FORM: Half yearly/preliminary final report

Name of *issuer*

AFRICAN PETROLEUM CORPORATION LIMITED

ACN or ARBN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('Current period')
125 419 730		x	Financial period ended 31 December 2010

African Petroleum Corporation Limited ("African Petroleum" or "Company") has changed its presentation currency from Australian Dollars (A$) to United States Dollars (US$). This preliminary final report is presented in US$.

African Petroleum has changed its year-end to 31 December.
The results for the current period are for the 6 months ended 31 December 2010.
The results for the comparative period are for the 6 months ended 30 June 2010 and have been restated from A$ to US$.

For announcement to the market
Extracts from this statement for announcement to the market *(see note 1).*

				$US,000
Revenue *(item 1.1)*	up	36,362%	to	225
Loss for the period *(item 1.9)*	down	34%	to	(14,524)
Loss for the period attributable to security holders *(item 1.11)*	down	34%	to	(14,524)

Income Distributions	Current period	Previous corresponding period
N/A	N/A	N/A

Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

N/A

Review of operations

Corporate

During the current period, the Company de-listed its securities from trading on ASX and was removed from ASX's official list on 3 September 2010. All of the Company's ordinary shares are now quoted on NSX under the code AOQ.

The Board of Directors resolved to change the Company's year-end to 31 December and have elected to report the Company's financial information in US$.

On 14 July 2010, 3,000,000 fully paid ordinary shares were issued pursuant to the exercise of options, generating $525,901 cash for the Company.

On 2 August 2010, 9,500,000 fully paid ordinary shares were issued pursuant to the exercise of options, generating $1,717,126 cash for the Company.

On 23 September 2010, Mr Jeffrey Couch was appointed as an Independent, Non-Executive Director.
Mr Couch is a Senior Executive at Eurasian Natural Resources Corporation PLC and is a qualified Canadian lawyer. He has 15 years of investment banking and capital markets experience having worked for Kleinwort Benson, Citigroup (Salomon Brothers) and most recently Credit Suisse. He has extensive experience in the natural resources sector having advised and raised capital for clients globally, with a particular focus in emerging markets and Africa.

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.

Mr Karl Thompson, who joined the Board of Directors on 30 June 2010, was appointed Chief Executive Officer of the Company on 4 October 2010.
Mr Thompson is an accomplished petroleum explorationist with 27 years of technical, operational and managerial experience in the exploration and development of hydrocarbons with major multinational and independent energy companies. He has established a track record as a successful 'oil finder' and commercial acquisitions of new venture oil and gas assets as well as corporate takeovers. He spent 18 years with Chevron Corporation where he was Exploration and Production Director as well as Strategic Planning Manager involved in a number of successful oil discoveries and developments as well as new venture acquisitions. Following a successful career with Chevron he started his petroleum consultancy working with companies in West Africa assisting with further hydrocarbon discoveries and new venture acquisitions. He has extensive experience in Europe, Africa and the Middle East working with major multinational companies and new start up AIM exploration companies as well National Oil companies. He holds an MSc in Geophysics from Imperial College London and BSc in Geology from University College London.

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

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 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.

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.

Mr Adrian Robinson was appointed to the role of Director of Exploration on 1 December 2010.
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.

Liberian Project

The Liberian project comprises Blocks LB-08 and LB-09, located offshore Liberia ("Liberian Project" or "Blocks LB-08 and LB-09")., The Mercury and Venus discoveries offshore Sierra Leone, are located to the north west of the Liberian Project and the Jubilee Field, to the south east in Ghana. 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 offshore 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 of the Liberian Project.

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 and commence drilling the first well.

Gambian Project

On 23 August 2010, African Petroleum's wholly owned subsidiary, African Petroleum Gambia Limited ("African Petroleum Gambia"), entered into an agreement with Buried Hill Gambia BV (''Buried Hill'') to acquire (via farm-in) a 60% equity interest in two off-shore Gambian exploration licences, Alhamdulilah Licence Block A1 and Licence Block A4 ("Licence Blocks") ("Agreement").

Under the Agreement, African Petroleum Gambia has assumed the operatorship of the Licence Blocks, which cover a combined total area of 2,668km^2 off-shore Gambia and is required to pay 80% of the forward costs incurred on the two blocks from execution of the Agreement to the end of the initial exploration period. In addition, to earn the 60% legal and beneficial interest in the Licence Blocks, African Petroleum Gambia has:

- assumed responsibility for all of Buried Hill's corporate licence guarantees, amounting to US$8 million; and
- paid Buried Hill's data fees payable to the Government of The Republic of the Gambia, amounting to US$750,000.

The Government of The Republic of the Gambia approved the Agreement and the extension of the initial exploration period for each of the Licence Blocks by a further two years to 31 December 2013.

In the event that the exploration period is mutually extended beyond 31 December 2013 on either of the Licence Blocks, African Petroleum Gambia is required to pay 60% of Buried Hill's past costs, which amount to approximately US$22.9 million.

