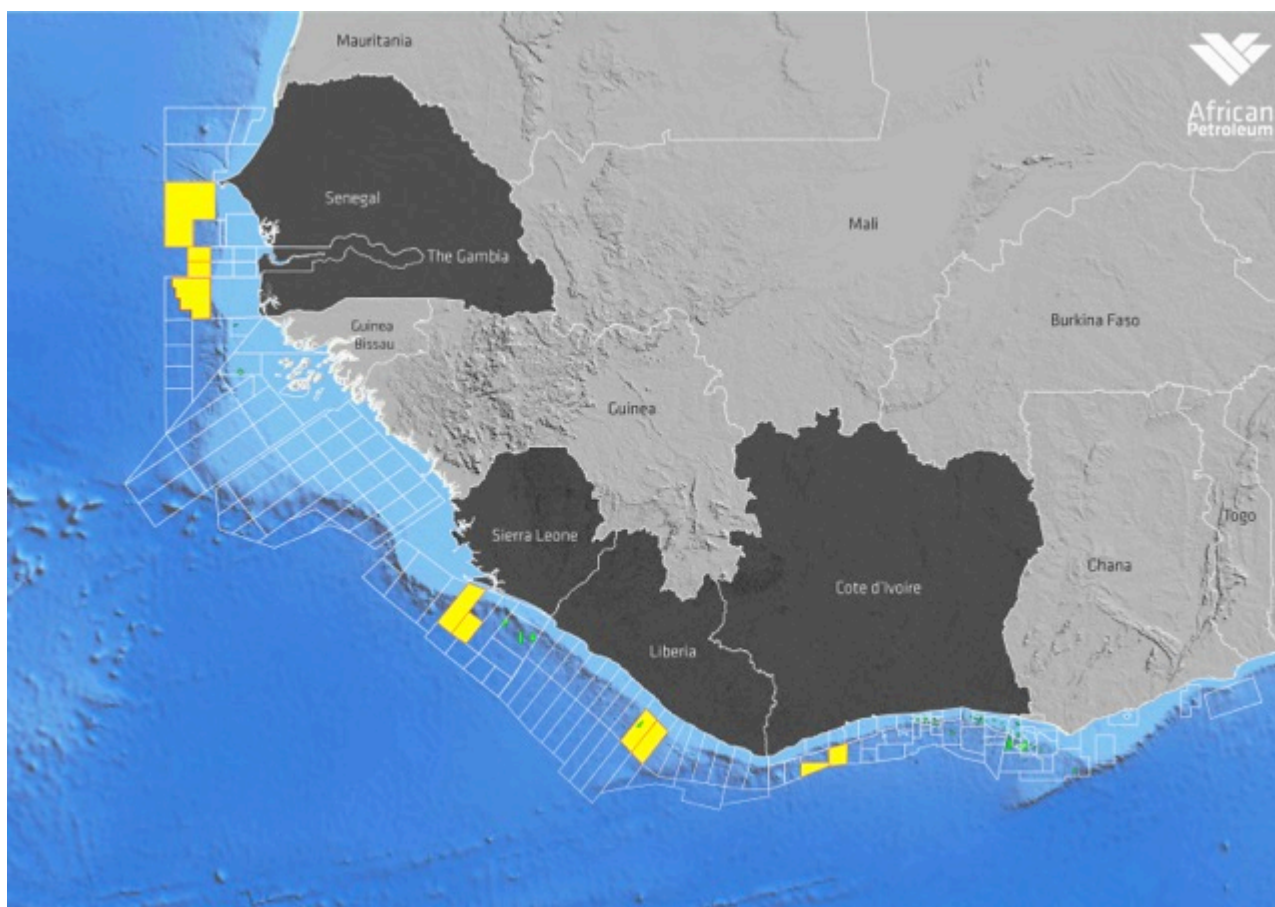
As an exploration company in the oil and gas industry, the Company operates in an inherently risky sector. Oil and gas prices are subject to volatile price changes from a variety of factors, including international economic and political trends, expectation of inflation, global and regional demand, currency 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.

