



**African  
Petroleum**  
CORP LTD

# Corporate Presentation

April 2017



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## Competent person statements

The information in this Presentation relating to hydrocarbon resource estimates includes information compiled by Dr Adam Law, Geoscience Director of ERC Equipoise Ltd. Dr Law, is a post-graduate in Geology, a Fellow of the Geological Society and a member of the Society of Petroleum Evaluation Engineers. He has 18 years relevant experience in the evaluation of oil and gas fields and exploration acreage, preparation of development plans and assessment of reserves and resources. Dr Law has consented to the inclusion in this Presentation of the matters based on the information in the form and context in which it appears.

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# Company Highlights

## World Class Exploration Acreage Position

- > Large acreage position in West Africa Margin: 4 countries, 8 licences<sup>#</sup>
- > 7.4bn+ barrels net unrisks prospective oil resources<sup>~#</sup>

## Significant Discoveries in Adjacent Acreage

- > Several material oil/gas discoveries made in adjacent acreage by Total and Anadarko in Côte d'Ivoire, and Cairn Energy and Kosmos in Senegal
- > Discoveries are on trend with prospects in African Petroleum acreage

## Securing Partnerships in a Challenging Market

- > Successfully bringing in partners to share risk/reward on licences:
  - Côte d'Ivoire: Ophir Energy, 45% operated interest CI-513 – Mar 2016
  - Senegal & Gambia: Heads of Terms and Exclusivity Agreement signed with undisclosed international E&P company – Apr 2017

## High Impact Drilling to Commence in May 2017

- > May 2017: Exploration well with Ophir Energy in Côte d'Ivoire (CI-513) targeting **350+ million barrels\***
- > Possible further two wells in The Gambia and Senegal in 2018<sup>#</sup>

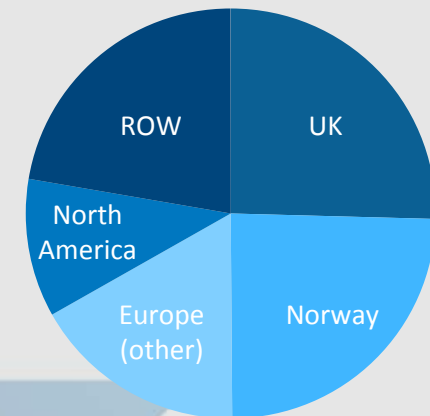
## Listed on Oslo Axess

- > Strong trading support from Norwegian retail investors
- > Retail support complements blue chip institutional shareholder base

### Market Statistics (21-Apr-2017)

Listing	OAX (APCL)
Shares on Issue	117,924,204
Market Cap	NOK 1.03b (US\$120.4m)
Share Price	NOK 8.70 (US\$1.02)
Debt	Nil

### Geographic Analysis of Investors



### Blue Chip Shareholder Base



<sup>~</sup>Prospective resource volumes taken from ERC Equipoise 2014 & 2015 (adjusted for Ophir Energy deal); <sup>#</sup>assumes government extensions and/or amendments to existing and future work obligations on certain licences; \*mean gross unrisks prospective resource

# Experienced Board & Management Team



## **Jens Pace: CEO & Executive Director**

- > 30 years at BP, and heritage company Amoco, gaining E&P leadership experience in Africa, Europe and Russia
- > Managed an active exploration portfolio for BP in North Africa
- > Additional experience in the areas of field development and as commercial manager



## **Stephen West: CFO & Executive Director**

- > 20+ years of financial and corporate experience from public practice, oil & gas, mining and investment banking
- > Chartered Accountant with Bachelor of Commerce (Accounting and Business Law)
- > Non-Executive Director of Apollo Consolidated (ASX:AOP) and Zeta Petroleum (ASX:ZTA)



## **Michael Barrett: Exploration Director**

- > 20+ years global exploration experience at Chevron, Addax International
- > Specialised in Play and Prospect risk assessment, volumetric analysis, commercial evaluation and portfolio management
- > Background in quantitative geophysics, stratigraphic interpretation workflows and 3D visualisation



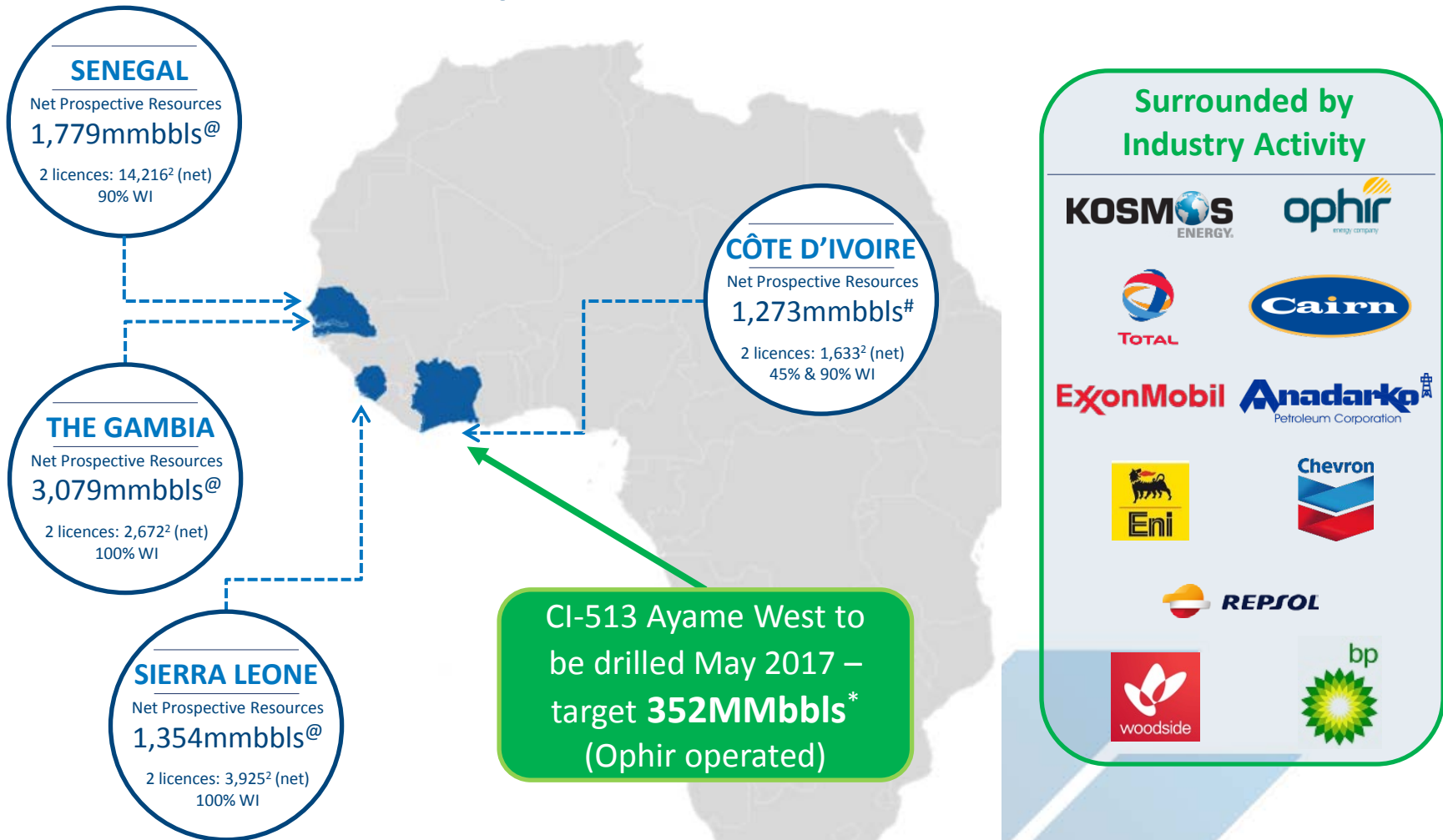
## **David King: Non-Executive Chairman**