Senergy(GB) Limited ("Senergy''), an independent oil and gas consultant engaged by the Company, has reviewed the exploration potential of the Licence Blocks and based on its assessment, the directors believe that there is substantial exploration potential with more than 20 prospects identified on the Licence Blocks in five independent play settings, primarily in the lower cretaceous. Oil seep studies and basin modelling indicate that hydrocarbon generation has taken place.

The Alhamdulilah Structure within the Licence Blocks is a four-way dip-closed structure with five stacked reservoir units. The structure covers an area of approximately 24km^2 over five mapped reservoirs with a gross thickness of 1,000m and a potential resource range of 560-1,000 million barrels ("MMbbls")[1]. Other play types in the Licence Blocks include stratigraphically-trapped fans and slope channel complexes of Turonian-Campanianage, Upper Jurassic and lower Cretaceouskarstified reef build-ups and four-way closures and eroded shelf clastics on lapping the shelf edge.

Senergy has indicated that, combined, these provide a total unrisked, mean recoverable potential for both Licence Blocks in excess of 4,600 MMbbls.

The Company has completed the acquisition of 2,500 sq km of 3D data in relation to the Licence Blocks and is currently processing the new 3D data and analysing the existing seismic dataset.

Sierra Leone Project

Subsequent to 31 December 2010, the Company's award of block SL-03, offshore Sierra Leone was ratified by the Sierra Leonean Parliament. Block SL-03 was awarded to the Company (subject to formal ratification) on 23 April 2010 and is a 3,135 sq km area located offshore Sierra Leone. It is situated approximately 150 km from Anadarko's recent Mercury-1 discovery at block SL-07B-10 and 85 km from the 2009 Venus discovery, both offshore Sierra Leone. Anadarko announced on 15 November 2010 that it had encountered approximately 135 net feet of oil pay in two Cretaceous-age fan systems in the Mercury discovery. African Petroleum is actively exploring for the Cretaceous-age fan systems in SL-03 similar to those found in Venus and Mercury and has identified a number of promising Cretaceous fan leads on the 2D seismic data. An extensive 3D seismic survey is planned for the block to firm up potential exploration prospects similar to the Mercury and Venus discoveries nearby.

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[1] It should be noted that the potential resources are all seismic features, which have not been penetrated by any wells. It should be clearly understood that the potential resources are undiscovered and the project is an exploration play. There is no certainty that any portion of the undiscovered resources will be discovered and that, if discovered, may not be economically viable or technically feasible to produce from any discovered resources.

Result

African Petroleum reported a loss after income tax of US$14,524,092 for the period ended 31 December 2010 (30 June 2010: loss of US$22,117,578).

Consolidated statement of comprehensive income

		Current period 6 months ended 31 December 2010 $US'000	**Previous corresponding period 6 months ended 30 June 2010 $US'000**
1.1	Revenues *(item 7.1)*	225	1
1.2	Expenses, excluding finance costs *(item 7.2)*	(14,749)	(22,119)
1.3	Finance costs	-	
1.4	Share of net profits (losses) of associates and joint ventures *(item 15.7)*	-	-
1.5	**Profit (loss) before income tax**	(14,524)	(22,118)
1.6	Income tax expense	-	-
1.7	Profit (loss) from continuing operations	(14,524)	(22,118)
1.8	Profit (loss) from discontinued operations *(item 13.3)*	-	-
1.9	**Net loss for the period attributable to ordinary equity holders**	(14,524)	(22,118)
1.10	**Other comprehensive income and expenditure**		
1.11	Foreign exchange loss on translation of functional currency to presentation currency	(1,819)	(205)
1.12	**Comprehensive income and expenditure for the period, net of tax**	(1,819)	(205)
1.13	**Total comprehensive loss for the period attributable to ordinary equity holders**	**(16,343)**	**(22,323)**
1.14	Net loss for the period is attributable to:		
1.15	Non-controlling interest	1	-
1.16	Owners of the parent	(14,525)	(22,118)
1.17	Total comprehensive loss for the period is attributable to:		
1.18	Non-controlling interest	1	-
1.19	Owners of the parent	(16,344)	(22,323)
1.20	Basic earnings per *security (item 9.1)*	(1.08) cents	(2.84) cents
1.21	Diluted earnings per *security (item 9.1)*	(1.08) cents	(2.84) cents
1.22	Distribution per *security (item 9.1)*	-	-

Comparison of half-year profits

		$US'000	$US'000
2.1	Consolidated profit (loss) after tax attributable to security holders reported for the 1st half year (*item 1.11* in the half yearly statement)	(22,118)[1]	(308)[3]
2.2	Consolidated profit (loss) after tax attributable to security holders for the 2nd half year	(14,524)[2]	(22,118)[4]

Notes

[1] The first half of the Company's financial year is the period 1 January 2010 to 30 June 2010 (which represents the result reported in the Company's last preliminary final).

[2] The second half of the Company's financial year is the period 1 July 2010 to 31 December 2010 (which represents the results for the current period).

[3] This is the results for the period 1 July 2009 to 31 December 2009 as represented by African Petroleum (then known as Global Iron Limited (ASX: GFE) on 10 March 2010.

