



30 August 2010

Dear Shareholder

African Petroleum to de-list from ASX

African Petroleum Corporation Limited (**ASX: AFQ, NSX: AOQ**) (**African Petroleum** or the **Company**), advises shareholders that it will be de-listing its securities from trading on the Australian Securities Exchange (**ASX**) and consequently will be removed from the official list of that exchange on **3 September 2010**. Shares in the Company will continue to be quoted on the National Stock Exchange of Australia Ltd (**NSX**) (nsxa.com.au, code: AOQ).

Reasons for de-listing from ASX

As announced on 6 April 2010, ASX informed the Company that it would refuse re-quotations of the Company's securities if it proceeded with its planned acquisition of Cayman incorporated African Petroleum Corporation Limited, a company holding oil and gas assets in West Africa (**Acquisition**). The Company appealed the ASX decision.

The last appeal was heard by the independent ASX Appeals Tribunal on 8 June 2010, with the outcome in favour of African Petroleum handed down on 17 June 2010 stating that the ASX decision to refuse re-quotations of the Company's securities if it proceeded with the Acquisition was infected with error and should be set aside (**Appeal**). Despite the favourable outcome, the Company's securities remain suspended from trading on ASX. ASX has requested further information and clarification in respect of the operation of the Company and the Board before it will make its determination whether to re-quote the Company or set the conditions for re-quotations.

At a shareholders meeting on 9 June 2010, shareholders considered and approved the de-listing of the Company from ASX if the Appeal was unsuccessful or the Appeal was successful but conditions and relisting deemed by the Board to be unachievable or not in the best interests of shareholders. Whilst the Company considered that the outcome of the Appeal was favourable to the Company, the uncertainty of the timing and conditions that may be imposed by ASX if it permits the Company to be reinstated to quotation, have caused the Board to form the view that the relisting (if achieved) is not in the best interests of shareholders.

The decision to de-list the Company from ASX and trade solely on NSX has been made by the Board of the Company to ensure shareholder wealth is protected and that long-term value creation can occur without the distractions caused by the questions and queries raised by ASX to determine whether to re-quote the Company and, if so, any conditions that will be imposed on the Company for it to be readmitted to quotation.

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The Board of African Petroleum believes its decision to trade solely on NSX, which has seen strong trading in recent months, without the distraction caused by the ASX inaction will prove to be key to unlocking value in the stock.

Since listing on NSX on 30 June 2010, over 813,000 of the Company's shares have been traded and the share price has risen to A\$0.70 per share (stock was suspended at A\$0.47 on ASX), giving the Company a market capitalisation of approximately A\$932M.

Process for de-listing from ASX

The Company's shares will be de-listed from ASX on **3 September 2010**, at which time those shareholders who had not previously elected to move their shares from the ASX register to the NSX register will automatically have their holdings transferred to the NSX register, which will enable them to trade their shares on NSX.

Shareholders will be advised of the transfer of their shareholding to NSX in writing and will receive two holding statements from the Company's share registry, Computershare Investor Services Pty Limited; one holding statement showing a decrease in their holding in "AFQ" (being the ASX code for the Company) to zero and one holding statement showing their holding in "AOQ" (being the NSX code for the Company) from zero to the number of shares the holder holds in the Company.

The National Stock Exchange of Australia (NSX) and trading shares on NSX

Background to NSX

NSX is Australia's second official stock exchange approved under the Corporations Act in Australia and is wholly regulated by the Australian Securities and Investment Commission (**ASIC**). It provides both a mechanism to mobilise growth capital for innovative and growing businesses and an efficient platform for the trade of securities.

All securities listed on NSX are registered with CHESS, with settlement occurring on a T+3 basis. Trading on NSX is conducted on the National Electronic Trading System (**NETS**). NSX operates NETS under licence from the OMX Group (**OMX**). NETS was developed by OMX for NSX and is based on the trading platform available in over 30 countries. Trading hours on NSX are between 9.00am and 4.45pm (AEST) on Monday to Friday.

As an Australian market licensee, NSX is supervised by the ASIC and subject to an annual review pursuant to section 794C of the Corporations Act. NSX's primary obligation is to conduct a fair, orderly and transparent market.

An issuer listed on NSX is required to immediately notify NSX of any developments which could have an impact on share price. To ensure that an informed market is maintained, all companies admitted to the Official List of NSX must adhere to certain ongoing obligations as set out in the NSX Listing Rules, including compliance with periodic disclosure requirements and the continuous disclosure of all price sensitive information.

Market announcements and share price information relating to the Company can be found on NSX's website at nsxa.com.au and then searching under the Company's Code "AOQ".

Trading your shares on NSX

To trade shares on NSX, you need to contact a broker registered with NSX. In some cases, your existing broker may accept orders and pass these onto registered brokers.

NSX has a number of participants who can execute trades on the market, including Patersons Securities Limited, DJ Carmichael Stockbrokers, Bell Potter Securities Limited, Macquarie Equities Limited and RBS Morgans Limited. Once trades have been executed, then settlement is on a T+3 or trade today and settle in three business days after.

Any questions in respect of this transition process should be directed to the Company Secretary, Ms Eloise von Puttkammer on (08) 9388 0744.

Yours faithfully

Mr Tony Sage
Non Executive Chairman
African Petroleum Corporation Limited