- > 30+ years experience in natural resources
- > Co-founded and held executive and non-executive board positions in a number of successful ASX listed companies
- > Fellow at the Australian Institute of Company Directors, the Australian Institute of Geoscientists, and Australasian Institute of Mining & Metallurgy
- > Chairman of two ASX listed companies: Galilee Energy Limited and Cellmid Limited

## **Bjarne Moe, Timothy Turner & Anthony Wilson: Non-Executive Directors**

# World Class Exploration Acreage in Proven Basins

## Net Prospective Oil Resources: >7.4Bnbbls<sup>#@</sup>



<sup>#</sup>Estimated net unrisks mean prospective oil resources, ERC Equipoise CPR (adjusted for Ophir Energy deal); <sup>@</sup>assumes government extensions and/or amendments to existing and future work obligations on certain licences; \*mean gross unrisks recoverable resource

# Securing Licence Partners

## Côte d'Ivoire: Ophir Energy (Mar 2016) – Completed

- > New PSC negotiated for CI-513 licence in Côte d'Ivoire: better fiscal terms, lower holding costs and an extension to work commitments
- > Ophir Energy holds a 45% Operated interest
- > African Petroleum received US\$16.9m in cash at completion
- > Exploration well being drilled May 2017



## Senegal & The Gambia: Heads of Terms & Exclusivity Agreement With International E&P Company (Apr 2017)

- > Non-binding Heads of Terms and binding Exclusivity Agreement with a well funded, listed oil and gas company with a strong track record in offshore deep-water drilling
- > Framework for incoming party to secure 70% operated interest in SOSF (Senegal) and A1 & A4 ( Gambia)
- > Conditional upon extension of the exploration period for SOSF, approval to enter into the next phase of A1 & A4, completed due diligence and agreement of farm-in documentation
- > Incoming party to pay up to US\$8.5m to the Company, fund 100% of at least two deep water offshore wells, fund 100% of a 3D seismic acquisition, fund 100% of PSDM processing/reprocessing, and option to fund 100% and 85% respectively of a further two wells