[4] The loss for the 2nd half-year for the comparative period comprises:

- the loss recorded by African Petroleum for the period 28 June 2010 (the date it was deemed to have been acquired by EHL) to 30 June 2010; and
- the loss recorded by the EHL Group from 1 January 2010 (date since last audited financial statements) to 30 June 2010.

Consolidated statement of financial position

	Current assets	Current period 31 December 2010 $US'000	Previous corresponding period 30 June 2010 $US'000
3.1	Cash and cash equivalents	135,451	180,830
3.2	Trade and other receivables	2,890	312
3.3	Inventories	-	-
3.4	Other current assets (provide details if material)	-	-
3.5	**Total current assets**	138,341	181,142
	Non-current assets		
3.6	Available for sale investments	-	-
3.7	Restricted cash	118	-
3.8	Trade and other receivables	-	-
3.9	Deferred tax assets	-	-
3.10	Exploration and evaluation expenditure capitalised	52,199	27,949
3.11	Development properties	-	-
3.12	Property, plant and equipment (net)	551	30
3.13	Investment properties	-	-
3.14	Goodwill	-	-
3.15	Other intangible assets	-	-
3.16	Other related party loan receivable	-	-
3.17	**Total non-current assets**	52,868	27,979
3.18	**Total assets**	191,209	209,121

		Current period 31 December 2010 $US'000	Previous corresponding period 30 June 2010 $US'000
	Current liabilities		
3.19	Trade and other payables	16,300	26,086
3.20	Short term borrowings	-	1,621
3.21	Current tax payable	-	-
3.22	Short term provisions	-	-
3.23	Current portion of long term borrowings	-	-
3.24	Other current liabilities (provide details if material)	-	-
		16,300	27,707
3.25	Liabilities directly associated with non-current assets classified as held for sale	-	-
3.26	**Total current liabilities**	16,300	27,707
	Non-current liabilities		
3.27	Long-term borrowings	-	-
3.28	Deferred tax liabilities	-	-
3.29	Long term provisions	-	-
3.30	Provision for site rehabilitation	-	-
3.31	**Total non-current liabilities**	-	-
3.32	**Total liabilities**	16,300	27,707
3.33	**Net assets**	174,909	181,414
	Equity		
3.34	Share capital	211,596	209,353
3.35	Other reserves	5,464	(311)
3.36	Retained earnings	(42,187)	(27,663)
3.37	Minority interests	36	35
3.38	**Total equity**	174,909	181,414

Consolidated statement of changes in equity

	Ordinary Shares	Share based payments reserve	Foreign Currency Translation Reserve	Non-controlling interest	Accumulated Losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 July 2010	209,353	-	(311)	35	(27,663)	181,414
Net operating loss for the period	-	-	-	-	(14,524)	(14,524)
Other comprehensive losses for the period: foreign currency exchange differences arising on translation of functional currency to presentation currency	-	-	(1,819)	-	-	(1,819)
Options exercised	2,243	-	-	-	-	2,243
Share based payments expense	-	7,594	-	-	-	7,594
Non-controlling interest of operating profit / (loss) for the period	-	-	-	1	-	1
At 31 December 2010	**211,596**	**7,594**	**(2,130)**	**36**	**(42,187)**	**174,909**

The Company’s acquisition of Cayman Islands incorporated African Petroleum Corporation Limited (“APCL”) on 28 June 2010 is required to be treated as a reverse acquisition for accounting purposes. Consequently, the consolidated statement of changes in equity for the previous corresponding period (being 1 January 2010 to 1 July 2010) comprises:

- The equity balance of EHL[1] at the beginning of the period, 1 January 2010,
- The total comprehensive income and transactions with equity holders for the period to 1 January 2010 to 30 June 2010 for the EHL Group[1] and 28 June 2010 to 30 June 2010 for African Petroleum,
- The consolidated equity balance of the EHL Group[1] and African Petroleum as at 30 June 2010.

[1]On 29 January 2010, European Hydrocarbons Limited (“EHL”) became a legal subsidiary of APCL. However, this business combination is also required to be accounted for as a reverse acquisition. Consequently, EHL is regarded as the parent entity of both APCL and African Petroleum for accounting purposes. The consolidation of EHL, APCL and APCL’s other legal subsidiaries is referred to as the EHL Group.