### **Statement of Responsibility**

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first 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.



## Licence Information



### Senegal: Rufisque Offshore Profond and 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 14,216km<sup>2</sup>.

#### 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 3,600km<sup>2</sup> 3D seismic acquisition over the SOSP licence block and interpretation is ongoing. In the ROP block an existing seismic dataset (2007 vintage) covering 1,800km<sup>2</sup> 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 ERCE letter released in March 2015.

On 13 March 2015, African Petroleum announced that independent petroleum consultant ERC Equipoise had prepared an updated assessment of prospective oil resources attributable to the Company's Senegal Licences. The assessment, estimates the net unrisks mean prospective oil resources at 1,779MMStb.

### **Recent Updates**

On 27 April 2015 Kosmos (60% Operator) with Chevron (30%) announced that the Tortue-1 exploration well, drilled to test the Tortue West prospect, which forms part of the Greater Tortue Complex, in Block C-8 offshore Mauritania had made a significant, play-opening gas discovery. The well, which straddles the Mauritania/Senegal border at Tortue-1 intersected 107 metres (351 feet) of net hydrocarbons in the Cenomanian (four zones) and far exceeds its pre-drill expectations (2.1 billion barrels oil equivalent, gross). On 18 May 2015 Kosmos announced that the well had encountered additional hydrocarbons while drilling to total depth to evaluate the deeper Albian stratigraphy.

On 7 October 2014, Cairn Energy announced an important oil discovery offshore Senegal. The FAN-1 exploration well recovered light oil from a series of stacked Cretaceous sandstones, with APIs ranging from 28° up to 41°. The column was reported to be 500m, though the net pay of 29 metres was at several discrete intervals. Cairn Energy believes that the discovery "may have significant potential as a standalone discovery".

Cairn Energy drilled a second well, SNE-1, offshore Senegal in 1,100m of water and announced, on 10 November 2014, that they had made an additional discovery. Initial analysis of the well, as reported by Cairn Energy, showed 95m gross oil bearing column with a gas cap and excellent reservoir sands with net pay of 36 metres 32 API oil and a P50 contingent resource of 330 MMbbls. FAR Ltd, one of Cairn Energy's partners, issued notice of discovery on both wells and reported; "based on preliminary estimates, it [SNE-1] is highly likely to be a commercial discovery", a significant statement for both African Petroleum and the country. IHS reported SNE-1 as the largest published oil discovery in the world during 2014. The SNE-1 discovery is less than 10km from African Petroleum's Gambian acreage where similar prospects have been identified.

On 18 December 2014, the Company announced that its subsidiary African Petroleum Senegal Limited received confirmation from the President in the form of a Presidential decree of entry into the First Renewal Period on licence SOSP. Prior to entering into the First Renewal Period, Petrosen agreed to defer the existing well commitment of the First Renewal Period of SOSP by 18 months to allow for further technical work by the Company prior to drilling. The forward programme provides an opportunity to analyse the data fully, prior to making a commitment to drill the exploration well in the second sub period of the First Renewal Period.

In January 2015, Cairn Energy announced its intention to spud a series of exploration and appraisal wells offshore Senegal during the year. African Petroleum will monitor the results of this programme closely. Each of these developments, especially their proximity to the Company's acreage, provides a very positive context to African Petroleum's presence offshore Senegal (and The Gambia - refer next section). The gas discovery announced by Kosmos on 27 April 2015 further confirms the presence of multiple mature source rocks along the margin, the main pre-drill risk has been significantly mitigated. All three discoveries, two by Cairn Energy and partner group in Senegal and the Kosmos discovery on

the Mauritanian/Senegal border fit to the charge model in African Petroleum. The farm-out process is ongoing with heightened interest in this exciting part of African Petroleum's portfolio.

## **The Gambia: A1 and A4**

### **Licence Overview**

African Petroleum holds a 100% operated working interest in offshore licences A1 and A4. The Company has completed a significant 3D seismic survey with data covering 2,500km<sup>2</sup> and has found a number of analogue leads and prospects in its acreage to that of the recent SNE-1 and FAN-1 discoveries made by Cairn Energy in Senegal.