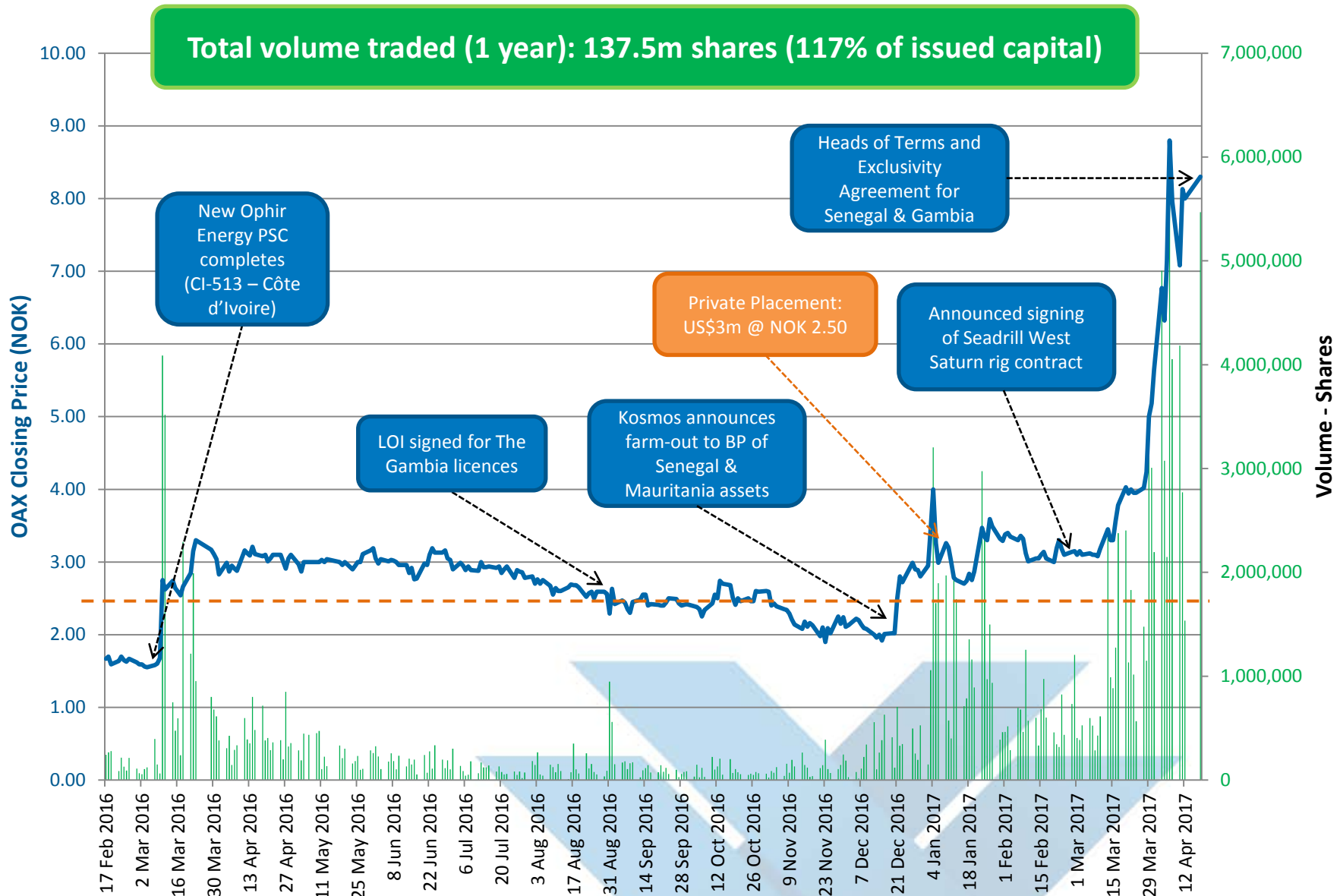
# Ayame-1X Exploration Well – May 2017

- > **Partners:**
  - Ophir Energy (Operator) 45%
  - African Petroleum 45%
  - Petroci (carried) 10%
- > **Rig:** Seadrill West Saturn
- > **Target:** Santonian & Turonian turbidite channel complexes
- > **Prospect size:** 352MMbbls<sup>#</sup>
- > **Water depth:** 2,835 metres MSL
- > **Planned TD:** 5,459 metres TVDSS
- > **Expected duration:** 26.4 days (dry hole)
- > **Well cost estimate:** US\$23.8 million (dry hole)
- > **Expected spud date:** 1 May 2017



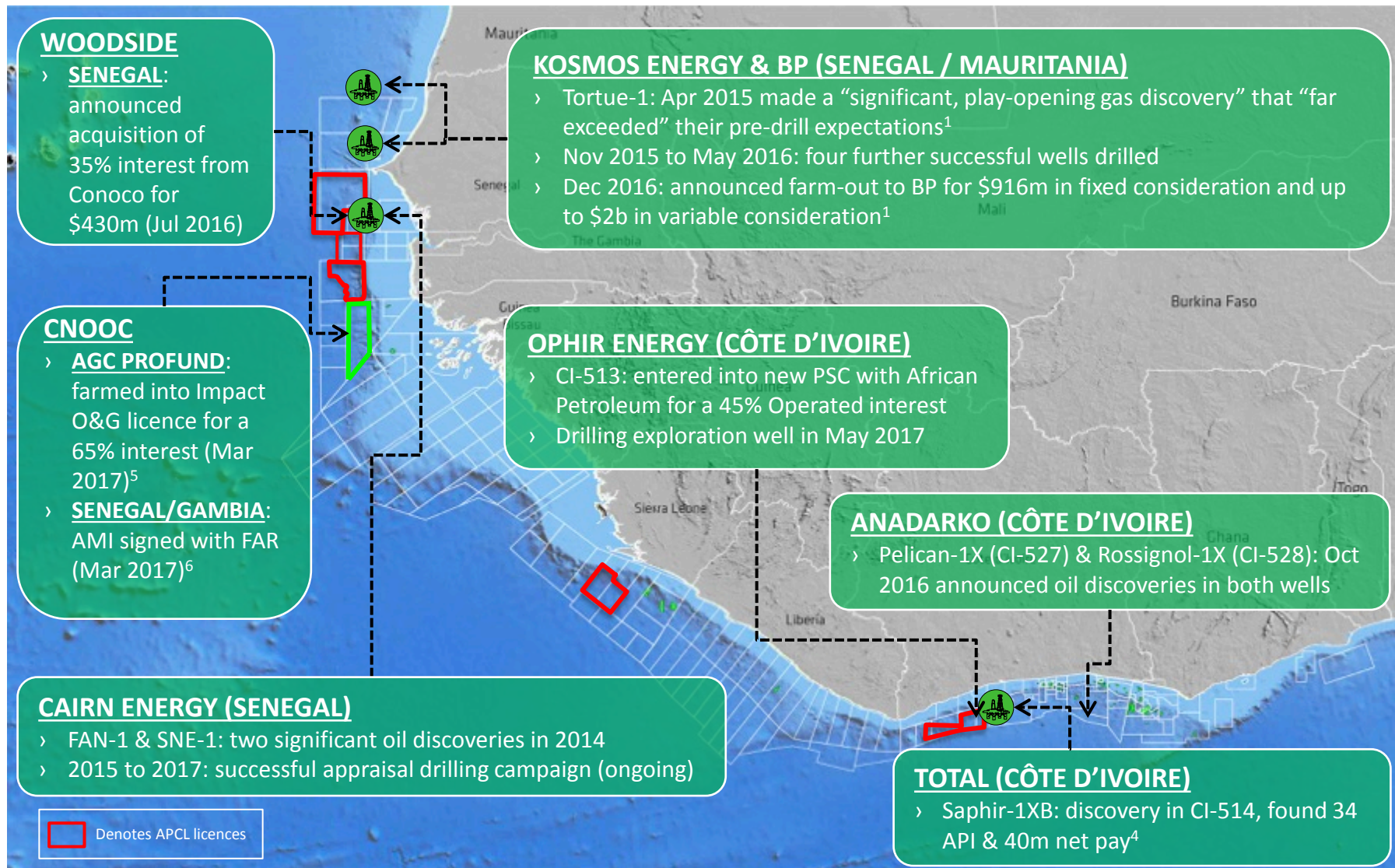
<sup>#</sup>mean gross unrisks prospective resource

# Share Price Performance – 14 Months





# Recent Third Party Catalyst Activity



<sup>1</sup>Kosmos Energy news releases; <sup>2</sup>Cairn Energy news releases; <sup>3</sup>AfrOil Week Oil and Gas Monitor, Issue 597, 7 July 2015; <sup>4</sup>Total news release 17 April 2014; <sup>5</sup>Impact Oil & Gas press release 29 March 2017; <sup>6</sup>FAR press release 31 March 2017