	Ordinary Shares	Foreign Currency Translation Reserve	Non-controlling interest	Accumulated Losses	Total
	US$’000	**US$’000**	**US$’000**	**US$’000**	**US$’000**
At 1 January 2010	10,639	(516)	-	(5,545)	4,578
Net operating loss for the period	-	-	-	(22,118)	(22,118)
Other comprehensive income for the period: foreign currency exchange differences arising on translation of functional currency to presentation currency	-	205	-	-	205
Fair value of African Petroleum shares transferred to EHL under reverse acquisition accounting	198,714	-	-	-	198,714
Recognition of non-controlling interests pursuant to a business combination	-	-	35	-	35
At 30 June 2010	**209,353**	**(311)**	**35**	**(27,663)**	**181,414**

Consolidated statement of cash flows

		Current period 6 months ended 31 December 2010 $US'000	Previous corresponding period 6 months ended 30 June 2010 $US'000
	Cash flows related to operating activities		
5.1	Receipts from customers	-	-
5.2	Payments to suppliers and employees	(9,517)	(3,826)
5.3	Interest received	137	-
5.4	Income taxes paid	-	-
5.5	Other income	88	-
5.6	**Net cash used in operating activities**	(9,292)	(3,826)
	Cash flows related to investing activities		
5.7	Payments for purchases of property, plant and equipment	(593)	(20)
5.8	Proceeds from sale of property, plant and equipment	-	-
5.9	Payment for purchases of equity investments	-	-
5.10	Proceeds from sale of equity investments	-	-
5.11	Payments for exploration and evaluation activities	(34,035)	(2,008)
5.12	Cash backing security provided	-	-
5.13	Other: Cash balances acquired on acquisition of controlled entities	-	181,343
5.14	**Net cash from / (used in) investing activities**	(34,628)	179,315
	Cash flows related to financing activities		
5.15	Proceeds from issues of securities net of capital raising costs (shares, options, etc.)	2,243	-
5.16	Proceeds from borrowings	-	372
5.17	Repayment of borrowings	(1,621)	-
5.18	Distributions paid	-	-
5.19	Other (provide details if material)	-	-
5.20	**Net cash from / (used in) financing activities**	622	372
	Net increase (decrease) in cash and cash equivalents	(43,298)	175,861
5.21	Cash at beginning of period (*see Reconciliations of cash*)	180,830	4,969
5.22	Exchange rate adjustments	(2,081)	-
5.23	**Cash at end of period** *(see* Reconciliation of cash)	135,451	180,830

Reconciliation of cash provided by operating activities to profit or loss

		Current period 6 months ended 31 December 2010 $US'000	Previous corresponding period 6 months ended 30 June 2010 $US'000
6.1	**Loss** *(item 1.9)*	(14,524)	(22,118)
	Adjustments for:		
6.2	Depreciation	71	-
6.3	Excess consideration written off	-	18,360
6.4	Discount on acquisition of controlled entity	-	(279)
6.5	Share based payments expense	7,594	-
6.6	Unrealised foreign exchange gain	129	-
6.7	Impairment	118	-
6.8	Increase/(decrease) in provisions	-	-
6.9	(Increase)/decrease in trade & other receivables	(2,562)	(218)
6.10	Increase/(decrease) in trade & other payables	-	429
6.11	Increase/decrease in restricted cash	(118)	-
6.13	**Net cash from operating activities** *(item 5.6)*	(9,292)	(3,826)

Notes to the financial statements

Details of revenues and expenses

		Current period 6 months ended 31 December 2010 $US'000	Previous corresponding period 6 months ended 30 June 2010 $US'000
	Revenue		
	Interest income	137	1
	Other income	88	-
7.1	**Total Revenue**	**225**	**1**
	Expenses		
	Employee benefits expense	(764)	(174)
	Consulting expenses	(2,958)	(2,647)
	Directors' remuneration	(877)	(616)
	Compliance and regulatory expenses	(273)	(33)
	Administration expenses	(1,965)	(408)
	Depreciation	(71)	-
	Unrealised foreign exchange gains / (losses)	(129)	-
	Realised foreign exchange gains / (losses)	-	(160)
	Excess purchase consideration written off	-	(18,360)
	Share based payments expense	(7,594)	-
	Impairment loss on tenements	(118)	-
	Discount on acquisition of controlled entity	-	279
7.2	**Total Expenses**	**(14,749)**	**(22,119)**
	Profit (loss) before tax	**(14,524)**	**(22,118)**

Ratios		Current period 6 months ended 31 December 2010 $US'000	Previous corresponding period 6 months ended 30 June 2010 $US'000
8.1	**Profit before tax / revenue** Consolidated profit (loss) before tax *(item 1.5)* as a percentage of revenue *(item 1.1)*	(6,456%)	NA – Nominal revenue
8.2	**Profit after tax / equity interests** Consolidated profit (loss) after tax attributable to security holders *(item 1.9)* as a percentage of equity (similarly attributable) at the end of the period *(item 3.38)*	(8%)	(12%)

Earnings per *Security*

9.1	*Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:*
	Current Period Loss for the period: $14,524,092 Weighted average number of shares on issue: 1,338,638,468 **Previous corresponding period** Loss for the period: $22,117,578 Weighted average number of shares on issue: 778,053,955 The weighted average number of shares on issue was calculated by adding together the weighted average number of ordinary shares on issue by APCL from 1 January 2010 to 28 June 2010 and the weighted average number of ordinary shares on issue by African Petroleum from 28 June 2010 to 30 June 2010.

Income distributions

10.1	Date the income distribution is payable	N/A

10.2	Record date to determine entitlements to the income distribution (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)	N/A

10.3 The *distribution plan*s shown below are in operation.

N/A

The last date(s) for receipt of election notices to the *distribution plan*s

N//A

10.4 Any other disclosures in relation to *distributions*

N/A.

