



**African
Petroleum**
CORP LTD

Interim Financial Report for the
First Quarter 2016





African Petroleum Corporation Limited

Interim Financial Report for the First Quarter 2016

HIGHLIGHTS

- On 21 December 2015 the Company announced that it had entered into a new Production Sharing Contract (“PSC”) with Ophir Energy plc covering the Company’s CI-513 licence area in Côte d’Ivoire. On 16 March 2016, the Company announced that the new PSC became effective when all government ministerial signatures had been obtained. In accordance with the agreement with Ophir Energy they made a contribution of US\$16.9 million towards African Petroleum’s back costs in relation to the block. Ophir Energy holds a 45% operated interest in the PSC, African Petroleum holds a 45% interest and Petroci (the National Oil Company of Côte d’Ivoire) holds a 10% carried interest. The transaction represents a significant achievement of a key corporate milestone by the Company, particularly in light of the prevailing industry environment.
- Post quarter end, Mr Charles Matthews, Non-Executive Chairman, retired as Chairman and Non-Executive Director in order to pursue other business interests. Dr David King assumed the position of Non-Executive Chairman.
- Advanced farm-out discussions are progressing with numerous interested parties across the Company’s assets, including The Gambia and Senegal. Continuing 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’s shares were voluntarily suspended from quotation on the National Stock Exchange of Australia (“NSX”), prior to being removed from the CHESS sub-register on 31 December 2015 and being formally de-listed from the NSX before open of trading on 4 January 2016.
- Approximately US\$15.9 million cash at bank as at 31 March 2016, together with US\$6.6 million restricted cash.

COMPANY BACKGROUND

African Petroleum, listed on the Oslo Axess (APCL) 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, with substantial experience in oil and gas exploration, appraisal, development and production. The Company is a significant net acreage holder in West Africa with estimated net unrisked mean prospective oil resources in excess of 11.6 billion barrels.

African Petroleum has equity interests in 10 licences across 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 by Total in Côte d'Ivoire, Cairn Energy in Senegal and by Kosmos Energy in Senegal and Mauritania.

The Company has acquired more than 18,500km² of 3D seismic data and drilled three exploration wells, one of which was an oil discovery at Narina-1 in Liberia.



CEO STATEMENT



“The successful completion of the transaction with Ophir Energy in Côte d’Ivoire marks a strong start to the year for African Petroleum. It indicates an industry appetite for compelling farm-out opportunities, validates our strategy, endorses our world-class acreage and demonstrates the ability to deliver on our stated objectives, despite the challenging market conditions. The Company’s focus is to convert the multiple ongoing conversations with potential partners, across our portfolio, into farm-out transactions. The continued positive news-flow from the activities of operators in adjacent blocks in Senegal has certainly assisted with the discussions related to our Gambia and Senegal licences. Based on the current level of interest we are receiving in those assets and the encouraging discussions we have ongoing with potential industry partners, we are confident of concluding additional transactions in the near future that will form partnerships to explore our world-class acreage position.”

OPERATIONAL & CORPORATE UPDATE

FARM OUT PROCESS

African Petroleum continues to seek strategic partners on its licences in Côte d’Ivoire, Liberia, Senegal, The Gambia and Sierra Leone in order to share risk and the potential reward of the Company’s exploration programme, and to fund a high impact exploration drilling campaign. After successfully bringing Ophir Energy plc as a partner on the Company’s CI-513 licence in Côte d’Ivoire, the Company’s near-term focus is to farm out the Company’s assets in The Gambia and Senegal as ongoing discussions mature with key potential partners. The quality of the Company’s acreage, coupled with the high level of equity interest held in all of the licences, provides management with confidence that agreements will be concluded in due course.

Côte d’Ivoire

On 21 December 2015 the Company announced that it had entered into a new Production Sharing Contract (“PSC”) with Ophir Energy plc covering the Company’s CI-513 licence area in Côte d’Ivoire.

In accordance with the terms of the new PSC, Ophir Energy holds a 45% interest and is Operator, African Petroleum holds a 45% interest and Petroci (the National Oil Company of Côte d’Ivoire) holds a 10% carried interest. The new PSC incorporates adjustments to fiscal terms and holding costs agreed with the Government of Côte d’Ivoire that reflect the current commodity price environment and outlook for development of the deepwater prospects identified through interpretation of the Company’s 3D seismic. The agreement has resulted in an extension to the previous minimum work commitments on the block and now requires that an exploration well be drilled within two years of the signing of the new PSC.