# Great Time to Invest in Exploration

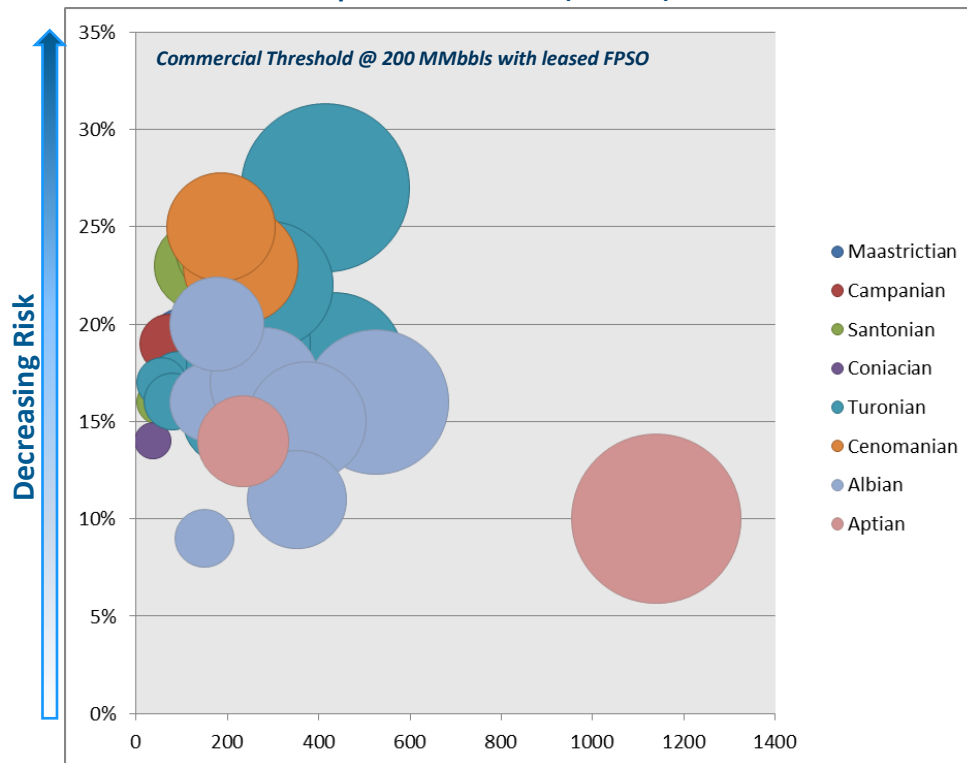
- > The industry is benefitting from a significant decrease in prices for drilling rigs and seismic vessels
- > Estimated well cost of <\$30m, compared to +\$80m two years ago
- > Significant activity in the West African Margin during last two years with positive results by Total and Anadarko in Côte d'Ivoire, Cairn Energy in Senegal and Kosmos in Mauritania and Senegal
- > Attractive PSC/licence terms: our projects are economic, even at current low oil prices
- > Ophir Energy deal for Côte d'Ivoire (completed in Mar 2016) and Heads of Terms/Exclusivity Agreement for Senegal & The Gambia (Apr 2017) indicates industry interest remains for world class exploration assets despite the weak oil price environment
- > Recent transaction between BP and Kosmos in Senegal/Mauritania indicates a growing appetite for exploration and appraisal activity amongst the oil Majors
- > Oil exploration is for the long term: our long term strategy is to realise potential value of our 7.4bnbbbls+ assets



# Prospects and Plays

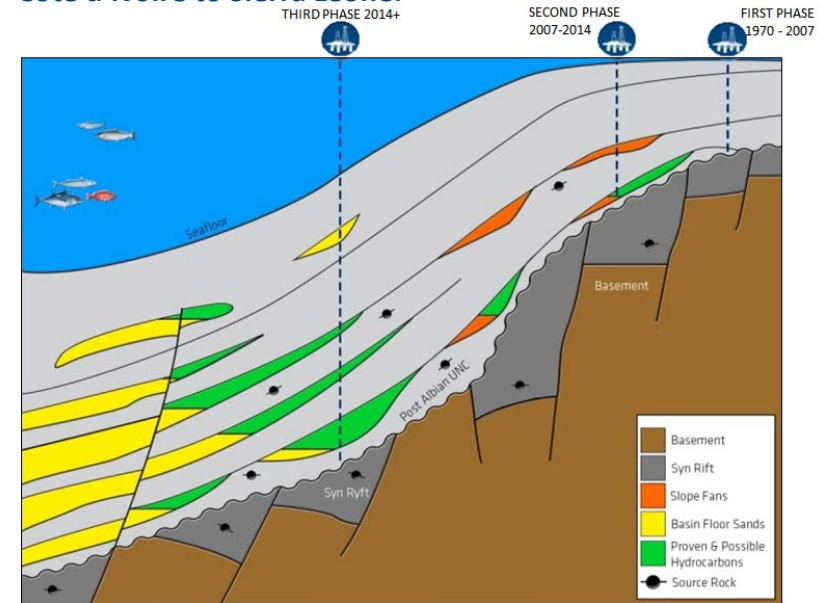
- > Pure play deep-water exploration
- > 2014-16: transformational exploration/appraisal in Senegal, Mauritania and Côte d'Ivoire
- > CPR inventory is diverse and material
- > Our large equity position provides room for partners to participate in the transformation

Mean Risked Net Prospective Resources (MMStb):

