

31 January 2011
NSX Announcement

Quarterly Reports

Please find attached the following reports relating to the quarter ended 31 December 2010:

- Quarterly Disclosure Declaration;
- Quarterly Activities Report; and
- Quarterly Cash Flow.

Yours faithfully
African Petroleum Corporation Limited

Tony Sage
Non- Executive Deputy Chairman

For further information, please contact:

Tony Sage
Non Executive Deputy Chairman
African Petroleum Corporation Limited
Ph: +61 8 9388 0744

David Tasker
Professional Public Relations
Ph: +61 8 9388 0944/ +61 433 112 936
Em: david.tasker@ppr.com.au

Claire Tolcon
Company Secretary
African Petroleum Corporation Limited
Ph: +61 8 9388 0744

Eloise von Puttkammer
Investor Relations
African Petroleum Corporation Limited
Ph: +61 8 9388 0744

31 January 2011

Mr Ian Craig
Companies Manager
National Stock Exchange of Australia Limited
Level 3, 45 Exhibition Street
Melbourne
VIC 3000

Dear Sir

QUARTERLY DISCLOSURE DECLARATION

In accordance with the listing conditions imposed by the National Stock Exchange of Australia (**NSX**) on African Petroleum Corporation Limited (**Company**), on behalf of the Board of the Company we declare that the Board has reviewed the operations of the Company and, in the opinion of each member of the Board:

- (a) all matters that require disclosure have been disclosed by the Company in accordance with Listing Rules of the NSX; and
- (b) the market remains fully informed as to the prospects and activities of the Company.

Yours sincerely



Frank Timis
Non-Executive Chairman

Antony Sage
Chairman: Continuous Disclosure Committee



Karl Thompson
Chief Executive Officer

31 January 2011

HIGHLIGHTS

CORPORATE

- Approximately U\$135 million cash at bank at 31 December 2010
- Appointment of Mr Frank Timis as Non-Executive Chairman
- Appointment of Mr James Smith as Non-Executive Director
- Appointment of Mr Adrian Robinson to the role of Director of Exploration
- Appointment of Ms Claire Tolcon as Company Secretary
- Facility for sale of unmarketable parcels established
- New business opportunities being reviewed offshore West Africa

OPERATIONS

- Entered into contract with Maersk Drilling for a two well programme at blocks LB-08 and LB-09 offshore Liberia (**Liberian Project**), with the option to test both wells
- Maersk Deliverer Rig scheduled to arrive at the Liberian Project in May 2011
- On 15 November 2010, Anadarko Petroleum Corporation announced a discovery of hydrocarbons at the Mercury-1 well offshore Sierra Leone, 275 km from the Liberian Project
- Completed the acquisition of 2,500 sq km of 3D seismic data for blocks A1 and A4 offshore The Gambia (**Gambian Project**). Processing the data acquired and analysing the existing seismic dataset is currently underway

CORPORATE

Appointment of Mr Frank Timis as Non-Executive Chairman

On 26 November 2010, Mr Frank Timis, with the approval of the National Stock Exchange of Australia (**NSX**), was appointed as the Non-Executive Chairman of African Petroleum Corporation Limited (**African Petroleum** or the **Company**). Mr Tony Sage became Non-Executive Deputy Chairman and will continue to chair the Company's Continuous Disclosure Committee and will remain responsible for approving all announcements released by the Company.

Mr Timis' appointment as Non-Executive Chairman follows the Company successfully completing a A\$222 million (US\$ 190 million) capital raising in June 2010, which was well supported by a number of blue chip financial institutions. This level of support was largely due to strong investor confidence in Mr Frank Timis' ability to create significant shareholder value.

Mr Timis' appointment as Non-Executive Chairman was subject to the following conditions required by NSX:

- a) the quarterly declaration certificates required to be issued by the Company stating that the Board of Directors has reviewed the Company's operations and declares that, in its opinion, there are no issues that require additional disclosure and that the market remains fully informed about the Company's prospects and activities must be signed not only by the Company's Chairman and Chief Executive but also by the chairman of the Company's Continuous Disclosure Committee; and
- b) for the time Frank Timis is Chairman of the Company, he must retire and offer himself for re-election to the Board of Directors at each annual general meeting of the Company, in the same manner as if retiring by rotation.

Appointment of James Smith as Non-Executive Director

Mr James Smith was appointed as Independent, Non-Executive Director on 25 November 2010.