Distributions paid or provided for on all *securities*

(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)

		Current period - $US'000	Previous corresponding period - $US'000	Franking rate applicable
	Distributions paid or provided for during the reporting period			
10.5	Current year interim	N/A	N/A	N/A
10.6	Previous year final	N/A	N/A	N/A

Distributions per *security*
(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)

		Current year	Previous year	Franking rate applicable
	Distributions paid or provided for during the reporting period			
10.7	Current year interim	N/A	N/A	N/A
10.8	Previous year final	N/A	N/A	N/A

Exploration and evaluation expenditure capitalised

To be completed only be issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

		Current period 6 months ended 31 December 2010 $US'000	**Previous corresponding period 6 months ended 30 June 2010 $US'000**
11.1	Opening balance	27,949	2,463
11.2	Expenditure incurred during current period	24,368	25,379
11.3	Expenditure written off during current period	(118)	-
11.4	Acquisition as a result of a business combination	-	107
11.5	Expenditure transferred to Development Properties	-	-
11.6	**Closing balance as shown in the consolidated balance sheet** (item 3.10)	52,199	27,949

Development properties

(To be completed only by issuers with mining interests if amounts are material)

		Current period 6 months ended 31 December 2010 $US'000	**Previous corresponding period 6 months ended 30 June 2010 $US'000**
12.1	Opening balance	-	-
12.2	Expenditure incurred during current period	-	-
12.3	Expenditure transferred from exploration and evaluation	-	-
12.4	Expenditure written off during current period	-	-
12.5	Acquisitions, disposals, revaluation increments, etc.	-	-
12.6	Expenditure transferred to mine properties	-	-
12.7	**Closing balance as shown in the consolidated balance sheet** (item 3.11)	-	-

Discontinued Operations

(see note 18)

(as per paragraph 33 of AASB 5: Non-current Assets Held for Sale and Discontinued Operations)

		Current period 6 months ended 31 December 2010 $US'000	**Previous corresponding period 6 months ended 30 June 2010 $US'000**
13.1	Revenue	-	-
13.2	Expense	-	-
13.3	**Profit (loss) from discontinued operations before income tax**	-	-
13.4	Income tax expense *(as per para 81 (h) of AASB 112)*	-	-
13.5	**Gain (loss) on sale/disposal of discontinued operations**	-	-
13.6	**Income tax expense (as per paragraph 81(h) of AASB 112)**	-	-

Movements in Equity

The current period reflects the movements in African Petroleum's capital structure for the 6 month period 1 July 2010 to 31 December 2010.

The previous corresponding period reflects the movements in African Petroleum's capital structure for the 6 month period 1 January 2010 to 30 June 2010.
In the previous corresponding period, African Petroleum completed the acquisition of 100% of Cayman Island incorporated African Petroleum Corporation Limited and its wholly owned subsidiary, European Hydrocarbons Ltd ("EHL"). Under Australian Accounting Standards (AASB 3 "Business Combinations"), that acquisition was required to be accounted for as a reverse acquisition, with EHL being treated as the accounting parent. Although EHL is treated as the parent entity for accounting purposes, the capital structure of the consolidated entity is that of the legal parent, African Petroleum.

		Current period			**Previous corresponding period***
		Number	**Paid-up value (cents)**	**Carrying value US$'000**	**Number**
14.1	**Preference securities**				
14.2	Balance at start of period	N/A	N/A	N/A	N/A
14.3	a) Increases through issues	N/A	N/A	N/A	N/A
14.4	a) Decreases through returns of capital, buybacks etc.	N/A	N/A	N/A	N/A
14.5	Balance at end of period	N/A	N/A	N/A	N/A
14.6	**Ordinary securities** *(fully paid ordinary shares)*				
14.7	Balance at start of period	**1,328,002,598**	**-**	**209,353**	**18,125,002**

* Refer to 14.37 below for reconciliation of carrying value of share capital for the previous corresponding period.

		Current period			Previous corresponding period*
		Number	**Paid-up value (cents)**	**Carrying value US$'000**	**Number**
14.8	a) Increases through issues				
	Issue of shares to acquire APCL				**906,250,051**[1]
	Issue of shares pursuant to a capital raising				**403,627,545**
	Exercise of options	**12,500,000**	**US$0.18**	**2,243**	
14.9	b) Decreases through returns of capital, buybacks etc.	**-**	**-**	**-**	**-**
14.10	Balance at end of period	**1,340,502,598**		**211,596**	**1,328,002,598**

[1] These shares are escrowed for a period of 12 months (273,214,564 shares) and 24 months (633,035,487 shares) from 30 June 2010 and are quoted on NSX but are unable to trade until 30 June 2011 and 30 June 2012 respectively.