On 16 March 2016, the Company announced that the new PSC became effective when all government ministerial signatures had been obtained. In accordance with the agreement with Ophir Energy, they made a contribution of US\$16.9 million towards African Petroleum’s back costs in relation to the block. Part of the proceeds were used to settle outstanding

liabilities and meet obligations under the new PSC such as licence fee, guarantee and signature bonus.

African Petroleum and Ophir Energy are now working towards the drilling of an exploration well on CI-513 in 2017. Ophir Energy will contribute an additional 10% (over and above their participating interest share) towards the drilling of the first exploration well to be drilled on the block.

The Gambia & Senegal

The Company is continuing advanced farm-out discussions with several interested parties across the Company's Gambia and Senegal assets. This part of the Atlantic Margin has become highly active with the recent exploration success of third party operators, namely Cairn Energy in Senegal and Kosmos Energy in Senegal and Mauritania. A significant level of activity in the region is ongoing as Cairn Energy and its partners commenced a multi-well exploration and appraisal drilling programme across their Senegal acreage in December 2015, with the first three appraisal wells SNE-2, SNE-3 and SNE-4 being announced as successful in January 2016, March 2016 and May 2016 respectively. In addition, Kosmos Energy extended their Mauritania drilling campaign further south and commenced drilling in Senegal in December 2015. This has led to a string of very successful drilling programmes by Kosmos Energy through the first half of the year, including significant gas discoveries at Tortue, Geumbeul-1 and Ternanga-1, and the successful appraisal well at Ahmeyim-2.

African Petroleum is progressing discussions with a number of potential partners and the respective governments. Further announcements will be made when appropriate in due course.

BOARD RE-STRUCTURE

Subsequent to quarter end, on 23 May 2016 it was announced that Mr Charles Matthews, Non-Executive Chairman, had retired as Chairman and Non-Executive Director in order to pursue other business interests. Dr David King, who was serving as a Non-Executive Director of the Company since July 2013, assumed the position of Non-Executive Chairman, effective from the retirement of Mr Matthews.

Dr King is a professional geoscientist and has over 35 years of experience in oil and gas and other natural resources industries. He holds an MSc in Geophysics from Imperial College, London, and a PhD in Seismology from the Australian National University, Canberra. After starting a career in academia, including 2 years as Research Fellow at the Norwegian Seismic Array facility at Kjeller, Dr King worked in oil and gas exploration across a broad range of geographies. He co-founded, as well as held executive and non-executive board positions with, a number of successful ASX listed oil and gas exploration companies, including Eastern Star Gas Limited, Gas2Grid Limited and Sapex Limited. He has also served as Managing Director of ASX listed gold producer North Flinders Mines, CEO of oil & gas producers Beach Petroleum and Claremont Petroleum, and Chairman of Robust Resources Ltd. Dr King is currently Non-Executive Chairman of two ASX listed companies: oil and gas exploration company Galilee Energy Limited, and biotechnology research and development company, Cellmid Limited.

We thank Charles for his leadership and wish him well for the future. We are fortunate to have such an experienced Board of Directors that we are able to make such a high calibre appointment from within. We look forward to the next chapter of our corporate story under the chairmanship of David. We have also been able to leverage Charles' decision to

retire from the Company to further streamline the Board to ensure it is appropriately sized for a company of African Petroleum's market capitalisation.