Mr Smith is a senior oil and gas executive with a strong earth science background and has over 20 years experience in the oil and gas industry, predominantly in Africa and Middle East exploration. He is currently Vice President Exploration of Orca Exploration Inc., an international oil and gas company listed on the TSX venture exchange. He previously served as New Venture and Project Leader for Chevron Corporation in Africa and the Middle East and more recently was Vice President Exploration of Pan-Ocean Energy Corporation Limited. At Pan-Ocean, he was instrumental in the rapid development of the company's portfolio of onshore and offshore oil assets in Gabon that were sold in 2006. He was a Non-Executive Director of Canoro Resources until 2 July 2010.

Appointment of Adrian Robinson to the role of Director of Exploration

Mr Adrian Robinson was appointed to the role of Director of Exploration on 1 December 2010 (Mr Robinson has not been appointed as a director of the Company).

Mr Robinson is a highly skilled geologist and interpreter with a diverse range of technical skills gained from 20 years of industry experience working with Chevron, Hunt Oil, Energy Equity Resources and latterly, as Vice President of Exploration and Technical Director of Pan Petroleum and Panoro Energy. Mr Robinson has a BSc in Geology from the University of Bristol and a Masters in Petroleum Geology from the University of Aberdeen. He is also a fellow of the Geological Society of London and an active member of the Petroleum Exploration Society of Great Britain.

Change in Company Secretary

On 1 December 2010, Ms Claire Tolcon was appointed as Company Secretary and in house legal counsel.

Ms Tolcon has over 12 years experience in the legal profession, primarily in the areas of equity capital markets, mergers and acquisitions, corporate restructuring, corporate governance and mining and resources. She was a partner of a corporate law firm for a number of years before joining the Company. Ms Tolcon holds a Bachelor of Laws and Bachelor of Commerce (Accounting) degree and is a member of FINSIA.

Facility for sale of unmarketable parcels of shares

In October 2010, the Company established a sale facility for unmarketable parcels of shares (being parcels of shares valued at less than A\$500 as at the close of trade on 21 October 2010). As at 21 October 2010, the Company had 3,519 shareholders holding less than a marketable parcel of shares, totalling 545,324 shares. After following the prescribed notice periods and provision of notices to those relevant shareholders, the Company completed the sale process in January 2011 and 506,883 shares were sold on market on behalf of the shareholders of unmarketable parcels of shares.

