



**African
Petroleum**
CORP LTD

Interim Financial Report for the
Second Quarter 2015





African Petroleum Corporation Ltd

Interim Financial Report for the Second Quarter 2015

Highlights

- Binding joint bidding agreement signed with a large London listed oil and gas company on licence Block CI-513 in Côte d'Ivoire. Completion of the transaction is subject to negotiation and entry into commercial agreements
- Advanced farm-out discussions with numerous interested parties across the Company's assets, including The Gambia and Senegal. Recent exploration success by third party operators in the area has led to a significant increase in the level of interest in these assets
- The Company shares were listed on the Open Market of the Frankfurt Stock Exchange in June 2015
- Upgraded prospective resources were announced for the Company's 100% owned and operated Licence Blocks SL-03 and SL-4A-10 in Sierra Leone. The independently assessed net mean prospective oil resources relating to the Sierra Leone Licences are 1,354MMstb. Further resource updates are planned before year end; however, internal work has shown a further >2.7 billion barrels of potential in the acreage (these numbers will be independently assessed in due course)
- Approximately US\$3.0 million cash at bank as at 30 June 2015, together with US\$13.1 million restricted cash
- In line with current industry practice, the Company has implemented a cost cutting initiative from 1 July 2015, and the Company continues to explore further cost saving measures



Company Background

African Petroleum, listed on the Oslo Axess (APCL), the National Stock Exchange of Australia (AOQ) and the Open Market of the Frankfurt Stock Exchange (A1C1G9), is an independent oil and gas exploration company led by an experienced Board and management team. The Company is a significant net acreage holder in West Africa with estimated net unrisked mean prospective oil resources in excess of 12.5 billion barrels.

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 significant discoveries during 2014 by Total in Côte d'Ivoire and Cairn Energy in Senegal and during 2015 by Kosmos Energy in Mauritania.

The Company continues to achieve key operational milestones across its 10 licences, having rapidly matured its exploration portfolio by acquiring more than 18,500km² 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.





CEO Statement



“This quarter has seen African Petroleum make significant progress towards achieving its strategic objectives for 2015. We were delighted to have signed a binding joint bidding agreement with a London listed oil and gas company in Côte d’Ivoire. African Petroleum looks forward to completing the transaction so that we can commence an active near term exploration programme in Côte d’Ivoire.

The Company remains in advanced discussions with a number of high quality industry players in relation to our acreage in The Gambia and Senegal. We hope to mature these discussions into farm out transactions and look forward to updating the market during H2 2015.”

Operational & Corporate Update

COST-CUTTING INITIATIVE

Whilst the Company is comfortable that its funding position will be significantly enhanced by the completion of farm-in transactions during the second half of this year, the Board remains focused on reducing overhead costs. Further to an in-depth review, the Board has deemed it financially prudent to significantly reduce remuneration as part of the Company’s ongoing commitment to capital discipline.

FARM OUT PROCESS

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, with an immediate focus on Côte d’Ivoire, The Gambia and Senegal.

Côte d’Ivoire

As announced on 29 June 2015, African Petroleum has signed a binding joint bidding agreement with a London listed oil and gas company to provide a framework for the incoming third party to secure a 45% operated interest in a Production Sharing Contract (on terms to be agreed) covering the Company’s Block CI-513 licence area in Côte d’Ivoire. It is intended that African Petroleum will hold a non-operated interest of 45%, with the remaining 10% carried interest held by Petroci, the National Oil Company of Côte d’Ivoire.

Completion of the transaction is subject to negotiation and entry into commercial agreements and several conditions precedent including, but not limited to, the agreement and approval of the Government of Côte d’Ivoire.

African Petroleum and the incoming party are working together towards completion of the transaction as soon as possible, and the Company expects to make further announcements, including further details of commercial terms, in due course as progress is made.

The Gambia & Senegal

The Company is in advanced farm out discussions with several interested parties across the Company's Gambia and Senegal assets. The recent exploration success of third party operators within this area, namely Cairn Energy in Senegal and Kosmos in Mauritania, has led to a significant increase in the level of interest in these assets. There has been a 60% increase in visits to the Company's data room during H1 2015 from a high calibre of companies, a number of whom have confirmed their interest in pursuing a transaction and have initiated detailed due diligence. The Company seeks to attract binding offers as soon as possible. Further announcements on progress will be made in due course.