		Current period				Previous corresponding period
		Number issued	**Number listed**	**Paid-up value (cents)**	**US$'000**	**Number issued**
14.11	**Convertible Debt Securities** *(description & conversion factor)*					
14.12	Balance at start of period	N/A	N/A	N/A	N/A	N/A
14.13	a) Increases through issues	N/A	N/A	N/A	N/A	N/A
14.14	b) Decreases through maturity, converted.	N/A	N/A	N/A	N/A	N/A
14.15	Balance at end of period	N/A	N/A	N/A	N/A	N/A
14.16	**Options**					
14.17	Balance at start of period	**24,608,826**	**-**	**-**	**-**	**12,500,000**[6]
14.18	Issued during period	**13,375,000**[7]	**-**	**-**	**7,594**	**12,108,826**[5]
14.19	Exercised during period	**(12,500,000)**	**-**	**-**	**-**	**-**
14.20	Expired during period	**-**	**-**	**-**	**-**	**-**
14.21	Balance at end of period	**25,483,826**	**-**	**-**	**7,594**	**24,608,826**

[5] These options have an exercise price of A$0.55 and an expiry date of 30 June 2013. The options were valued on grant date at A$4,925,463 (US$4,219,463).
[6] Balance comprises 12,500,000 unlisted options with an exercise price of A$0.20 and an expiry date of 31 July 2010.
[7] Balance comprises 12,375,000 unlisted options with an exercise price of A$0.55 and an expiry date of 31 July 2013. The options were valued on grant date at A$7,607,700 (US$7,525,595). A further 1,000,000 unlisted options were issued with an exercise price of A$0.55 and an expiry date of 1 December 2015. The options are expected to vest over a 6 month to 2 year period. An amount of US$67,914 has been recognised in the current period for these options.

		Number issued	Number listed	Paid-up value (cents)	Current period – US$'000
14.22	**Debentures** *(description)*				
14.23	Balance at start of period	N/A	N/A	N/A	N/A
14.24	a) Increases through issues	N/A	N/A	N/A	N/A
14.25	b) Decreases through maturity, converted	N/A	N/A	N/A	N/A
14.26	Balance at end of period	N/A	N/A	N/A	N/A
14.27	**Unsecured Notes** *(description)*				
14.28	Balance at start of period	N/A	N/A	N/A	N/A
14.29	a) Increases through issues	N/A	N/A	N/A	N/A
14.30	b) Decreases through maturity, converted	N/A	N/A	N/A	N/A
14.31	Balance at end of period	N/A	N/A	N/A	N/A
14.36	**Total Securities**	**1,365,986,424**	**1,340,502,598**		**219,190**

14.37 Reconciliation of carrying value of share capital for prior period

	US$'000
Carrying value of issued share capital at 1 January 2010	10,639
Value of shares deemed to have been transferred by African Petroleum to EHL	198,715
Carrying value of issued share capital at 30 June 2010	**209,353**

		Current period – US$'000	Previous corresponding period – US$'000
	Reserves		
14.38	Balance at start of period	(311)	(516)
14.39	Issue of consideration options	7,594	-
14.40	Movements in reserves due to foreign currency exchange differences arising on translation from functional currency to presentation currency	(1,819)	205
14.41	Balance at end of period	5,464	(311)
14.42	**Total reserves**	**5,464**	**(311)**
	Accumulated losses		
14.43	**Balance at start of period**	(27,663)	(5,545)[1]
14.44	Changes in accounting policy	-	-
14.45	Restated balance	-	-
14.46	Loss for the period	(14,524)	(22,118)
14.47	Dividends	-	
14.48	**Balance at end of period**	(42,187)	(27,663)

[1] opening balance at 1 January 2010 represents the closing balance from EHL's 31 December 2009 audited accounts converted into US Dollars at the GBP/US foreign exchange rate on 31 December 2009.

Details of aggregate share of profits (losses) of associates and joint venture entities

(equity method)

(under AASB 128: Investments in Associates paragraph Aus 37.1 and AASB 131: Interests in Joint Ventures paragraph Aus 57.3)

On 23 August 2010, African Petroleum's wholly owned subsidiary, African Petroleum Gambia Limited ("African Petroleum Gambia"), entered into an agreement with Buried Hill Gambia BV (''Buried Hill'') to acquire (via farm-in) a 60% equity interest in two off-shore Gambian exploration licences, Alhamdulilah Licence Block A1 and Licence Block A4.

Under the Agreement, African Petroleum Gambia has assumed the operatorship of the Licence Blocks, which cover a combined total area of 2,668km^2 off-shore Gambia and is required to pay 80% of the forward costs incurred on the two blocks from execution of the agreement to the end of the initial exploration period. In addition, to earn the 60% legal and beneficial interest in the Licence Blocks, African Petroleum Gambia has:

- assumed responsibility for all of Buried Hill's corporate licence guarantees, amounting to US$8 million; and
- paid Buried Hill's data fees payable to the Government of The Republic of the Gambia, amounting to US$750,000.

The Government of The Republic of the Gambia approved the agreement and the extension of the initial exploration period for each of the Licence Blocks by a further two years to 31 December 2013.