OPERATIONS

Liberian Project

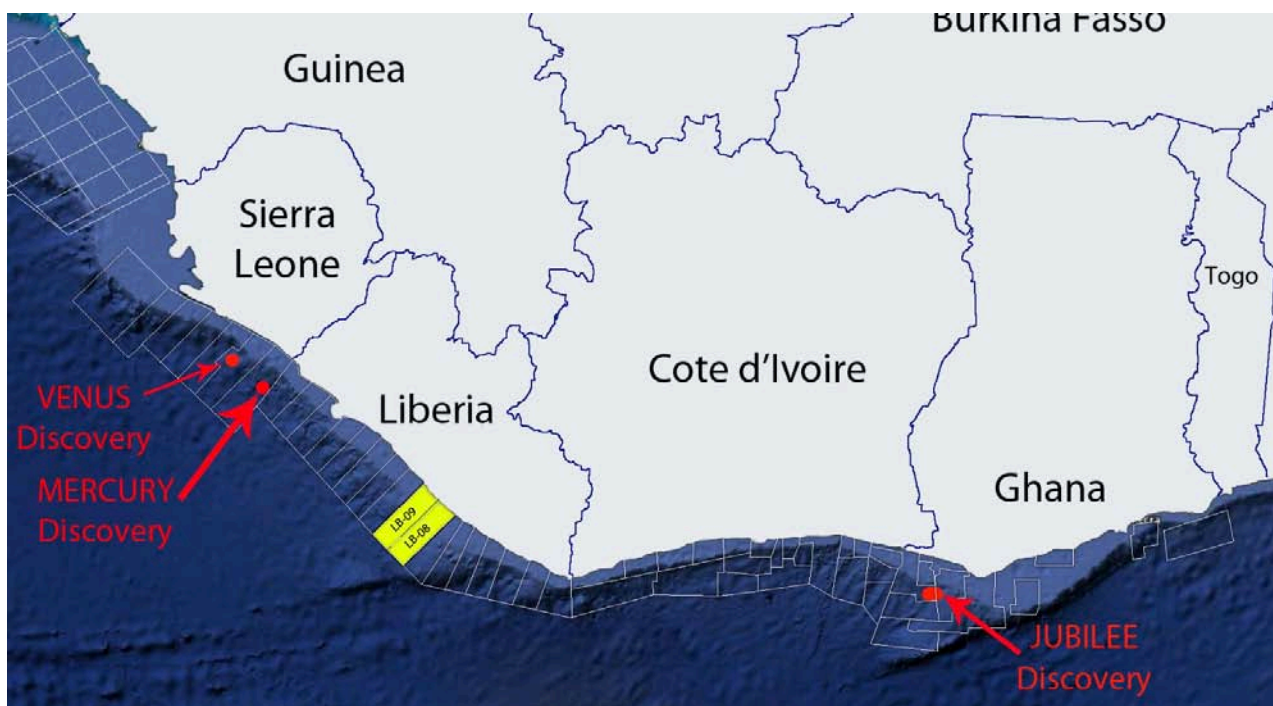


Figure 1: Location of Liberian Project and nearby oil discoveries

Blocks LB-08 and LB-09 are located offshore Liberia, with the Mercury and Venus discoveries in Sierra Leone, located to the north west and the Jubilee Field, to the south east in Ghana (Refer Figure 1). The Jubilee Field has a reported resource potential of 3 billion barrels recoverable from the Cretaceous submarine fans in the deep water, offshore Ghana. In Liberia, previous exploration drilling during the 1970's and 1980's included six wells with oil shows on the shallow water shelf area. To date, there have been no deepwater wells in Liberia targeting the Cretaceous sands found in the Mercury, Venus and Jubilee discoveries.

African Petroleum has completed the acquisition and interpretation of 5,100 sq km of 3D seismic survey over Blocks LB-08 and LB-09, which targeted the Cretaceous submarine fan system previously identified from the 2D seismic survey data. An extensive submarine fan system similar to those containing the Mercury, Venus and Jubilee discoveries has been identified on Blocks LB-08 and LB-09.

The evaluation of the 3D seismic data has identified more than 40 prospects and leads in the Upper Cretaceous section, some of which are similar to the recent Anadarko Petroleum Corporation discoveries at Mercury and Venus, immediately to the north west.

The Company has contracted Maersk Drilling for a two well programme at Blocks LB-08 and LB-09, with the option to test both wells. The two well programme will be completed using the ultra deepwater semi-submersible, Maersk Deliverer drilling rig. The Maersk Deliverer is the third in a series of three state-of-the-art newbuild ultra deepwater development semi-submersibles in Maersk Drilling's fleet and is capable of drilling in water depths of up to 3,000 meters. Due to Maersk's earlier contractual drilling commitments taking longer than initially planned, and assuming no slippage in its current drill usage programme, the Company expects to take delivery of the rig from Maersk in May 2011.

Gambian Project

In the previous quarter, African Petroleum entered into an agreement with Buried Hill Gambia BV (**Buried Hill**) to acquire, via farm-in, a 60% equity interest in Buried Hill's two Gambian exploration licences, Alhamdulillah Licence Block A1 and Licence Block A4 (**Gambian Licence Blocks**).

The Company has assumed operatorship of the Gambian Licence Blocks, which cover a combined total area of 2,668 sq km offshore The Gambia.