On 13 March 2015, African Petroleum announced that independent petroleum consultant ERC Equipoise prepared an updated assessment of prospective oil resources attributable to the Company's Gambian Licences. The assessment, estimates the net unrisksed mean prospective oil resources at 3,079MMStb.

### **Licence Activity**

On 27 November 2014, African Petroleum entered into an agreement with The Government of the Republic of The Gambia to reinstate the Company's Licence Block A1 and Licence Block A4 (together the "Gambian Licences") on a 100% interest basis, and settle all prior issues concerning the Gambian Licences. The reinstatement of the Gambian Licences is a significant and positive step for the Company, particularly following the recent oil discoveries made by Cairn Energy in Senegal.

Upon reinstatement, African Petroleum agreed to a revised initial exploration period that will expire on 1 September 2016 in return for a commitment to drill an exploration well on one of the Gambian Licences and reprocess 3D seismic on Licence Block A4 prior to 1 September 2016. Depth commitments have also been modified for basinal and shelfal wells.

### **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 7 October 2014) and SNE-1 (announced 10 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: LB-08 and LB-09**

### **Licence Overview**

African Petroleum, through European Hydrocarbons Limited, is both operator and holder of a 100% working interest in production sharing contracts LB-08 and LB-09, which have a combined net acreage of 5,350km<sup>2</sup>. The Company has completed an extensive work programme on its Liberian licences with 5,100km<sup>2</sup> 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 (ERCE Audit January 2015 in conjunction with ERCE Competent Persons Report).

### **Licence Activities**

African Petroleum has completed the acquisition and processing of 5,100km<sup>2</sup> of 3D seismic data over both 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 programme in LB-09, with three wells drilled: Apalis-1, Narina-1 and Bee Eater-1. In September 2011, African Petroleum completed drilling its first exploration well, Apalis-1, on LB-09. The well encountered oil shows in several geological units including the shallow unlogged (Tertiary-Paleocene) and proved source rock in the Cenomanian. The Narina-1 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.

The Company drilled its third well, Bee Eater-1, 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.

In LB-08 specifically, overburden issues are not quite so severely degrading the current seismic image and significant improvement from new data is expected. Recent work on Turaco and Hornbill (included in January 2015 ERCE letter) in deepwater LB-08 has helped prioritise these prospects.

## Recent Updates

On 23 December 2014, African Petroleum signed a non-binding term sheet agreeing terms with a private London based independent oil and gas company to farm-in to the Company's 100% owned Liberian LB-08 licence for a 50% equity and non-operated interest. Completion of the farm-in transaction, as contemplated by the Term Sheet, is subject to contract and a number of conditions precedent. As announced by the Company on 20 March 2015, an extension of approximately three months to 30 June 2015 has been agreed to allow for conditions affecting the third party that are outside their control at the present time.

The signing of the Term Sheet is a significant milestone for African Petroleum. Should the farm-in transaction complete, the incoming party will bring a breadth of knowledge and experience to the partnership and will allow the Company to continue its exploration programme in its highly prospective acreage offshore Liberia.

In January 2015, African Petroleum announced that independent petroleum consultant ERC Equipoise prepared an updated assessment of prospective oil resources attributable to the Company's Liberian Licences. This updated assessment, in conjunction with the ERCE Competent Persons Report April 2014, estimates the net unrisks mean prospective oil resources at 4,192MMStb.



## **Sierra Leone: SL-03 and 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. 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 5,855km<sup>2</sup> 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 2,500km<sup>2</sup> of 3D seismic data over block SL-03 and approximately 1,000km<sup>2</sup> 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 Equipose Letter, 2015).

### **Recent Updates**

In September 2014, the Company commenced and completed the acquisition of approximately 1,000km<sup>2</sup> 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.

African Petroleum is awaiting angle stacks to enable further de-risking of the prospect inventory. The seismic acquisition fulfills the remaining obligations in Sierra Leone ahead of the next exploration phase in both blocks.