Liberia

Following announcements previously made by African Petroleum in Q4 2014 and Q1 2015, on 30 June 2015 African Petroleum announced that 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") had now lapsed due to lack of progress within the extended timeframe granted to the third party (as announced on 20 March 2015).

African Petroleum was disappointed to see the LB-08 Term Sheet lapse, but this was as a result of external issues faced by the third party rather than any issues with the Company's asset.

Although the Term Sheet did not yield a transaction on this occasion, the intention remains to seek a partner on the Company's prospective LB-08 and LB-09 licences in Liberia in due course. The Company is engaged with a number of parties on these assets.

LISTING ON THE OPEN MARKET FRANKFURT STOCK EXCHANGE

On 11 June 2015, African Petroleum announced that the shares of the Company were listed on the Open Market (Regulated Unofficial Market) of the Frankfurt Stock Exchange under the WKN (German securities identification code) A1C1G9.

The Directors believe that a listing on the Open Market may result in African Petroleum's shares obtaining an additional trading avenue with possible benefits of enhancing share liquidity. This listing will facilitate easier access to trading in the Company's shares by retail investors in Germany and Switzerland where we believe there is interest.

UPGRADED PROSPECTIVE RESOURCES, 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-04A-10 in Sierra Leone ("Sierra Leone Licences").

The Company engaged the independent petroleum consultant, ERC Equipoise Ltd, 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
Sierra Leone		
SL-03 and SL-4A-10	1,354	223

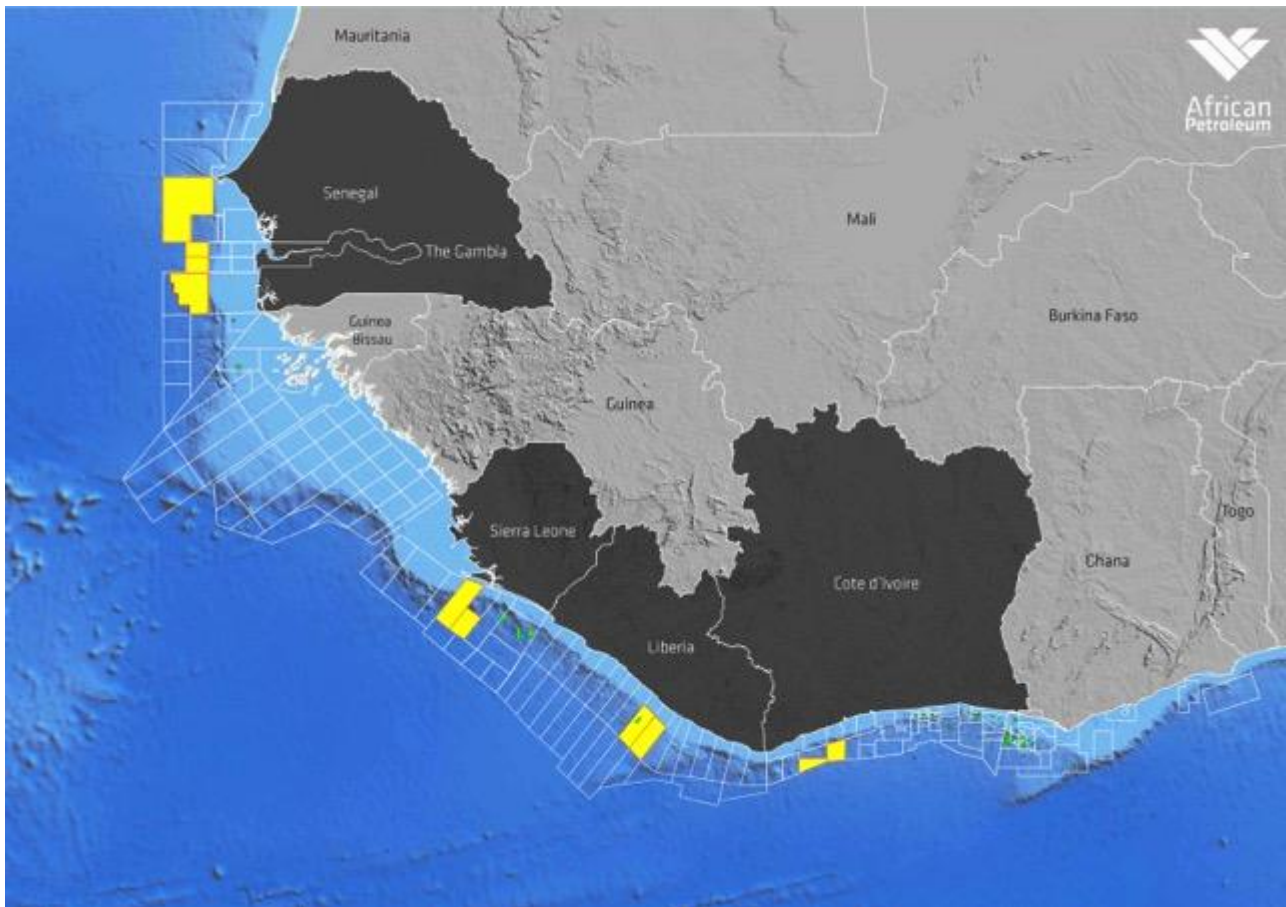
Interpretation work on the new SL-04A-10 3D seismic has identified exciting deepwater prospects with strong AVO response. A high impact portfolio has now been evaluated and a further >2.7 billion barrels of resources have been identified internally in the Sierra Leone licences by African Petroleum, adding to the already published independent CPR numbers. The new internal AVO work significantly mitigates the potential risk perception of these assets.