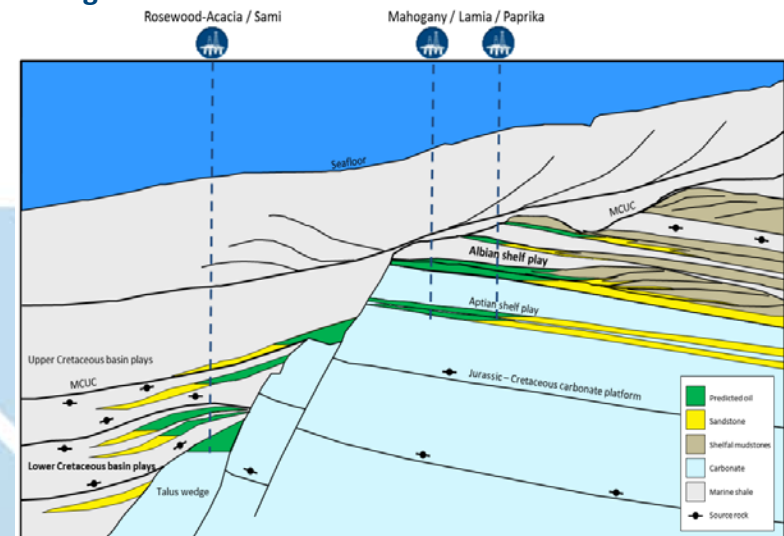


#Resource volumes extracted from 2014 CPR and ERCE Audits January 2015

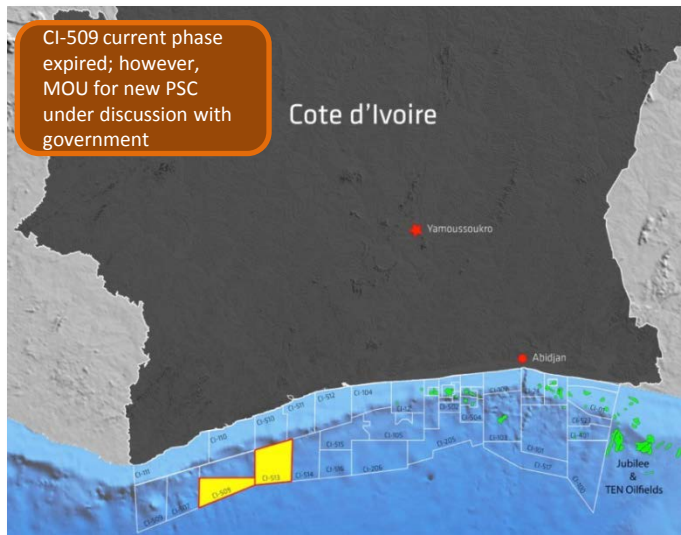
## Côte d'Ivoire to Sierra Leone:



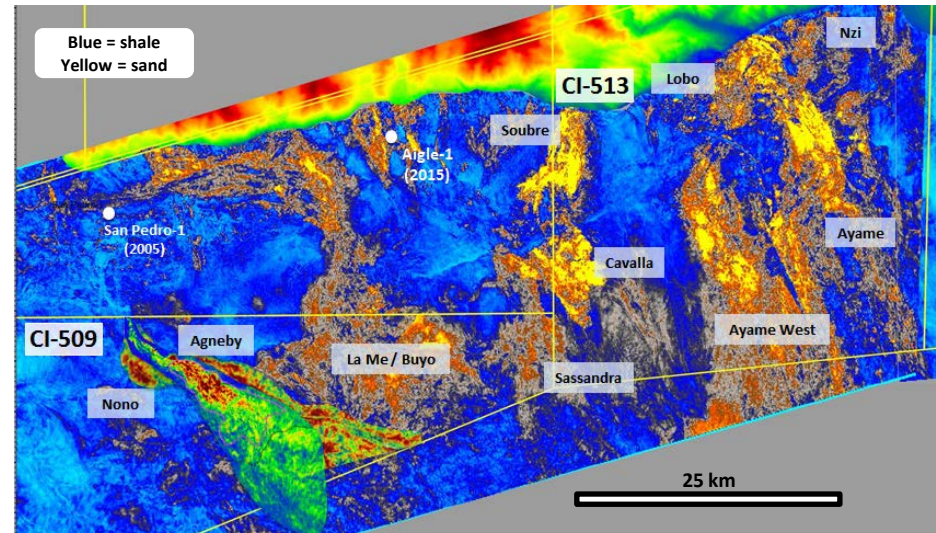
## Senegal to Gambia:



# Côte d'Ivoire – CI-509 and CI-513

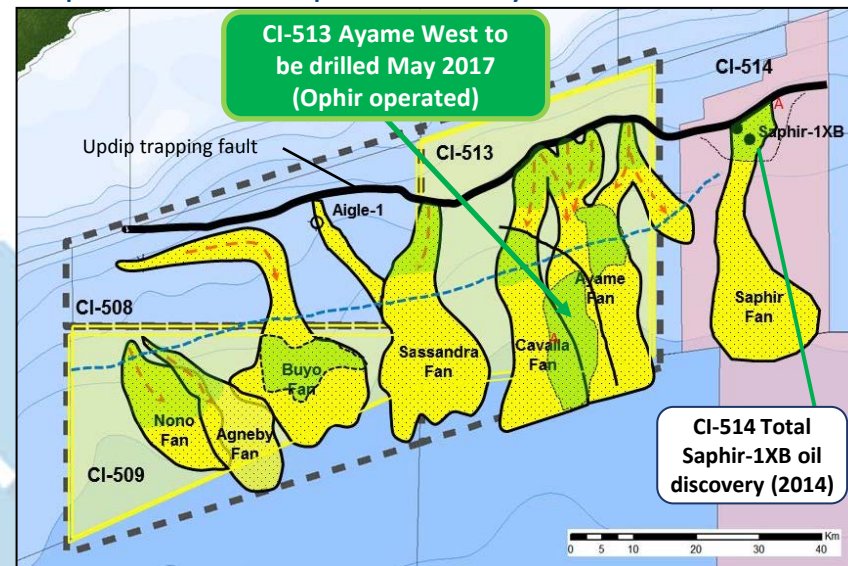


Prospects: Cretaceous (post rift) Composite Amplitude



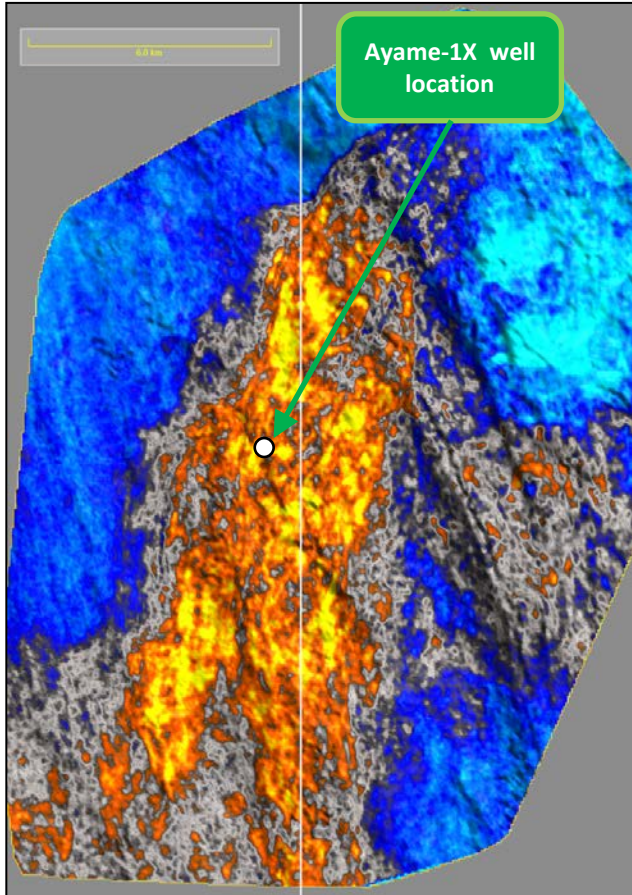
- > CI-513: 45% Ophir (Operator), 45% African Petroleum
- > CI-509: 90% African Petroleum (Operator)#
- > High quality proprietary 3D seismic over both blocks
- > Apr 2014: Total oil discovery at Saphir-1XB (Block CI-514) 40m net oil pay 34<sup>o</sup> API
- > Oct 2016: Anadarko 2016 announced two oil discoveries in licences with analogous geology
- > Well defined fan systems with numerous material prospects identified
- > Drilling Ayame-1X exploration well in the Ayame Fan with Ophir Energy on CI-513 in May 2017