## **Côte d'Ivoire: CI-509 and 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 2,283km<sup>2</sup>.

### **Licence Activities**

In October 2012, the Company acquired 4,200km<sup>2</sup> 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 unrisks mean prospective oil resources of 2,130MMStb (ERC Audit, January 2015).

On 22 April 2014 African Petroleum announced PSC amendments to both licences CI-509 and CI-513. The PSC amendments include an adjustment of the licence periods providing for one-year extensions to the first exploration periods of both licences at the expense of the duration of future exploration periods. The PSC adjustment allows the Company more time for drilling of the first period commitment wells in these blocks. The first exploration period for block CI-509 is extended to March 2016 and block CI-513 has been extended to December 2015.



The Company intends to use some of this additional time to integrate seismic depth processing into the optimisation of exploration well locations as several new amplitude supported prospects have arisen from processed PSDM 3D seismic.

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 unrisks prospective oil resources.

In preparation for the forthcoming drilling campaign, the Company signed an agreement with DrilQuip Limited to provide two SS-15 wellheads. The purchase of these wellheads is a positive step for the Company and a move towards initiating the drilling campaign.

### **Recent Updates**

As announced on 14 July 2014, the Company entered into an agreement with Buried Hill Africa Limited ("Buried Hill") to farm-out a 10% interest in Block CI-509, in return for Buried Hill funding 21.1% of the cost of the next exploration well to be drilled on the block and an additional cash payment to African Petroleum representing 10% of past costs incurred ("Farm-Out Agreement"). Under the terms of the Farm-Out Agreement, African Petroleum will continue as Operator on the licence. Completion of the Farm-Out Agreement is subject to the satisfaction or waiving of certain conditions precedent. The Company continues to seek additional partners in its Côte d'Ivoire acreage and anticipates making a further announcement in H1 2015.

In January 2015, African Petroleum announced that independent petroleum consultant ERC Equipoise prepared an updated assessment of prospective oil resources attributable to the Company's Côte d'Ivoire Licences. This updated assessment, in conjunction with the ERCE Competent Persons Report (April 2014), estimates the net unrisks prospective oil resources at 2,130MMStb and net risks prospective oil resources at 456MMStb, a 118% increase in net risks prospective resources from the April 2014 Competent Persons Report.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**USD\$ '000s**

	Note	Q1 2015 (unaudited)	Q1 2014 (unaudited)	YTD Q1 2015 (unaudited)	YTD Q1 2014 (unaudited)
Revenue	6a	93	836	93	836
Aircraft expenses		(33)	(834)	(33)	(834)
Depreciation expense		(181)	(258)	(181)	(258)
Impairment of exploration and evaluation expenditure		(426)	-	(426)	-
Impairment of related party loans & deposits		66	(180)	66	(180)
Consulting expense		(816)	(1,360)	(816)	(1,360)
Compliance and regulatory expenses		(85)	(269)	(85)	(269)
General administration expenses		(263)	(316)	(263)	(316)
Employee benefits	6b	(1,241)	(1,458)	(1,241)	(1,458)
Travel expenses		(150)	(227)	(150)	(227)
Occupancy costs		(103)	(213)	(103)	(213)
Net foreign currency gain/(losses)		(122)	(65)	(122)	(65)
Finance costs		(17)	(69)	(17)	(69)
Other expenses		-	(1)	-	(1)
<b>Loss from continuing operations before income tax</b>		<b>(3,278)</b>	<b>(4,414)</b>	<b>(3,278)</b>	<b>(4,414)</b>
Income tax expense		-	-	-	-
<b>Loss for the period, attributable to the members</b>		<b>(3,278)</b>	<b>(4,414)</b>	<b>(3,278)</b>	<b>(4,414)</b>
<b>Other comprehensive income</b>					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Foreign exchange (loss)/gain on translation of functional currency to presentation currency		205	158	205	158
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>205</b>	<b>158</b>	<b>205</b>	<b>158</b>
<b>Total comprehensive loss for the period</b>		<b>(3,073)</b>	<b>(4,256)</b>	<b>(3,073)</b>	<b>(4,256)</b>
Loss for the period is attributable to:					
Non-controlling interest		(39)	1	(39)	1
Owners of the parent		(3,239)	(4,415)	(3,239)	(4,415)
		<b>(3,278)</b>	<b>(4,414)</b>	<b>(3,278)</b>	<b>(4,414)</b>
Total comprehensive loss for the period is attributable to:					
Non-controlling interest		(39)	1	(39)	1
Owners of the parent		(3,034)	(4,257)	(3,034)	(4,257)
		<b>(3,073)</b>	<b>(4,256)</b>	<b>(3,073)</b>	<b>(4,256)</b>
Basic/diluted loss per share attributable to members (US cents per share)		(1.81)	(3.11)	(1.81)	(3.11)