SHARE CAPITAL INCREASE FOLLOWING REPAIR OFFERING

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 a repair offering raising a total of NOK 4,061,516 (approximately US\$505,000).

The repair offering followed the private placement completed by the Company in March 2015 that raised NOK 95,016,200 (approximately US\$12.5 million) from institutional investors. 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.

Licence Information



Côte d'Ivoire: Blocks CI-509 & 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 2,283km².

Licence Activities

In October 2012, the Company acquired 4,200km² 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 Equipoise letter, January 2015).

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.

Recent Updates

On 29 June 2015, African Petroleum announced that it has signed a binding joint bidding agreement with a London listed oil and gas company to provide a framework for the incoming party to secure a 45% operated interest in a Production Sharing Contract (on terms to be agreed) covering the Company's Block CI-513 licence area in Côte d'Ivoire. It is intended that African Petroleum will hold a non-operated interest of 45%, with the remaining 10% carried interest held by Petroci, the National Oil Company of Côte d'Ivoire.

Completion of the transaction is subject to negotiation and entry into commercial agreements and several conditions precedent including, but not limited to, the agreement and approval of the Government of Côte d'Ivoire.

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 ERC Equipoise Competent Persons Report (April 2014), estimates the net unrisks mean prospective oil resources at 2,130MMStb and net risks mean prospective oil resources at 456MMStb, a 118% increase in net risks mean prospective resources from the April 2014 Competent Persons Report.

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.

Senegal: Rufisque Offshore Profond & 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 14,216km².

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 3,600km² 3D seismic acquisition over the SOSP licence block and interpretation is ongoing. In the ROP block an existing seismic dataset (2007 vintage) covering 1,800km² 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 ERC Equipoise letter released in March 2015. The independently assessed leads and prospects estimates the net unrisked mean prospective oil resources at 1,779MMStb.

Recent Updates

Kosmos (60% Operator) with Chevron (30%) drilled the Tortue West prospect that straddles the Mauritania/Senegal border at Tortue-1 and on 27 April 2015 Kosmos announced that it intersected 107 metres (351 feet) of net hydrocarbons in the Cenomanian (four zones) and it far exceeded its pre-drill expectations (2.1 billion barrels oil equivalent, gross).

In January 2015, following its significant (and potentially commercial) oil discovery at FAN-1 in October 2014 and SNE-1 in November 2014, 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 as they will help us develop a deeper understanding of the geology of our own acreage which in turn will significantly de-risk our future activity on the blocks.