In the event that the exploration period is mutually extended beyond 31 December 2013 on either of the Licence Blocks, African Petroleum Gambia is required to pay 60% of Buried Hill's past costs, which amount to approximately US$22.9 million.

Name of associate or joint venture entity	Joint Venture with Buried Hill BV

Reporting entities percentage holding	60%

		Current period - $US'000	Previous corresponding period - $US'000
15.1	Profit (loss) before income tax	-	-
15.2	Income tax	-	-
15.3	**Profit (loss) after tax**	-	-
15.4	Impairment losses	-	-
15.5	Reversals of impairment losses	-	-
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)	-	-
15.7	**Share of net profit (loss) of associates and joint venture entities**	-[1]	-

[1]During the current period the Joint Venture with Buried Hill BV did not report a profit or loss. All exploration costs incurred during the period have been capitalised.

Control gained over entities having material effect
(*See note 8*)

16.1	Name of entity acquired	N/A

		Date	**$US'000**
16.2	Consolidated profit (loss) after tax since the date in the current period on which control was acquired		N/A
16.3	Date from which profit (loss) in *item 16.2* has been calculated		N/A
16.4	Profit (loss) after tax for the whole of the previous corresponding period		N/A

Loss of control of entities having material effect
(See note 8)

17.1	Name of *issuer* (or *group*)	N/A

		$US'000
17.2	Consolidated profit (loss) after tax of the entity (or *group*) for the current period to the date of loss of control	N/A
17.3	Date from which the profit (loss) in *item 17.2* has been calculated	N/A
17.4	Consolidated profit (loss) after tax of the entity (or *group*) while controlled during the whole of the previous corresponding period	N/A
17.5	Contribution to consolidated profit (loss) from sale of interest leading to loss of control	N/A

Material interests in entities which are not controlled entities
The economic entity has an interest (that is material to it) in the following entities.

		Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss) *(item 1.9)*	
18.1	**Equity accounted associated entities**	**Current period**	**Previous corresponding period**	**Current period $US'000**	**Previous correspondin g period $US'000**
	N/A	N/A	N/A	***Equity accounted***	
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
18.2	**Total**	N/A	N/A	N/A	N/A
18.3	**Other material interests**			**Non equity accounted (i.e. part of *item 1.9*)**	
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
18.4	**Total**	N/A	N/A	N/A	N/A

Reports for industry and geographical segments

In accordance with AASB 8 “Operating Segments”, an operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity’s chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues.

The Company only has one operating segment being exploration for hydrocarbons.

		Current period - $US’000			**Previous corresponding period - $US’000**		
	Segments	**Exploration for Hydrocarbons**	**Unallocated items**	**Total**	**Exploration for Hydrocarbons**	**Unallocated items**	**Total**
	Revenue:						
19.1	External sales	-	-	-	-	-	-
19.2	Interest received and other income	88	137	225	-	1	1
19.3	**Total segment revenue**	**88**	**137**	**225**	**-**	**1**	**1**
19.4	**Segment net operating loss after tax**	**(14,661)**	**137**	**(14,524)**	**(3,758)**	**(18,360)**	**(22,118)**
19.5	Separately disclosable items within operating loss:						
	Excess purchase consideration written off	-	-	-	-	(18,360)	(18,360)
19.6	**Segment assets**	**191,209**	**-**	**191,209**	**209,014**	**107**	**209,121**
19.7	Investments in associates	-	-	-	-	-	-
19.8	Capitalised expenditure	52,199	-	52,199	27,842	107	27,949

		Current period - $US'000			Previous corresponding period - $US'000		
	Segments	**Exploration for Hydrocarbons**	**Unallocated items**	**Total**	**Exploration for Hydrocarbons**	**Unallocated items**	**Total**
	Other assets	139,010	-	139,010	181,172	-	181,172
19.9	**Total assets**	**191,209**	**-**	**191,209**	**209,014**	**107**	**209,121**
19.10	**Segment liabilities**	**(16,300)**	**-**	**(16,300)**	**(27,707)**	**-**	**(27,707)**
19.11	**Cash flow information**						
19.12	Net cash outflow from operating activities	(9,292)	-	(9,292)	(3,826)	-	(3,826)
19.13	Net cash outflow from investing activities	(34,628)	-	(34,628)	(179,315)	-	(179,315)
19.4	Net cash inflow from financing activities	622	-	622	372	-	372

NTA Backing

20.1		Current period	Previous corresponding period
Net tangible asset backing per ordinary *security*		9.15 cents	11.56 cents

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

21.1	

International Financial Reporting Standards

Under paragraph 39 of AASB 1: First –time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.

22.1	N/A

Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.

22.2	*N/A*

Comments by *directors*

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an accruals basis and is based on historical costs.

The financial report is presented in United States Dollars.

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Comparative financial information

The comparative financial information presented in this report is for the period ended 30 June 2010. On 28 June 2010, African Petroleum Corporation Limited ("African Petroleum" or the "Company") completed the acquisition of 100% of Cayman Islands incorporated African Petroleum Corporation Limited ("APCL"). Under the terms of AASB 3 "Business Combinations", APCL was deemed to be the accounting acquirer in the business combination. Consequently, the acquisition was accounted for as a reverse acquisition.