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
<b>USD\$ '000s</b>	<b>Note</b>	<b>31 Mar 2015 (unaudited)</b>	<b>31 Dec 2014 (audited)</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	<b>7</b>	11,594	3,869
Trade and other receivables	<b>8</b>	3,187	3,426
Restricted cash	<b>9</b>	12,325	12,070
Prepayments		283	736
		27,389	20,101
Assets held for distribution		-	931
<b>Total current assets</b>		<b>27,389</b>	<b>21,032</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,275	1,407
Exploration and evaluation expenditure	<b>10</b>	399,132	396,327
Intangible assets		116	170
<b>Total non-current assets</b>		<b>400,523</b>	<b>397,904</b>
<b>Total assets</b>		<b>427,912</b>	<b>418,936</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	<b>12</b>	612,113	600,592
Reserves	<b>13</b>	17,707	17,502
Accumulated losses		(234,947)	(231,708)
<b>Attributable to equity holders of the parent</b>		<b>394,873</b>	<b>386,386</b>
<b>Non-controlling interests</b>		<b>(366)</b>	<b>(327)</b>
<b>Total equity</b>		<b>394,507</b>	<b>386,059</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<b>11</b>	33,405	32,877
<b>Total current liabilities</b>		<b>33,405</b>	<b>32,877</b>
<b>Total liabilities</b>		<b>33,405</b>	<b>32,877</b>
<b>Total equity and liabilities</b>		<b>427,912</b>	<b>418,936</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

USD\$ '000s	Note	Ordinary Share capital	Share-based payment reserve	Accumulated losses	Foreign currency translation reserve	Non- controlling interest	Total equity
<b>Balance at 1 January 2014</b>		575,912	29,371	(189,571)	(12,089)	(261)	403,362
Loss for the period		-	-	(4,415)	-	1	(4,414)
Other comprehensive income		-	-	-	158		158
<b>Total comprehensive loss for the period</b>		-	-	(4,415)	158	1	(4,258)
<b>Transactions with owners in their capacity as owners:</b>							
Issue of capital		7,959	-	-	-	-	7,959
Capital raising costs		(241)	-	-	-	-	(241)
<b>Balance at 31 March 2014</b>		<b>583,630</b>	<b>29,371</b>	<b>(193,986)</b>	<b>(11,931)</b>	<b>(260)</b>	<b>406,824</b>
<b>Balance at 1 April 2014</b>		583,630	29,371	(193,986)	(11,931)	(260)	406,824
Loss for the period		-	-	(37,722)	-	(67)	(37,789)
Other comprehensive income		-	-	-	(158)	-	(158)
<b>Total comprehensive loss for the period</b>		-	-	(37,722)	(158)	(67)	(37,947)
<b>Transactions with owners in their capacity as owners:</b>							
Issue of capital		18,216	-	-	-	-	18,216
Capital raising costs		(1,254)	-	-	-	-	(1,254)
Share-based payments		-	220	-	-	-	220
<b>Balance at 31 December 2014</b>		<b>600,592</b>	<b>29,591</b>	<b>(231,708)</b>	<b>(12,089)</b>	<b>(327)</b>	<b>386,059</b>
<b>Balance at 1 January 2015</b>		600,592	29,591	(231,708)	(12,089)	(327)	386,059
Loss for the period		-	-	(3,239)	-	(39)	(3,278)
Other comprehensive income		-	-	-	205	-	205
<b>Total comprehensive loss for the period</b>		-	-	(3,239)	205	(39)	(3,073)
<b>Transactions with owners in their capacity as owners:</b>							
Issue of capital		12,257	-	-	-	-	12,257
Capital raising costs		(736)	-	-	-	-	(736)
Share-based payments		-	-	-	-	-	-
<b>Balance at 31 March 2015</b>		<b>612,113</b>	<b>29,591</b>	<b>(234,947)</b>	<b>(11,884)</b>	<b>(366)</b>	<b>394,507</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**USD\$ '000s**