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). All three discoveries, two by Cairn Energy and partner group in Senegal and the Kosmos discovery on the Mauritanian/Senegal border, are consistent with African Petroleum's charge model. The farm-out process is ongoing with heightened interest in this exciting part of African Petroleum's portfolio.

The Gambia: Blocks A1 & A4

Licence Overview

African Petroleum holds a 100% operated working interest in offshore licences A1 and A4 (the "Gambian Licences"), with a combined net acreage of 2,672km². The Company has completed a significant 3D seismic survey with data covering 2,500km² and has found a number of analogous leads and prospects in its acreage to that of the recent SNE-1 and FAN-1 discoveries made by Cairn Energy in Senegal.

Independent petroleum consultant ERC Equipoise prepared an updated assessment of prospective oil resources attributable to the Company's Gambian Licences and estimates the net unrisked mean prospective oil resources at 3,079MMStb.

Licence Activity

The Company is committed to drill an exploration well on one of the Gambian Licences and reprocess 3D seismic on Licence Block A4 prior to 1 September 2016, the expiration date of the initial exploration period.

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: Blocks LB-08 & LB-09

Licence Overview

African Petroleum, through its wholly owned subsidiary European Hydrocarbons Limited, is both operator and holder of a 100% working interest in production sharing contracts LB-08 and LB-09 (the “Liberian Licences”), which have a combined net acreage of 5,350km². The Company has completed an extensive work programme on its Liberian Licences with 5,100km² 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 (ERC Equipoise letter, January 2015 in conjunction with ERC Equipoise Competent Persons Report, April 2014).

Licence Activities

African Petroleum has completed the acquisition and processing of 5,100km² of 3D seismic data over both Liberian 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 ERC Equipose letter, January 2015) in deepwater LB-08 has helped prioritise these prospects.

Recent Updates

On 30 June 2015, it was reported that Kosmos Energy had bid for licence blocks LB-06 and LB-07 in Liberia¹. Although there are limited details available, this is encouraging news for the region and demonstrates the industry's continued interest in the Liberian basin.

Sierra Leone: Blocks SL-03 & SL-4A-10

Licence Overview

In Sierra Leone, the Company holds a 100% operated working interest in offshore licences SL-03 and SL-04A-10 (the "Sierra Leone Licences"). 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 5,855km² 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 2,500km² of 3D seismic data over block SL-03 and approximately 1,000km² 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 unrisksed mean prospective oil resources of 1,354MMStb (ERC Equipose letter, March 2015).

In September 2014, the Company commenced and completed the acquisition of approximately 1,000km² 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.

The seismic acquisition fulfills the remaining obligations in Sierra Leone ahead of the next exploration phase in both blocks.

Interpretation work on the new SL-04A-10 3D seismic has identified exciting deepwater prospects with strong AVO response. A high impact portfolio has now been evaluated, and a further >2.7 billion barrels* of prospective resources have been identified in the Sierra Leone licences. These numbers are in addition to the already published CPR numbers and include additional prospects such as Vega, Leo, Spica and Spica Lobe. These new prospects have yet to be independently assessed in a CPR. The new AVO support to several of these prospects significantly changes the potential risk perception.

¹ AfrOil, Issue 597, 7 July 2015

*APC Management Estimate

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 minimize 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 learnt from past operations are incorporated into business practices going forward.

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.

Outlook

The Company's immediate focus is to conclude the CI-513 transaction in Côte d'Ivoire, and to farm out the Company's assets in The Gambia and Senegal, so that the Company can align funding opportunities for the upcoming drilling commitments in areas with nearby significant discoveries. The Company remains confident that it has an asset base that is attractive to the industry and, despite the sector backdrop of a low oil price environment, will be in a position to announce further agreements during H2 2015 and work towards recommencing our high impact exploration drilling campaign.