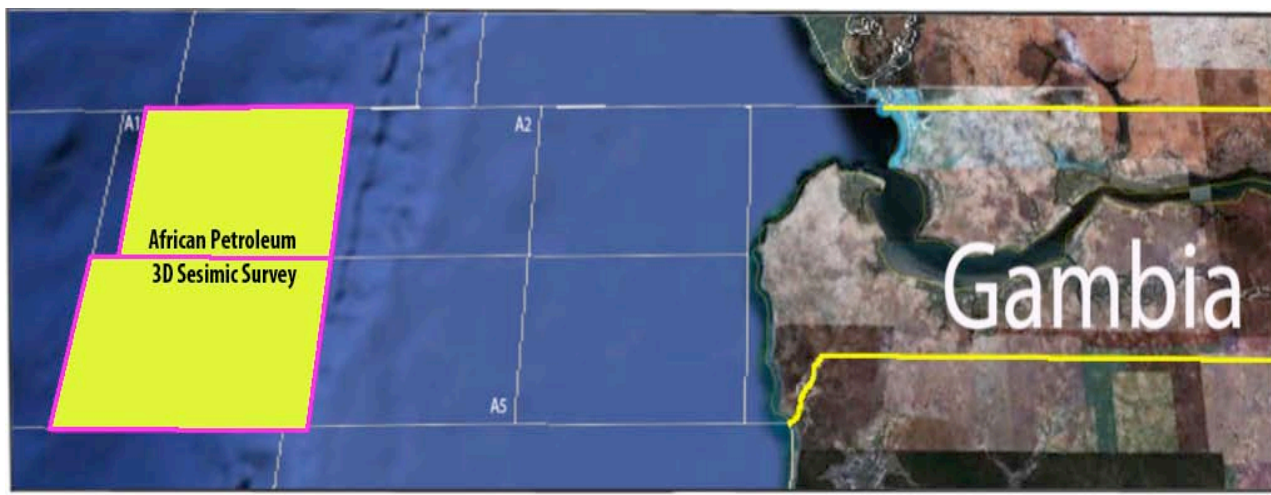


Figure 2: Location of the Gambian Licence Blocks, offshore The Gambia

The Company has completed the acquisition of 2,500 sq km of 3D data in relation to the Gambian Licence Blocks, which commenced in October 2010, and is currently processing the new 3D data and analysing the existing seismic dataset (refer Figure 3).



Figure 3: Acquisition of 3D data at the Gambian License Blocks

More than 20 exploration prospects have been identified on the Gambian Licence Blocks including the four way dip closed Al Humdilalau structure, which extends over an area of 24 sq km over five mapped reservoirs with a gross thickness of 1,000m. Other play types in the Gambian Licence Blocks include stratigraphically-trapped fans and slope channel complexes of Turonian-Campanian age, Upper Jurassic and lower Cretaceous karstified reef build-ups and four-way closures and eroded shelf clastics onlapping the shelf edge.

NEW OPPORTUNITIES

The Company is reviewing major new oil provinces for potential discoveries and to expand its exploration acreage in order to position itself as the leading oil and gas exploration company in the West African region.

Quarterly Report

Name of entity

AFRICAN PETROLEUM CORPORATION LIMITED
--

ABN

87 125 419 730

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter US\$'000	Year to date (6 months) US\$'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(800)	(1,527)
(b) advertising and marketing	(15)	(51)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(4,004)	(6,493)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	95	137
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
(a) Payments for exploration	(5,293)	(34,470)
(b) Payments for business development	(783)	(1,283)
Net operating cash flows	(10,800)	(43,687)

	Current quarter US\$'000	Year to date (6 months) US\$'000
1.8	Net operating cash flows (carried forward)	
1.9	Cash flows related to investing activities	
	Payment for acquisition of:	
		(a) businesses (item 5) -
		(b) equity investments -
		(c) intellectual property -
		(d) physical non-current assets (106) (284)
		(e) other non-current assets -
1.10	Proceeds from disposal of:	
		(a) businesses (item 5) -
		(b) equity investments -
		(c) intellectual property -
		(d) physical non-current assets -
		(e) other non-current assets -
1.11		Loans to other entities -
1.12		Loans repaid by other entities -
1.13		Other (provide details if material)
		Cash backing security provided for bank guarantees (31) (118)
	(137)	(402)
1.14	Total operating and investing cash flows	
	(10,937)	(44,089)
1.15	Cash flows related to financing activities	
		Proceeds from issues of shares, options, etc (net of capital raising costs) - 2,243
1.16		Proceeds from sale of forfeited shares -
1.17		Proceeds from borrowings -
1.18		Repayment of borrowings - (1,621)
1.19		Dividends paid -
1.20		Other (provide details if material) -
		Net financing cash flows - 622
	(10,937)	(43,467)
	Net increase (decrease) in cash held	
1.21		Cash at beginning of quarter/year to date 147,325 180,830
1.22a		Exchange rate adjustments to item 1.21 108 373
1.22b		Exchange rate adjustments arising on translation from functional currency of legal parent (AUD) to presentation currency (USD) (1,080) (2,320)
1.23	Cash at end of quarter	
	135,416	135,416

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter US\$'000
1.24	Aggregate amount of payments to the parties included in item 1.2	316
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

US\$316,198 (net of GST) has been paid to directors during the quarter for the provision of consultancy services and services as directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available US\$'000	Amount used US\$'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter US\$'000	Previous quarter US\$'000
4.1 Cash on hand and at bank	11,712	5,870
4.2 Deposits at call	123,704	141,455
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	135,416	147,235

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A	N/A
5.2	Place of incorporation or registration	N/A	N/A
5.3	Consideration for acquisition or disposal	N/A	N/A
5.4	Total net assets	N/A	N/A
5.5	Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to NSX.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Claire Tolcon
Company Secretary

Date: 31 January 2011

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** NSX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.