	<b>31 Mar 2015</b> <b>(unaudited)</b>	<b>31 Mar 2014</b> <b>(audited)</b>
<b>Cash flow from operating activities</b>		
Payments to suppliers and employees	(1,912)	(5,054)
Rental income	312	599
Interest received	-	3
Finance costs	(17)	(34)
<b>Net cash flow from operating activities</b>	<b>(1,617)</b>	<b>(4,486)</b>
<b>Cash flow from investing activities</b>		
Payment for plant, equipment and aircraft	-	(15)
Proceeds from disposal of plant and equipment	-	43
Payment for exploration and evaluation activities	(1,742)	(3,437)
Loan repaid by related parties	-	113
Loan to related parties	-	(108)
Cash backing security provided	(258)	-
<b>Net cash flow from investing activities</b>	<b>(2,000)</b>	<b>(3,404)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	12,140	7,959
Capital raising costs	(736)	(241)
<b>Net cash flow from financing activities</b>	<b>11,404</b>	<b>7,718</b>
<b>Net change in cash and cash equivalents</b>	<b>7,787</b>	<b>(172)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,869</b>	<b>7,914</b>
Net foreign exchange differences	(62)	193
<b>Cash and cash equivalents at the end of the period</b>	<b>11,594</b>	<b>7,935</b>

## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER 2015

### 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 first 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 31 March 2015 has been prepared in accordance with IAS 34 Interim Financial Reporting and the supplement requirements of the Norwegian Securities Trading Act (Verdipapirhandeloven).

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 during the period ended 31 March 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.

### Note 6 – Revenue, income and expenses

	Q1 2015 (unaudited) US\$’000	Q1 2014 (unaudited) US\$’000	YTD Q1 2015 (unaudited) US\$’000	YTD Q1 2014 (unaudited) US\$’000
<b>a) Revenue</b>				
Bank interest income	-	21	-	21
Other interest income	17	84	17	84
Flight revenue	13	527	13	527
Other revenue	63	204	63	204
	<b>93</b>	<b>836</b>	<b>93</b>	<b>836</b>

	Q1 2015 (unaudited) US\$'000	Q1 2014 (unaudited) US\$'000	YTD Q1 2015 (unaudited) US\$'000	YTD Q1 2014 (unaudited) US\$'000
<b>b) Employee benefits</b>				
Employee remuneration	899	849	899	849
Director's remuneration	342	640	342	640
Share-based payments recognised	-	-	-	-
Share-based payments reversed	-	(31)	-	(31)
	<b>1,241</b>	<b>1,458</b>	<b>1,241</b>	<b>1,458</b>

#### Note 7 – Cash and cash equivalents

	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000
Cash at bank and on hand	11,594	3,869
	<b>11,594</b>	<b>3,869</b>

#### Note 8 – Trade and other receivables

	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000
Trade receivables from related parties	2,464	2,967
Other receivables	1,770	1,747
	4,234	4,714
Impairment allowance	(1,429)	(1,429)
	2,805	3,285
Loan receivable from key management personnel	1,991	1,759
Share-based payment liability	(1,609)	(1,618)
	382	141
Total trade and other receivables	<b>3,187</b>	<b>3,426</b>

Further information on loans receivable from related parties and key management personnel:

- a) On 1 December 2014, African Minerals Limited and its subsidiaries (“AML Group”) 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 Group 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, Wormleighton and Deloitte were appointed Joint Administrators of African Minerals Limited.