Statement of Responsibility

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

Approved by the Board of African Petroleum Corporation Limited:



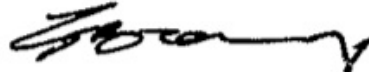
Charles Matthews
Chairman



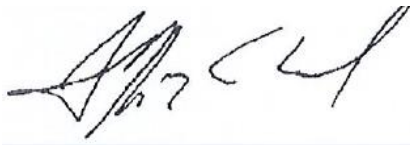
Stuart Lake
CEO & Executive Director



Mark Ashurst
Non-Executive Director



Gibril Bangura
Non-Executive Director



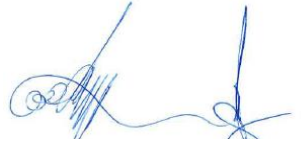
Jeffrey Couch
Non-Executive Director



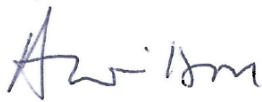
David King
Non-Executive Director



Bjarne Moe
Non-Executive Director



Timothy Turner
Non-Executive Director



Anthony Wilson
Non-Executive Director

AFRICAN PETROLEUM CORPORATION LIMITED
INTERIM FINANCIAL REPORT – SECOND QUARTER 2015
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD\$ '000s

	Note	Q2 2015 (unaudited)	Q2 2014 (unaudited)	YTD Q2 2015 (unaudited)	YTD Q2 2014 (unaudited)
Revenue	6a	257	2,100	350	2,937
Aircraft expenses		117	(1,635)	84	(2,471)
Depreciation expense		(165)	(265)	(346)	(523)
Impairment of exploration and evaluation expenditure		-	-	(426)	-
Impairment of consumable spares		(331)	-	(331)	-
Impairment of freehold land		(856)	-	(856)	-
Impairment of related party loans & deposits		(66)	(467)	-	(647)
Consulting expense		(1,122)	(1,816)	(1,938)	(3,176)
Compliance and regulatory expenses		(77)	(265)	(162)	(534)
General administration expenses		(297)	(415)	(560)	(731)
Employee remuneration	6b	(2,360)	(1,552)	(3,601)	(3,009)
Travel expenses		(188)	(425)	(338)	(652)
Occupancy costs		(243)	(259)	(346)	(473)
Unrealised gain on fair value of financial liabilities		772	-	772	-
Net foreign currency gain/(losses)		(201)	367	(322)	303
Finance costs		(47)	127	(64)	57
Other expenses		(7)	(11)	(7)	(11)
Loss from continuing operations before income tax		(4,814)	(4,516)	(8,091)	(8,930)
Income tax expense		-	-	-	-
Loss for the period, attributable to the members		(4,814)	(4,516)	(8,091)	(8,930)
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Foreign exchange (loss)/gain on translation of functional currency to presentation currency		(198)	(160)	7	-
Other comprehensive (loss)/income for the period, net of tax		(198)	(160)	7	-
Total comprehensive loss for the period		(5,012)	(4,676)	(8,084)	(8,930)
Loss for the period is attributable to:					
Non-controlling interest		2	1	(37)	2
Owners of the parent		(4,816)	(4,517)	(8,054)	(8,932)
		(4,814)	(4,516)	(8,091)	(8,930)
Total comprehensive loss for the period is attributable to:					
Non-controlling interest		2	1	(37)	2
Owners of the parent		(5,014)	(4,677)	(8,047)	(8,932)
		(5,012)	(4,676)	(8,084)	(8,930)
Basic/diluted loss per share attributable to members (US cents per share)		(0.52)	(0.68)	(0.90)	(1.35)

AFRICAN PETROLEUM CORPORATION LIMITED
INTERIM FINANCIAL REPORT – SECOND QUARTER 2015
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD\$ '000s	Note	30 June 2015 (unaudited)	31 Dec 2014 (audited)
ASSETS			
Current assets			
Cash and cash equivalents	7	3,010	3,869
Trade and other receivables	8	862	3,426
Restricted cash	10	13,163	12,070
Prepayments		196	736
		17,231	20,101
Assets held for distribution		1,131	931
Total current assets		18,362	21,032
Non-current assets			
Property, plant and equipment		107	1,407
Exploration and evaluation expenditure	11	408,869	396,327
Intangible assets		62	170
Financial assets		-	-
Total non-current assets		409,038	397,904
Total assets		427,400	418,936
EQUITY AND LIABILITIES			
Equity			
Issued capital	13	609,492	600,592
Reserves	14	19,038	17,502
Accumulated losses		(239,761)	(231,708)
Attributable to equity holders of the parent		388,769	386,386
Non-controlling interests		(364)	(327)
Total equity		388,405	386,059
LIABILITIES			
Current liabilities			
Trade and other payables	12	36,577	32,877
Current loans		25	-
Financial liabilities		2,393	-
Total current liabilities		38,995	32,877
Total liabilities		38,995	32,877
Total equity and liabilities		427,400	418,936