Prospects on trend with Saphir-1XB Discovery



#current phase ended Mar 2016; however, MOU for new PSC under discussion with government

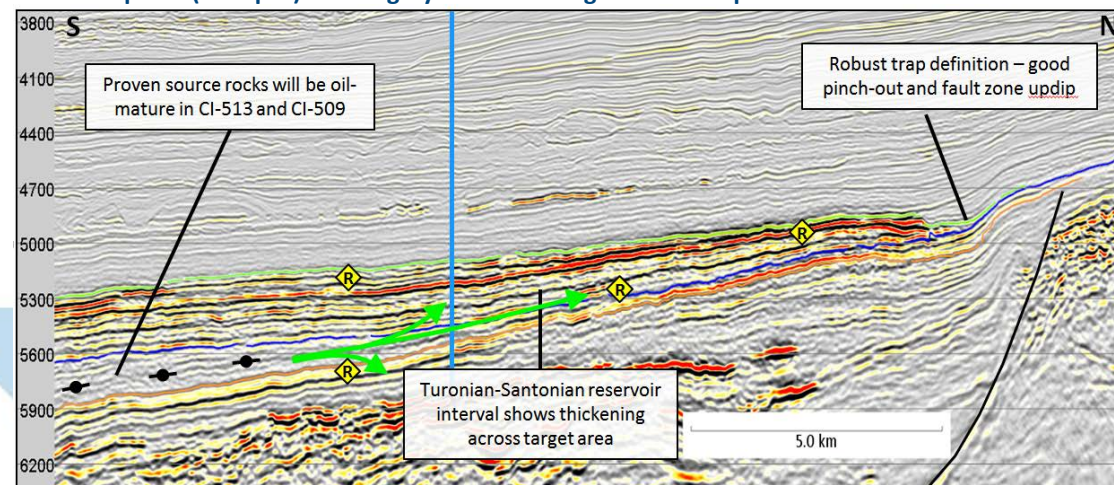
# Côte d'Ivoire – Ayame West Prospect (CI-513)



Amplitude extraction at Ayame West – high N:G reservoir distribution

- > Drilling exploration well targeting 352MMbbls in May 2017
- > Well-defined basin floor fan with excellent trap definition
- > 3D basin modelling shows proven source rocks are expected to be locally oil-mature
- > Reservoir interval penetrated in adjacent Saphir -1XB discovery maps into CI-513 on 3D seismic – expecting similar thick reservoir units
- > Used recent seismic inversion to select optimised final well location with operator
- > Rig selected: Seadrill West Saturn
- > Expected well cost of \$23.8m (dry hole)

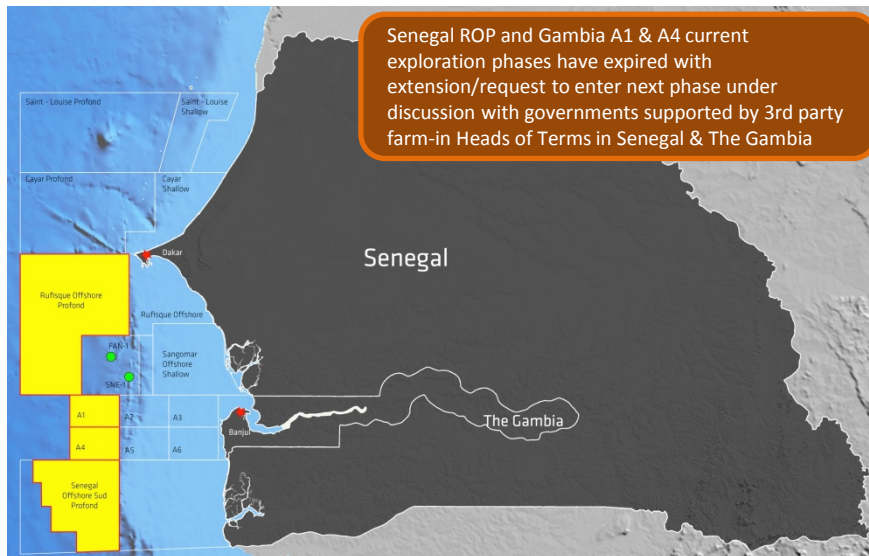
Seismic dip line (in depth) showing Ayame West target and example well location