Due to the current financial position of AML Group, the Company has considered it prudent to recognise an impairment allowance for the outstanding balance of US\$1,429,204. This impairment loss may be reversed if AML Group or the relevant subsidiary company secures additional funding that facilitates the repayment of the outstanding balance.

- b) During 2012, US\$841,994 (£521,252) was loaned to former CEO Karl Thompson to cover tax payable on performance shares awarded to Mr Thompson. In January 2013, an additional US\$200,658 (£124,107) was loaned to Mr Thompson to cover an additional 10% tax payable on these performance shares. The loan can only be used for the payment of the relevant tax (upon presentation of the tax amount) and must be repaid within 5 years or from the sale of any shares prior to this time. The shares are subject to a voluntary escrow, whereby the shares cannot be sold or transferred until the loan is discharged and the proceeds are to be applied to discharge the loan. Interest is charged on the loan at 4% with US\$10,587 (£6,987) of interest recognised during the current quarter (three months to 31

March 2014: US\$11,147 (£6,714)). The loan agreement was approved by the Board of Directors as being on arm's length terms. If prior to the repayment date the proceeds from the sale of the performance shares are insufficient in total to cover the loan, the Company will waive the remaining balance of the loan. At 31 March 2015 the loan has been impaired by \$990,679 (£667,798) (31 December 2014 \$1,061,080 (£683,158)).

- c) During 2012, US\$630,497 (£390,321) was loaned to COO Jens Pace to cover tax payable on performance shares awarded to Mr Pace. The loan can only be used for the payment of the relevant tax (upon presentation of the tax amount) and must be repaid within 5 years or from the sale of any shares prior to this time. The shares are subject to a voluntary escrow, whereby the shares cannot be sold or transferred until the loan is discharged and the proceeds are to be applied to discharge the loan. Interest is charged on the loan at 4% with US\$6,426 (£4,222) of interest recognised during the current quarter (three months to 31 March 2014: US\$6,736 (£4,056)). The loan agreement was approved by the Board of Directors as being on arm's length terms. If prior to the repayment date the proceeds from the sale of the performance shares are insufficient in total to cover the loan, the Company will waive the remaining balance of the loan. At 31 March 2015 the loan has been impaired by \$618,661 (£417,028) (31 December 2014 \$651,769 (£419,630))

#### Note 9 – Restricted cash

	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000
Current restricted cash	12,325	12,070
	<b>12,325</b>	<b>12,070</b>

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 10 – Exploration and evaluation expenditure

	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000
Acquisition cost at beginning of period (1 January)	396,327	403,273
Exploration expenditure incurred and capitalised during the period	3,231	15,773
Impairment	(426)	(22,675)
Disposal of consumable spares	-	(44)
<b>Acquisition cost at end of period</b>	<b>399,132</b>	<b>396,327</b>

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 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 11 – Trade and other payables

	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000
Trade payables	3,466	3,492
Withholding tax <sup>1</sup>	13,587	13,587
Other payables and accruals <sup>2</sup>	16,352	15,798
	<b>33,405</b>	<b>32,877</b>

<sup>1</sup> 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.

<sup>2</sup> Other payables include amounts accrued for in respect of exploration activities.