On 29 January 2010, European Hydrocarbons Limited ("EHL") became a legal subsidiary of APCL. However, that business combination was also required to be accounted for as a reverse acquisition.

Consequently, EHL is regarded as the parent entity of both APCL and African Petroleum for accounting purposes. The consolidation of EHL, APCL and APCL's other legal subsidiaries is referred to as the EHL Group.

The consolidated financial statements for the period ended 30 June 2010 were prepared as a continuation of the business and operations of EHL. EHL, as the deemed acquirer, accounted for the acquisition of African Petroleum from 28 June 2010.

The implications of the application of AASB 3 on the consolidated financial statements for the period ended 30 June 2010 was as follows:

Consolidated Statement of Comprehensive Income

- The 30 June 2010 Statement of Comprehensive Income for the Consolidated Entity comprises 6 months of EHL from 1 January 2010 to 30 June 2010 and 2 days of African Petroleum from 28 June 2010 to 30 June 2010.

Consolidated Statement of Financial Position

- The 30 June 2010 Consolidated Statement of Financial Position represents that of African Petroleum as at 30 June 2010 and the EHL Group as at 30 June 2010.

Consolidated Statement of Changes in Equity

- The 30 June 2010 Consolidated Statement of Changes in Equity comprises:
  - The equity balance of EHL at the beginning of the period, 1 January 2010,
  - The transactions for the period ended 30 June 2010, being 6 months of the EHL Group and 2 days African Petroleum.
  - The consolidated equity balance of EHL and African Petroleum as at 30 June 2010.

Consolidated Statement of Cash Flows

The 30 June 2010 Consolidated Statement of Cash Flows comprises:

- The cash balance of EHL at the beginning of the period, 1 January 2010,

- The transactions for the period ended 30 June 2010, being 6 months of the EHL Group and 2 days African Petroleum, and
- The consolidated cash balance of the EHL Group and African Petroleum as at 30 June 2010.

Compliance with IFRS

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

Subsequent Events

In February 2011, the Sierra Leonean Parliament ratified the Company's award of block SL-03. Block SL-03 is a 3,135 sq km area located offshore Sierra Leone.

No other event has arisen between 31 December 2010 and the date of this report (16 March 2011) that would be likely to materially affect the operations of the Consolidated Entity or its state of affairs which have not otherwise been disclosed in this financial report.

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

N/A – no prospect for paying fully or partly franked dividends for at least the next year.

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

Nil

An *issuer* shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. (*as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)*

NIL

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year (*as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

NIL

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assts since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

Contingent liabilities

Set out below is a summary of obligations in respect of Liberian Blocks 8 and 9 in each exploration period, detailing the work commitments, minimum expenditures and mandatory relinquishments under Production Sharing Contracts.

Blocks 8 and 9 Summary Exploration Periods, Work Commitments, Minimum Expenditure and Mandatory Relinquishment						
Exploration Period	**Commencement Date**	**Expiration Date**	**Period Years**	**Minimum Work Commitment per Block**	**Minimum Expenditure (US$)**	**Mandatory Relinquishment**
1	23/06/2008	23/06/2012	4	1500km^2 3D Seismic, drill 1 exploratory well	US$8 million	25%
2	23/06/2012	23/06/2014	2	Drill 1 exploratory well	US$10 million	25%
3	23/06/2014	23/06/2016	2	Drill 1 exploratory well	US$10 million	100%

Notes:

- Drilling exploration wells is contingent on the success of the seismic program in defining drill targets.
- Each exploration well must be drilled to a minimum 2,000 metres after deducting water depth.
- At the end of the Third Exploration Period, the remaining area of the Blocks must be relinquished other than areas of petroleum discovery, the subject of Appraisal or Exploration authorisations.
- The above requirements, commitments and relinquishments are required to be met on **both** Block 8 and 9(i.e. in The First Exploration Period, aggregate minimum expenditure is US$16 million and two exploratory wells are required to be drilled).

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

NIL

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations *(as per paragraph 16(i) of AASB 134: Interim Financial Reporting)*

NIL

Annual General Meeting

The Annual General Meeting will be held as follows:

Place	To be advised
Date	To be advised
Time	To be advised
Approximate date the annual report will be available	Statutory financial statements to be lodged on NSX Platform on or around 31 March 2011. Annual Report to be despatched to shareholders on or around 28 April 2011.

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used	N/A

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement does give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

☐ The financial statements have been audited.

☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).

X The financial statements are in the process of being audited or subject to review.

☐ The financial statements have *not* yet been audited or reviewed.

5. The accounts are in the process of being audited. Consequently, the audit report is not attached. Details of any audit report qualifications will be published as soon as they are available.

6. As at 31 December 2010 African Petroleum Corporation Limited had a formally constituted audit committee comprising 3 non executive directors.

Sign here: Claire Tolcon Date: 16 March 2011

(Company secretary)