NSX DE-LISTING

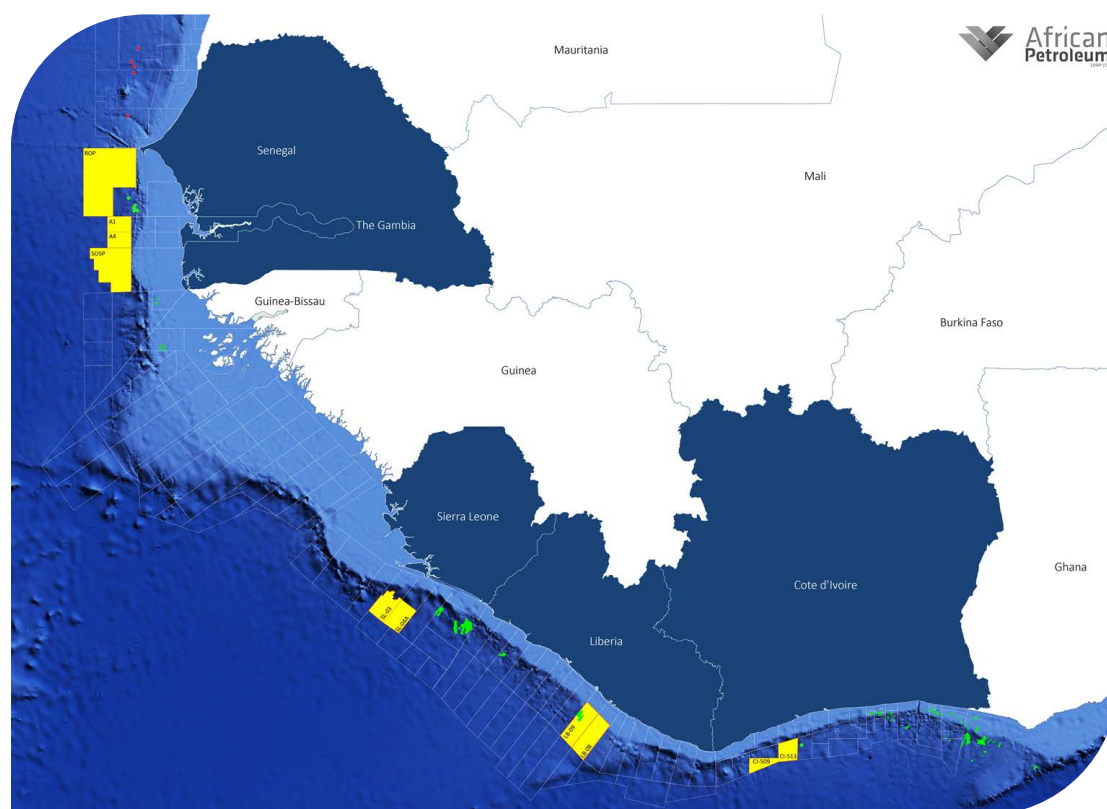
In accordance with the special resolution passed at the Company's General Meeting held on 21 December 2015, the Company's shares were voluntarily suspended from quotation on the National Stock Exchange of Australia ("NSX"), prior to being removed from the CHES sub-register on 31 December 2015 and being formally de-listed from the NSX before open of trading on 4 January 2016.

The Company maintains a primary listing on Oslo Axess, a regulated market of the Oslo Bors, where it has been listed since May 2014.

LICENCE PHASES

In Sierra Leone we are holding discussions with the Government to proceed into the First Extension Period of the SL-4A-10 licence, having fulfilled the commitment to acquire 3D seismic over the licence. The current phase of the SL-4A-10 licence ended in September 2015. Similar discussions are ongoing in relation to the Rufisque Offshore Profond licence in Senegal and the CI-509 licence in Côte d'Ivoire, the current phases of which ended in October 2015 and March 2016 respectively.

LICENCE INFORMATION



Côte d'Ivoire: Blocks CI-509 & CI-513

In Côte d'Ivoire, African Petroleum holds:

- i) 90% working interest in offshore licence CI-509, with the remaining 10% held by Petroci, the National Oil Company of Côte d'Ivoire. The Company was awarded CI-509 in March 2012; and
- ii) 45% non-operated interest in offshore licence CI-513, with a 45% operated interest held by Ophir Energy plc and the remaining 10% held by Petroci. A new PSC for CI-513 was signed in December 2015 and became effective in March 2016.

The two licence interests have a combined net acreage of 1,633km².

Independent petroleum consultant ERC Equipoise prepared an assessment of prospective oil resources attributable to the Company's Côte d'Ivoire licences and estimates the net unrisked mean prospective oil resources at 1,273MMStb (adjusted for Ophir Energy's 45% interest in CI-513).

Senegal: Rufisque Offshore Profond & Senegal Offshore Sud Profond

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"). 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.

Independent petroleum consultant ERC Equipoise prepared an assessment of prospective oil

resources attributable to the Company's Senegal Licences and estimates the net unrisks mean prospective oil resources at 1,779MMStb.

The Gambia: Blocks A1 & A4

African Petroleum holds a 100% operated working interest in offshore licences A1 and A4, with a combined net acreage of 2,672km². The Company has completed a 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 and the SNE-2, SNE-3 and SNE-4 successful appraisal wells drilled by Cairn Energy in Senegal.

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

Liberia: Blocks LB-08 & LB-09

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, 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.