AFRICAN PETROLEUM CORPORATION LIMITED
INTERIM FINANCIAL REPORT – SECOND QUARTER 2015
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USD\$ '000s

Note	Ordinary Share capital	Share- based payment reserve	Accumulated losses	Foreign currency translation reserve	Non- controllin g interest	Total equity
Balance at 1 January 2015	600,592	29,591	(231,708)	(12,089)	(327)	386,059
Loss for the period	-	-	(8,054)	-	(37)	(8,091)
Other comprehensive income	-	-	-	7	-	7
Total comprehensive loss for the period	-	-	(8,054)	7	(37)	(8,084)
Transactions with owners in their capacity as owners:						
Issue of capital	9,782	-	-	-	-	9,782
Capital raising costs	(882)	-	-	-	-	(882)
Share-based payments	-	1,529	-	-	-	1,529
Balance at 30 June 2015	609,492	31,120	(239,762)	(12,082)	(364)	388,404

AFRICAN PETROLEUM CORPORATION LIMITED

INTERIM FINANCIAL REPORT – SECOND QUARTER 2015

NOTES TO THE INTERIM FINANCIAL REPORT

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 second 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 30 June 2015 has been prepared in accordance with IAS 34 Interim Financial Reporting and the supplement requirements of the Norwegian Securities Trading Act (Verdipapirhandelloven).

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 Corporation during the period ended 30 June 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.

As at 30 June 2015, the Company had net current liabilities of US\$20,632,849 (31 December 2014: US\$11,844,416). The restricted cash position at 30 June 2015 was US\$13,163,191 (31 December 2014: US\$12,069,899), and the cash position at 30 June 2015 was US\$3,009,911

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(31 December 2014: US\$3,869,086). However, the ability of the Company to continue its operations is dependent on the Company completing farm-out transactions on one or more of its exploration licences in Cote d'Ivoire, Senegal and The Gambia and/or the raising of funds through the issue of equity to meet working capital requirements and the minimum exploration commitment. As at the date of this report, the Company is advanced in its farm-out negotiations and expects to receive sufficient working capital, through the reimbursement of past costs from future farm-out partners, to meet its operating commitments.

Should the Consolidated Entity not complete a farm-out transaction and/or the raising of funds through the issue of equity, there is uncertainty whether it would continue as a going concern and therefore it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report. This financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Company not be able to continue as a going concern.

Note 6 - Revenue, income and expenses

	Q2 2015	Q2 2014	YTD Q2	YTD Q2
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
a) Revenue				
Bank interest income	2	28	2	49
Other interest income	18	-	35	-
Flight revenue	(24)	1,528	(11)	2,055
Other revenue	261	544	324	833
	257	2,100	350	2,937

	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
b) Employee remuneration				
Employee remuneration	571	1,292	1,470	2,141
Director's remuneration	379	744	721	1,384
Share-based payments expense/(reversal)	1,410	(484)	1,410	(516)
	2,360	1,552	3,601	3,009

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Note 7 - Cash and cash equivalents

	30 June 2015	31 Dec 2014
	US\$'000	US\$'000
Cash at bank and on hand	3,010	3,869
	3,010	3,869

Note 8 - Trade and other receivables

	30 June 2015	31 Dec 2014
	US\$'000	US\$'000
Trade receivables from related parties	1,475	2,967
Other receivables	729	1,747
	2,204	4,714
Impairment allowance	(1,429)	(1,429)
	775	3,285
Loan receivable from Key Management Personnel	1,816	1,759
Share-based payment liability	(1,729)	(1,618)
	87	141
Total trade and other receivables	862	3,426

(a) On 1 December 2014, African Minerals Limited ('AML') and its subsidiaries 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 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, AML appointed administrators and on 20 April 2015, 75% of former AML subsidiary Tonkolili Iron Ore (SL) Ltd ('TIO') was sold to Shandong Iron and Steel. The Company continues to pursue TIO for repayment of the debts owed; however, the Company considers it prudent to continue to recognise an impairment allowance for the outstanding balance of US\$1,429,204.