## Ayame West – Competent Persons Report Recoverable Resource (gross un-risked) - MMbbl

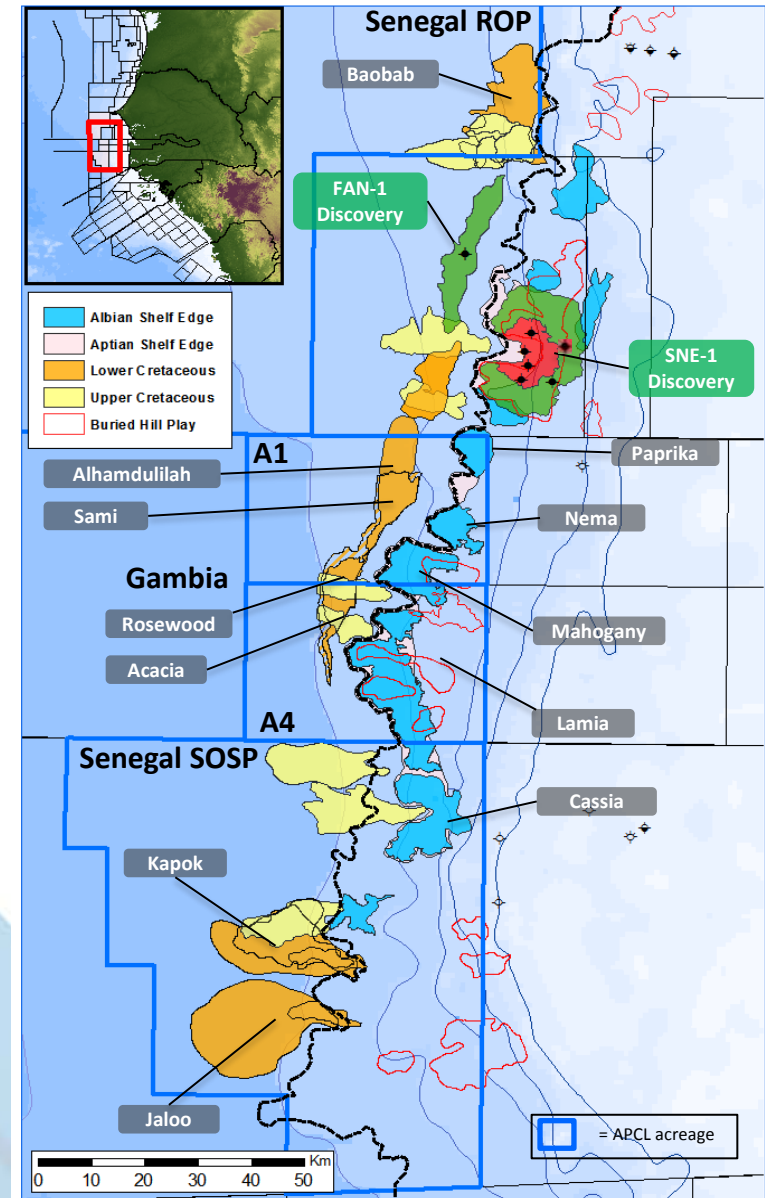
P90	P50	Mean	P10
58	216	352	788

# The Gambia and Senegal



- > High potential frontier exploration area
- > 90% working interest in Senegal (ROP & SOSP), 100% Gambia (A1 & A4)
- > Multiple prospects analogous to Cairn Energy operated oil discoveries each approx. 1 Billion barrels in place (with 3.5 bnbbbls follow up potential<sup>1</sup>)
- > Basin opening Kosmos multi-TCF gas discoveries in Mauritania and Senegal in 2015/2016<sup>2</sup>
- > Farm-in work program outlined in Heads of Terms under discussion with Gambian and Senegalese governments

<sup>1</sup>FAR, Investor Presentation November 2014; <sup>2</sup>Kosmos Energy news releases

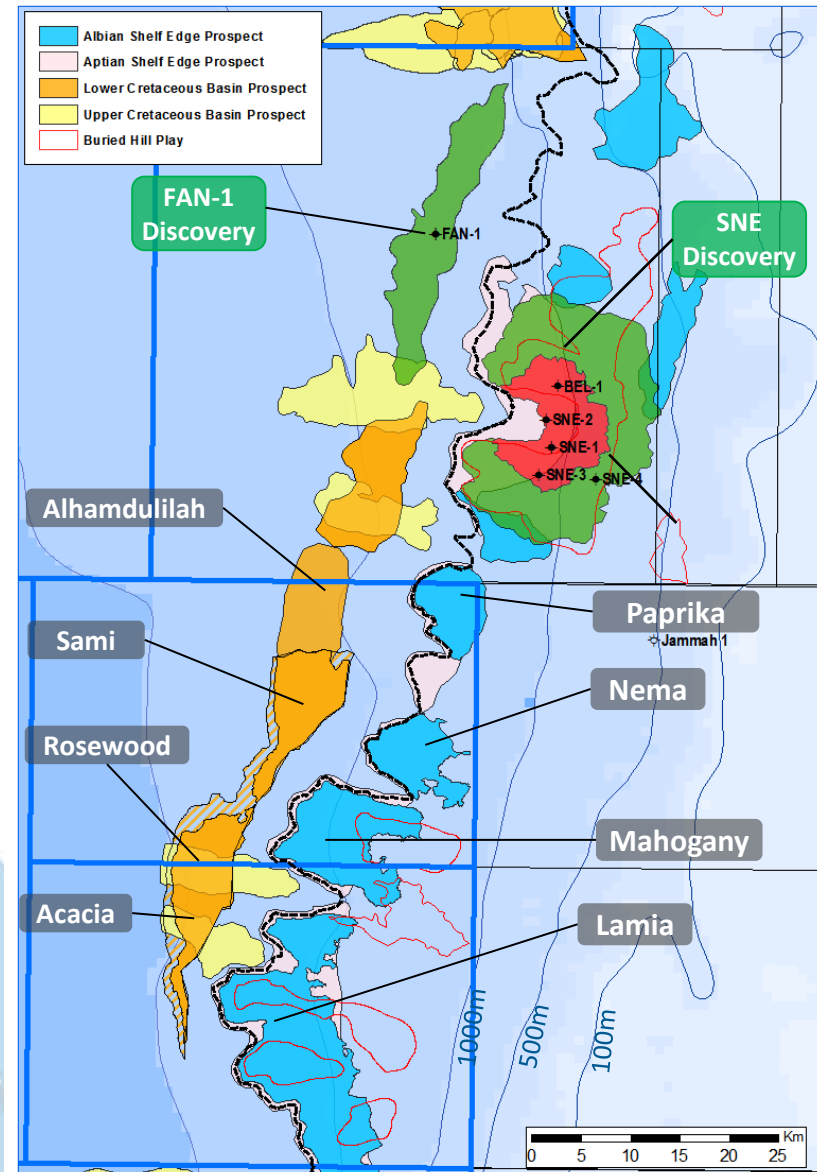
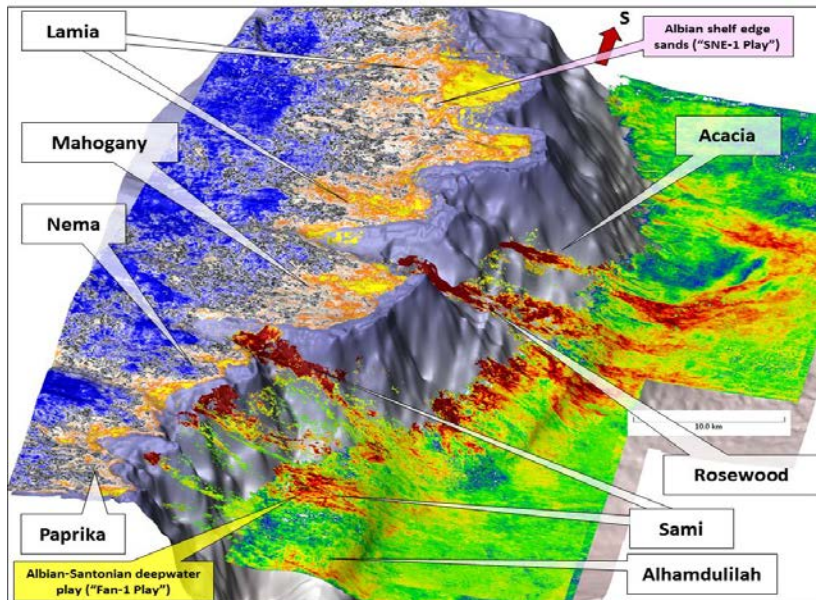