Independent petroleum consultant ERC Equipoise prepared an assessment of prospective oil resources attributable to the Company's Liberian licences and estimates the net unrisks mean prospective oil resources at 4,192MMStb.

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

In Sierra Leone, the Company holds a 100% operated working interest in offshore licences SL-03 and SL-4A-10. African Petroleum was awarded a 100% interest in SL-03 in April 2010, while licence SL-4A-10 was awarded as part of Sierra Leone's third offshore licencing round in 2012. The Company's Sierra Leone licences cover a combined net acreage of 3,925km² and are located to the south of Freetown, offshore Sierra Leone.

Independent petroleum consultant ERC Equipoise prepared an assessment of prospective oil resources attributable to the Company's Sierra Leone licences and estimates the net unrisks mean prospective oil resources at 1,354MMStb.

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

Having recently completed the CI-513 transaction in Côte d'Ivoire with Ophir Energy plc, the Company is now focussed on farming out the Company's assets in The Gambia and Senegal in order to 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 low oil price environment, will be in a position to announce further agreements during 2016 and recommence 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 quarter of 2016, which has been prepared in accordance with IAS34 Interim Financial Statements, provides 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US\$ '000s	Note	Q1 2016 (unaudited)	Restated Q1 2015 (unaudited)	YTD Q1 2016 (unaudited)	Restated YTD Q1 2015 (unaudited)
Revenue		2	93	2	93
Exploration & evaluation expenditure		(138)	(1,699)	(138)	(1,699)
Net gain on farm-out of exploration & evaluation expenditure		6,900	-	6,900	-
Aircraft expenses		-	(33)	-	(33)
Depreciation expense		(2)	(181)	(2)	(181)
Impairment of related party loans & deposits		52	66	52	66
Consulting expense		(255)	(816)	(255)	(816)
Compliance and regulatory expenses		(13)	(85)	(13)	(85)
General administration expenses		(197)	(383)	(197)	(383)
Employee remuneration	6	(379)	(1,241)	(379)	(1,241)
Travel expenses		(31)	(150)	(31)	(150)
Unrealised loss on fair value of financial liabilities		(739)	-	(739)	-
Net foreign currency losses		(83)	(122)	(83)	(122)
Profit/(loss) from continuing operations before income tax		5,117	(4,551)	5,117	(4,551)
Income tax expense		-	-	-	-
Profit/(loss) for the period, attributable to the members		5,117	(4,551)	5,117	(4,551)
Other comprehensive profits					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Foreign exchange gain on translation of functional currency to presentation currency		-	158	-	158
Other comprehensive profits/(losses) for the period, net of tax		5,117	(4,393)	5,117	(4,393)
Total comprehensive profit/(loss) for the period		5,117	(4,393)	5,117	(4,393)
Profit/(loss) for the period is attributable to:					
Non-controlling interest		(1)	(1)	(1)	(1)
Owners of the parent		5,118	(4,550)	5,118	(4,550)
		5,117	(4,551)	5,117	(4,551)
Total comprehensive profit/(loss) for the period is attributable to:					
Non-controlling interest		(1)	(1)	(1)	(1)
Owners of the parent		5,118	(4,392)	5,118	(4,392)
		5,117	(4,393)	5,117	(4,393)
Basic/diluted profit/(loss) per share attributable to members (US cents per share) (post-consolidation basis)		4.8	(4.6)	4.8	(4.6)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$ '000s	Note	31 Mar 2016 (unaudited)	Restated 31 Dec 2015 (audited)
ASSETS			
Current assets			
Cash and cash equivalents	7	15,906	608
Trade and other receivables	8	228	188
Restricted cash	9	6,569	12,569
Prepayments		159	156
		22,862	13,521
Assets held for distribution		-	502
Total current assets		22,862	14,023
Non-current assets			
Inventories		1,007	1,007
Property, plant and equipment		7	10
Exploration and evaluation expenditure	10	36,340	37,583
Total non-current assets		37,354	38,600
Total assets		60,216	52,623
EQUITY AND LIABILITIES			
Equity			
Issued capital	12	611,440	611,440
Reserves	13	18,926	18,926
Accumulated losses		(607,788)	(612,906)
Attributable to equity holders of the parent		22,578	17,460
Non-controlling interests		(2,990)	(2,989)
Total equity		19,588	14,471
LIABILITIES			
Current liabilities			
Trade and other payables	11	39,385	37,705
Financial liabilities	14	1,243	447
Total current liabilities		40,628	38,152
Total liabilities		40,628	38,152
Total equity and liabilities		60,216	52,623