### Note 12 – Issued capital

	31 Mar 2015 No. of shares	31 Dec 2014 No. of shares
Fully paid ordinary shares	957,589,457	685,857,457
<b>Reconciliation</b>		
Number of outstanding shares at beginning of period (1 January)	685,857,457	565,144,637
Issue of shares pursuant to a capital raising	271,732,000	120,712,820
<b>Number of outstanding shares at the end of period</b>	<b>957,589,457</b>	<b>685,857,457</b>

	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000
Fully paid ordinary shares	612,113	600,592
<b>Reconciliation</b>		
Amount of outstanding shares at beginning of period (1 January)	600,592	575,912
Issue of shares pursuant to a capital raising	12,257	26,175
Capital raising cost	(736)	(1,495)
<b>Amount of outstanding shares at the end of period</b>	<b>612,113</b>	<b>600,592</b>

### Note 13 – Reserves

	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000
<b>Share-based payments reserve</b>		
At beginning of period (as at 1 January)	29,591	29,371
Share-based payments	-	220
<b>Total share-based payments reserve</b>	<b>29,591</b>	<b>29,591</b>
<b>Foreign currency translation reserve</b>		
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	205	-
<b>Total foreign currency translation reserve</b>	<b>(11,884)</b>	<b>(12,089)</b>
<b>Total reserves</b>	<b>17,707</b>	<b>17,502</b>

#### Note 14 – 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:

	<b>31 Mar 15</b>	<b>31 Dec 2014</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Cote d'Ivoire	56,791	55,637
Gambia	1,300	593
Liberia	280,377	280,315
Senegal	28,212	28,018
Sierra Leone	33,554	32,907
United Kingdom	289	434
	<b>400,523</b>	<b>397,904</b>

#### Note 15 – Events after the balance sheet date

During Q1 2015, independently assessed upgrades were published on the Company's prospective resources in its licences in Côte d'Ivoire, Liberia, The Gambia and Senegal, and on 1 April 2015 an upgrade to the Company's Sierra Leone prospective resources was announced. The Company's prospective oil resources have more than doubled in the past 12 months, with the net unrisks mean prospective oil resources now in excess of 12.5 billion barrels.

On 10 February 2015, African Petroleum announced its intention to launch a subsequent repair offering. The application period under the subsequent repair offering commenced on 17 March 2015 and closed on 1 April 2015 raising a total of NOK 4,061,516 (approximately US\$505,000). On 16 April 2015 the Company announced the issue of an additional 11,604,331 new shares and 5,802,150 options that were allocated to investors who participated in the repair offering.

#### Note 16 – 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 31 March 2015:

	<b>31 Mar 2015</b>	<b>31 Dec 2014</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Within one year	88,539	54,924
After one year but not more than five years	2,410	40,533
More than five years	-	-
	<b>90,949</b>	<b>95,457</b>

#### Note 17 – Fair values of financial assets and financial liabilities

The carrying values of financial assets and financial liabilities at 31 March 2015 approximates their fair values.

**INFORMATION ON AFRICAN PETROLEUM CORPORATION LIMITED**

<p><b><i>DIRECTORS</i></b> Charles Matthews - Chairman Stuart Lake - Chief Executive Officer Mark Ashurst Gibril Bangura Jeffrey Couch David King Bjarne Moe Timothy Turner Anthony Wilson</p> <p><b><i>COMPANY SECRETARY</i></b> Angeline Hicks</p> <p><b><i>REGISTERED OFFICE</i></b> c/- Steinepreis Paganin Level 4, 16 Milligan Street Perth WA 6000 Australia</p> <p><b><i>HEAD OFFICE</i></b> Premier House 10 Greycoat Place London SW1P 1SB United Kingdom</p> <p>Telephone: +44 20 3761 6900 Facsimile: +44 20 3725 9920</p>	<p><b><i>AUDITORS</i></b> Ernst &amp; Young 11 Mounts Bay Road Perth Western Australia 6000</p> <p>Telephone: +61 8 9429 2222 Facsimile: +61 8 9429 2436</p> <p><b><i>SHARE REGISTRAR</i></b> Computershare Investor Services Pty Ltd Level 2, 45 St George's Terrace Perth Western Australia 6000</p> <p>Telephone: +61 8 9332 2000 Facsimile: +61 8 9323 2033</p> <p><b><i>STOCK EXCHANGE LISTING</i></b></p> <p>Oslo Axess <b><i>Code: APCL</i></b></p> <p>National Stock Exchange of Australia <b><i>Code: AOQ</i></b></p>
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