(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\$196,000 (£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\$21,802 (£14,123) of interest recognised during the current period (six months to 30 June 2014: US\$22,707 (£13,569)). 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 30 June 2015, the outstanding balance of the loan receivable was US\$1,132,093 (At 31 December 2014: US\$1,096,691). At 30 June 2015, the total limited recourse feature of the loan of US\$1,065,224 has been recognised as a share-based payment liability (2014: US\$1,003,973). During the period, a share-based payment credit of US\$8,631 (six months to 30 June 2014: expense US\$55,924) has been recognised within the line item "Employee remuneration" within the Statement of Comprehensive Income.

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(c) During 2012, US\$630,497 (£390,321) was loaned to Chief Operating Officer, 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\$13,202 (£8,533) of interest recognised during the current period (six months to 30 June 2014: US\$13,720 (£8,199)). 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 30 June 2015, the outstanding balance of the loan receivable was US\$684,033 (At 31 December 2014: US\$662,642). At 30 June 2015, the total limited recourse feature of the loan of US\$663,615 has been recognised a share-based payment liability (At 31 December 2014: US\$614,363). During the period, a share-based payment expense of US\$3,999 (six months to 30 June 2014: US\$34,931) has been recognised within the line item "Employee remuneration" within the Statement of Comprehensive Income.

Note 9 - Non-current assets held for sale

On 12 December 2014, the Company agreed to the immediate sale of the corporate aircraft. On 6 January 2015, the Company entered into an agreement to sell the corporate aircraft to Timis Corporation Limited for consideration of US\$1,000,000. The asset was transferred on 6 January 2015, with payment to be received no later than three months following the date of the signed agreement. On the 21 April 2015, the agreement was amended to require payment before 6 June 2015, non-payment resulted in the immediate termination of the agreement. By 30 June 2015, the Company had not received payment for the corporate aircraft from Timis Corporation Limited and the Company is now seeking an alternative buyer. Accordingly the corporate aircraft was classified as held for sale with a carrying amount at 30 June 2015 of US\$931,035 based on an independent valuation, with an accumulated impairment of US\$1,707,839.

Since May 2015, the Company has marketed for sale the freehold land located in Sierra Leone that was purchased in April 2011. Accordingly the land is classified as held for sale with a carrying amount at 30 June 2015 of US\$200,000, with an accumulated impairment of US\$856,158.

Note 10 - Restricted cash

	30 June 2015	31 Dec 2014
	US\$'000	US\$'000
Current restricted cash	13,163	12,070
	13,163	12,070

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

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management's estimate of the timing of completion of seismic acquisition and drilling milestones.

Note 11 - Exploration and evaluation expenditure

	30 June 2015	31 Dec 2014
	US\$'000	US\$'000
Acquisition cost at beginning of period (1 January)	396,327	403,273
Exploration expenditure incurred and capitalised during the period	13,299	15,773
Impairment of exploration and evaluation expenditure ¹	(426)	(22,675)
Impairment of consumable spares	(331)	-
Disposal of consumable spares	-	(44)
Acquisition cost at end of period	408,869	396,327

¹ During the six months ended 30 June 2015, an impairment loss of US\$426,407 (six months ended 30 June 2014: US\$Nil) was recognised in respect of exploration and evaluation expenditure in Liberia and Senegal. This impairment loss amount was determined after consideration of several factors including ongoing discussions with potential partners on certain licences.

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 12 - Trade and other payables

	30 June 2015	31 Dec 2014
	US\$'000	US\$'000
Trade payables	7,573	3,492
Withholding tax ¹	13,587	13,587
Other payables and accruals ²	15,416	15,798
	36,577	32,877

¹ 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.

² Other payables include amounts accrued for in respect of exploration activities.