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US\$ '000s

	Ordinary Share capital	Share- based payment reserve	Accumulated losses	Foreign currency translation reserve	Non- controlling interest	Total equity
Balance at 1 January 2016	611,440	30,907	(612,906)	(11,981)	(2,989)	14,471
Profit/(loss) for the period	-	-	5,118	-	(1)	5,117
Other comprehensive profit	-	-	-	-	-	-
Total comprehensive profit/(loss) for the period	-	-	5,118	-	(1)	5,117
Transactions with owners in their capacity as owners:						
Issue of capital	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-
Fair value recognition of options	-	-	-	-	-	-
Balance at 31 March 2016	611,440	30,907	(607,788)	(11,981)	(2,990)	19,588

CONSOLIDATED STATEMENT OF CASH FLOWS

US\$ '000s	YTD Q1 2016 (unaudited)
Cash Flows from Operating Activities	
Payments to suppliers and employees	4,739
Other income	-
Interest received	-
Finance costs	(6)
Net cash flows used in operating activities	4,733
Cash Flows from Investing Activities	
Payment for plant and equipment	(4)
Proceeds from farm out of exploration and evaluation activities	16,900
Payment for exploration and evaluation activities	(6,355)
Net cash used in investing activities	10,541
Cash Flows from Financing Activities	
Proceeds from issue of shares	-
Capital raising costs	-
Net cash from financing activities	-
Net increase in Cash and Cash Equivalents	15,274
Cash and Cash Equivalents at the beginning of the reporting period	608
Net foreign exchange differences	24
Cash and Cash Equivalents at the end of the reporting period	15,906

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 first quarter of 2016. 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.

NOTE 2 - BASIS OF PREPARATION

This general purpose condensed interim financial report for the quarter ended 31 March 2016 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 2015 and considered together with any public announcements made by African Petroleum during the period ended 31 March 2016 in accordance with the continuous disclosure obligations of Oslo Axess.

The interim financial report is presented in United States Dollars being the functional currency of the Company.

NOTE 3 - ACCOUNTING POLICIES

Except for the change explained below, the accounting policies adopted are consistent with those disclosed in the annual report for the year ended 31 December 2015.

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 2015.

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 31 March 2016, the Company had net current liabilities of US\$17.8 million (31 December 2015: US\$24.1 million). The restricted cash position at 31 March 2016 was US\$6.6 million (31 December 2015: US\$12.6 million), and the cash position at 31 March 2016 was US\$15.9 million (31 December 2015: US\$0.6 million).

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue as a going concern. In forming this view, the directors have considered the Group’s current position and funding objectives. The Group’s funding objectives includes:

NOTES TO THE INTERIM FINANCIAL REPORT*Short-term cash requirements*

- Deferral of creditor repayments: the Company has been in negotiation with certain creditors to revise payment amounts and terms
- Farm-out arrangement: the Company is progressing with negotiations with third parties relating to farm-out agreements and expects to receive sufficient working capital, through the reimbursement of past costs, to enable it to meet its immediate operating commitments.

There are a number of inherent uncertainties relating to the completion of the funding objectives as listed above, including but not limited to:

- creditors not agreeing to revise payment amounts and terms and filing legal claims to recover the amounts owed to them; and
- unfavourable market conditions resulting in difficulties in achieving farm-out arrangements in the time-frame required.

In the event that the above funding options do not result in the receipt of cash in the short term, the Company would need to seek alternative sources of funding to meet its immediate operating obligations.

Longer term funding

In addition to the immediate cash requirement of the Company, the ability to continue its operations is dependent on the Company completing further farm-out transactions on one or more of its exploration licences in 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 per Note 16.

Should the Company not complete the raising of funds as outlined above in short-term cash requirements and longer term funding, there is significant uncertainty as to whether it would continue as a going concern and therefore whether 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

	Q1 2016 (unaudited) US\$'000	Q1 2015 (unaudited) US\$'000	YTD Q1 2016 (unaudited) US\$'000	YTD Q1 2015 (unaudited) US\$'000
Employee remuneration expense				
Employee remuneration	106	849	106	849
Director's remuneration	273	640	273	640
Share-based payments	-	(31)	-	(31)
	379	1,458	379	1,458

NOTE 7 - CASH AND CASH EQUIVALENTS

	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Cash at bank and on hand	15,906	608
	15,906	608

NOTES TO THE INTERIM FINANCIAL REPORT**NOTE 8 - TRADE AND OTHER RECEIVABLES**

	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Trade receivables from related parties	1,259	1,259
Loan receivable from related parties	62	62
Other receivables	176	188
	1,497	1,509
Impairment allowance ^a	(1,321)	(1,321)
	176	188
Loan receivable from Key Management Personnel	1,745	1,745
Share-based payment liability	(1,693)	(1,745)
	52	-
Total trade and other receivables	228	188

(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. 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\$1,258,837. This impairment loss may be reversed if AML secures additional funding that facilitates the repayment of the outstanding balance.