# The Gambia – A1 & A4



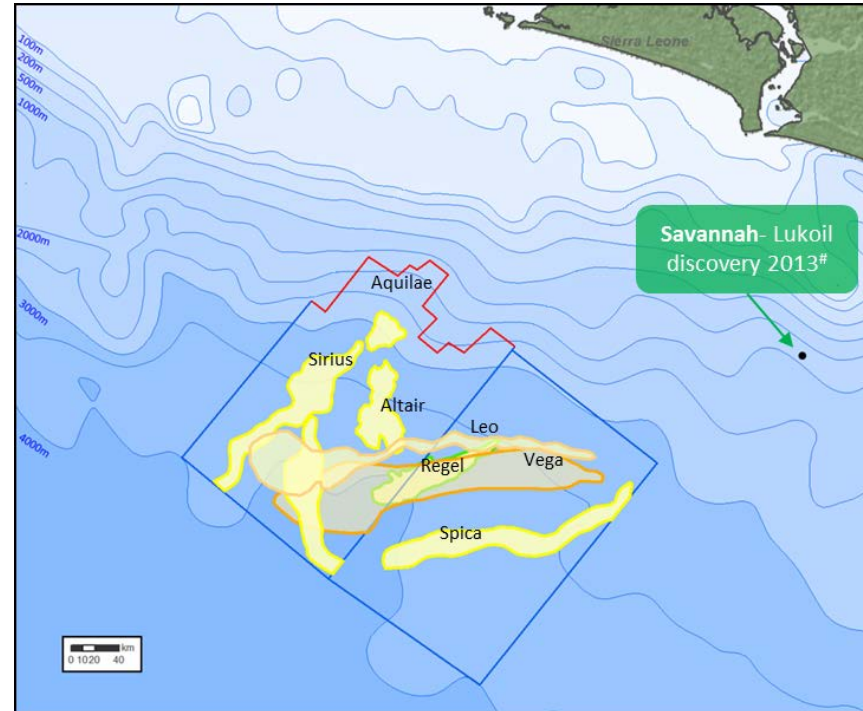
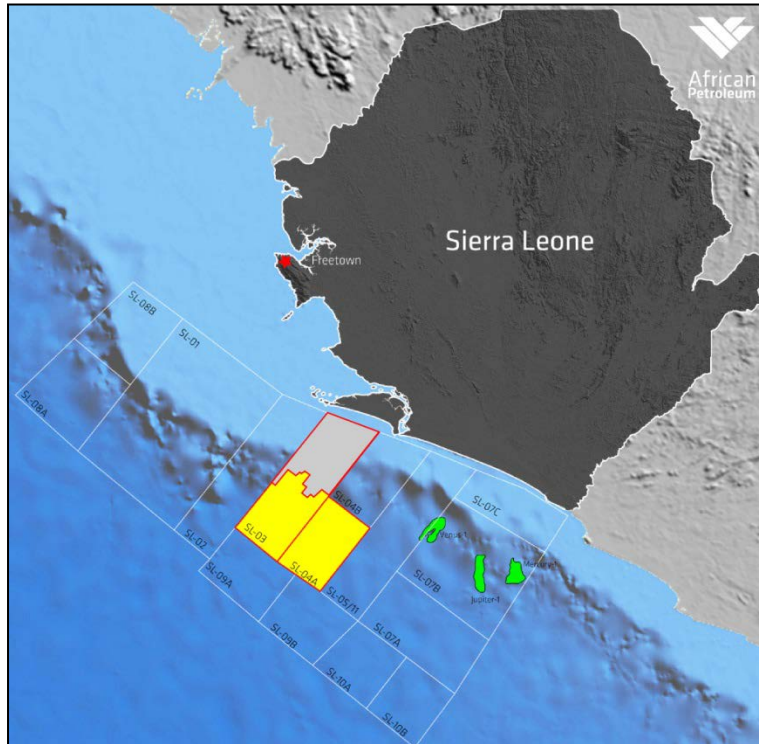
- > 2,500km<sup>2</sup> 3D seismic acquired over licences
- > Material discoveries by Cairn Energy in Senegal on trend with African Petroleum acreage
- > Unrisked resource potential 3,079 MMbbls<sup>1</sup>

Looking at the Gambian 3D seismic volume from the North:



<sup>1</sup>ERC Equipoise March 2015

# Sierra Leone – SL-03 & SL-4A-10



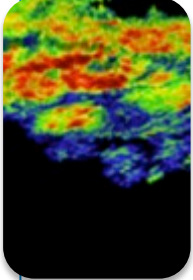
Prospects: Sierra Leone licences SL-03 & SL-4A-10

- > 100% working interest in licences SL-03 & SL-4A-10
- > Licences covered by high quality 3D seismic
- > Company portfolio comprises prospective and untested basin-floor fan play in ultra deep-water
- > Amplitude support for stacked hydrocarbon plays at multiple Upper Cretaceous levels




# Conclusion: Value Creation (Near & Long Term)


## Assets

- 
- Diverse portfolio in 4 countries with multiple prospects
  - 7.4 bnbbbls+ net unrisks prospective oil resources
  - Assets significantly de-risked through historic investment and third party activity and discoveries

## Capabilities

- 
- Highly experienced management team
  - Excellent relationships with host Governments
  - Proven ability to attract credible industry partners

## Discoveries

- 
- Recent significant discoveries in Côte d'Ivoire (Total & Anadarko), Senegal (Cairn & Kosmos) and Mauritania (Kosmos)
  - Further drilling underway in Senegal by Cairn in 2017

## Investment Proposition

- 
- Blue chip investor base
  - Positioned for low price environment
  - Recommence drilling with well planned in May 2017 (Côte d'Ivoire)
  - Heads of Terms with potential partner to fund further wells in 2018 and 2019

# Advisers & Contact Details

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## COMPETENT PERSON

ERC Equipoise Limited