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Note 13 - Issued capital

	30 June 2015	31 Dec 2014
	No. of shares	No. of shares
Fully paid ordinary shares	957,589,457	685,857,457
Reconciliation		
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
Number of outstanding shares at the end of period	957,589,457	685,857,457

	30 June 2015	31 Dec 2014
	US\$'000	US\$'000
Fully paid ordinary shares	612,501	600,592
Reconciliation		
Amount of outstanding shares at beginning of period (1 January)	600,592	575,912
Issue of shares pursuant to a capital raising ¹	9,782	26,175
Capital raising cost	(882)	(1,495)
Amount of outstanding shares at the end of period	609,492	600,592

¹ During the six months ended 30 June 2015, the Company issued 283,336,331 shares at approximately NOK0.35 each and granted 141,668,150 options with an exercise price of NOK0.75 each at approximately NOK0.35 each, raising NOK 99,167,716 (US\$12,791,142). Costs associated with the capital raising were US\$881,741. The initial fair value of the options granted was US\$3,008,912 and has been recognised as a financial liability (Note 18). The remainder of \$9,782,230 represents the notional value of the shares issued and is recognised as equity.

Note 14 - Reserves

	30 June 2015	31 Dec 2014
	US\$'000	US\$'000
Share-based payments reserve		
At beginning of period (as at 1 January)	29,591	29,371
Share-based payments	1,529	220
Total share-based payments reserve	31,120	29,591
Foreign currency translation reserve		
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	7	-
Total foreign currency translation reserve	(12,082)	(12,089)
Total reserves	19,038	17,502

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Note 15 - 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:

	30 June 15	31 Dec 2014
	US\$'000	US\$'000
Côte d'Ivoire	58,138	55,637
The Gambia	3,399	593
Liberia	282,483	280,315
Senegal	28,639	28,018
Sierra Leone	36,235	32,907
United Kingdom	144	434
	409,038	397,904

Note 16 - Events after the balance sheet date

No event has arisen between 30 June 2015 and the date of this report that would be likely to materially affect the operations of the Company or its state of affairs which have not otherwise been disclosed in this financial report.

Note 17 - 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 30 June 2015:

	30 June 2015	31 Dec 2014
	US\$'000	US\$'000
Within one year	97,283	63,394
After one year but not more than five years	2,656	40,533
More than five years	-	-
	99,939	103,927

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Note 18 - Fair values of financial assets and financial liabilities

New foreign currency risk

The Company is exposed to currency risk on the grant of options that are denominated in a currency other than the respective functional currencies of the entities making up the Consolidated Entity.

Fair values

During the period the Company granted 141,668,150 options at an exercise price of NOK0.75 to the participants of the fundraising (Note 13). As the options may be settled in exchange for a variable amount of cash when expressed in AUD, a financial liability has been recognised.

Financial liabilities

	30 June 2015	31 Dec 2014
	US\$	US\$
Options granted in NOK	2,392,985	-

The fair value of the options has been calculated using the Black-Scholes model.

The carrying values of other financial assets and financial liabilities at 30 June 2015 approximates their fair values.

INFORMATION ON AFRICAN PETROLEUM CORPORATION LIMITED

<p>DIRECTORS Charles Matthews - Chairman Stuart Lake - Chief Executive Officer Mark Ashurst Gibril Bangura Jeffrey Couch David King Bjarne Moe Timothy Turner Anthony Wilson</p> <p>COMPANY SECRETARY Angeline Hicks</p> <p>REGISTERED OFFICE Level 4 16 Milligan Street Perth WA 6000 Australia</p> <p>HEAD OFFICE Premier House 10 Greycoat Place London SW1P 1SB United Kingdom</p> <p>Telephone: +44 20 3761 6900 Facsimile: +44 20 3725 9920</p>	<p>AUDITORS Ernst & Young 11 Mounts Bay Road Perth WA 6000 Australia</p> <p>Telephone: +61 8 9429 2222 Facsimile: +61 8 9429 2436</p> <p>SHARE REGISTRAR Computershare Investor Services Pty Ltd Level 11, 172 St George's Terrace Perth WA 6000 Australia</p> <p>Telephone: +61 8 9332 2000 Facsimile: +61 8 9323 2033</p> <p>STOCK EXCHANGE LISTINGS</p> <p>Oslo Axess Code: APCL</p> <p>National Stock Exchange of Australia Code: AOQ</p>
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