NOTE 9 - RESTRICTED CASH

	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Current restricted cash	6,569	12,569
	6,569	12,569

Restricted cash balances represent interest bearing cash backed security provided in relation to the Company's exploration programmes. The security deposits will be released upon achievement of certain drilling milestones. The classification of restricted cash balances as either current or non-current within the Statement of Financial Position is based on management's estimate of the timing of completion of seismic acquisition and drilling milestones and settlement of outstanding liabilities under licences.

NOTE 10 - EXPLORATION AND EVALUATION EXPENDITURE

	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Acquisition cost at beginning of period (1 January)	37,583	43,417
Exploration expenditure incurred	8,757	7,864
Exploration expenditure farmed-out	(10,000)	-
Impairment of exploration and evaluation expenditure	-	(13,698)
Costs carried forward in respect of areas of interest in exploration and evaluation phases	36,340	37,583

NOTES TO THE INTERIM FINANCIAL REPORT**NOTE 11 - TRADE AND OTHER PAYABLES**

	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Trade payables	7,746	7,350
Withholding tax ¹	13,587	13,587
Other payables and accruals ²	18,052	16,768
	39,385	37,705

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.

NOTE 12 - ISSUED CAPITAL

	31 Mar 2016 No. of shares	31 Dec 2015 No. of shares
Fully paid ordinary shares	106,611,781	106,611,781
Reconciliation		
Number of outstanding shares at beginning of period (1 January)	106,611,781	685,857,457
Issue of shares pursuant to capital raising prior to share consolidation	-	283,336,330
Consolidation of shares	-	(872,273,943)
Issue of shares pursuant to capital raising post share consolidation	-	9,691,937
Number of outstanding shares at the end of period	106,611,781	106,611,781
	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Amount of outstanding shares at beginning of period (1 January)	611,440	600,592
Issue of shares pursuant to a capital raising	-	11,794
Capital raising cost	-	(946)
Amount of outstanding shares at the end of period	611,440	611,440

NOTES TO THE INTERIM FINANCIAL REPORT**NOTE 13 - RESERVES**

	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Share-based payments reserve		
At beginning of period (as at 1 January)	30,907	29,592
Issue of options pursuant to share based payment arrangements	-	1,315
Total share-based payments reserve	30,907	30,907
Foreign currency translation reserve		
At beginning of period (as at 1 January)	(11,981)	(12,089)
Foreign currency exchange differences arising on translation of functional currency to presentation currency	-	108
Total foreign currency translation reserve	(11,981)	(11,981)
Total reserves	18,926	18,926

NOTE 14 - FAIR VALUES OF FINANCIAL LIABILITIES

	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Options granted in NOK	1,243	447

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:

	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Côte d'Ivoire	11,324	14,002
The Gambia	4,227	3,544
Liberia	8,472	8,309
Senegal	3,373	3,200
Sierra Leone	8,946	8,530
United Kingdom	1,012	1,015
	37,354	38,600

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Exploration commitments

The Company has entered into obligations in respect of its exploration projects. Outlined below are the minimum expenditures required as at 31 March 2016 and 31 December 2015:

	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Within one year	68,200	76,203
After one year but not more than five years	21,345	2,656
More than five years	-	-
	89,545	78,859

NOTE 17 - EVENTS AFTER THE BALANCE SHEET DATE

No event has arisen between 31 March 2016 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.

INFORMATION ON AFRICAN PETROLEUM CORPORATION LIMITED

DIRECTORS

David King – Chairman
Jens Pace – Chief Executive Officer
Stephen West – Chief Financial Officer
Bjarne Moe
Timothy Turner
Anthony Wilson

COMPANY SECRETARY

Angeline Hicks

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STOCK EXCHANGE LISTINGS

Oslo Axess
Code: APCL

Open Market, Frankfurt Stock Exchange
Code: A1C1G9