



31 October 2012
NSX Announcement

Quarterly Reports

Please find attached the following reports relating to the quarter ended 30 September 2012:

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

Yours faithfully
African Petroleum Corporation Limited

Tony Sage
Non-Executive Deputy Chairman

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**African
Petroleum**
CORP LTD

31 October 2012

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

Dear Sir

QUARTERLY DISCLOSURE DECLARATION

On behalf of the Board of African Petroleum Corporation Limited (**Company**) we declare that the Board has reviewed the operations of the Company and, in the opinion of each member of the Board:

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

Yours sincerely

Frank Timis
Non-Executive Chairman

Antony Sage
Chairman: Continuous Disclosure
Committee

Karl Thompson
Chief Executive Officer

31 October 2012

HIGHLIGHTS

CORPORATE

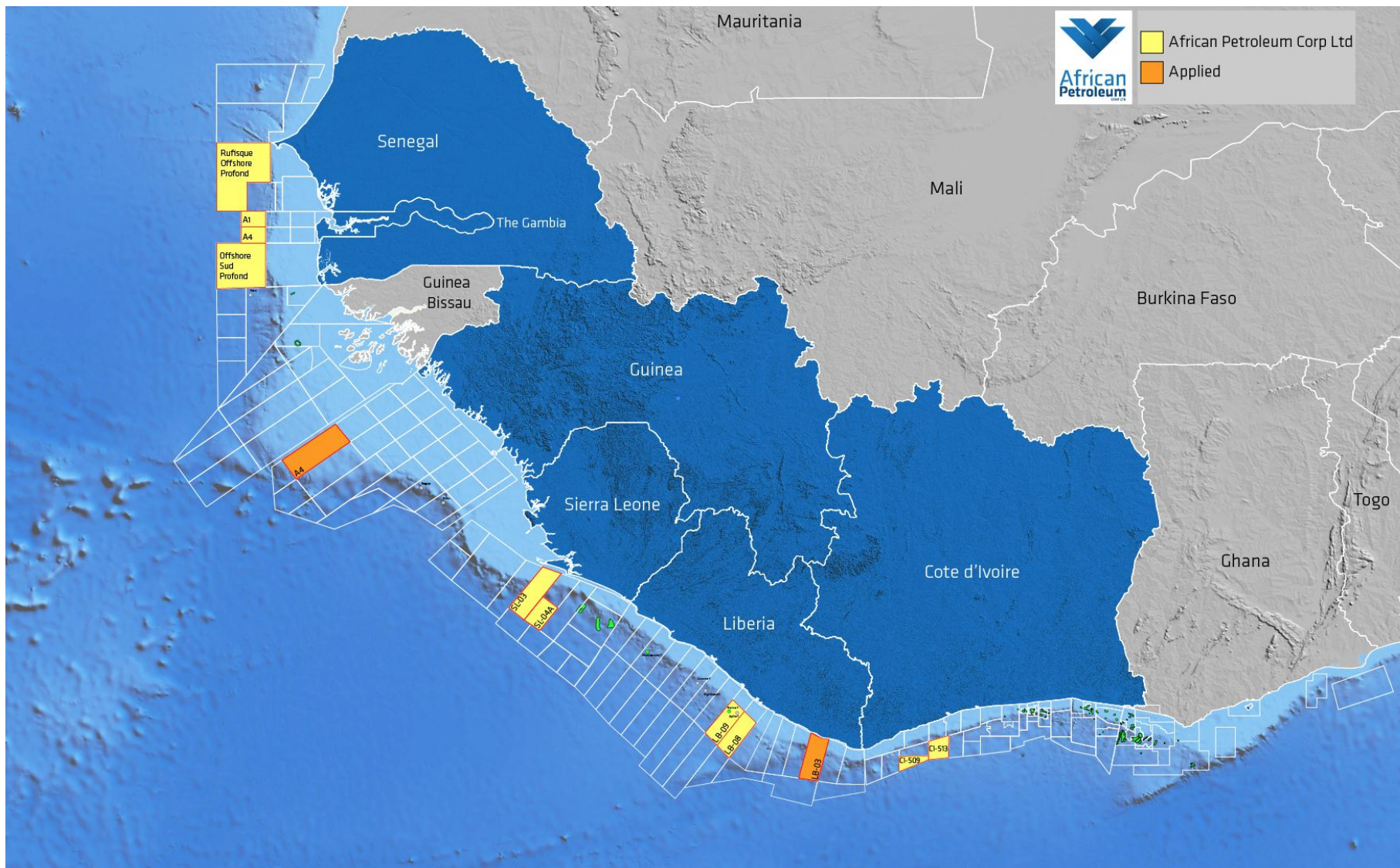
- Approximately US\$82.2 million cash at bank at 30 September 2012
- In addition, approximately US\$87.5 million restricted cash at 30 September 2012: US\$65 million as security for the Ocean Rig drilling contract; and US\$22.5 million being security deposits that will be released upon the achievement of certain drilling milestones
- On 16 July 2012, the Company entered into a Memorandum of Understanding (**MOU**) with PetroChina International Investment Company Limited (**PetroChina**), giving PetroChina an exclusive period to agree an investment in up to 20 per cent of Block LB-09 and up to 20 per cent in one or more of the Company's other exploration Blocks. The exclusivity period has expired however, negotiations with PetroChina are continuing.

OPERATIONS

- On 21 September 2012, the Company was formally awarded Block SL 4A-10, offshore Sierra Leone
- At the end of the quarter the Company appointed Mr Jens Pace as Chief Operating Officer of African Petroleum
- African Petroleum completed the seismic acquisition of a 4,364 sq km Proprietary 3D seismic survey offshore Cote d'Ivoire on 8 October 2012 after 6 months operations
- New business opportunities continue to be reviewed offshore West Africa

OPERATIONS

Figure 1: Location of African Petroleum’s license blocks, provisional award and applications, and regional discoveries



Liberian Project: Blocks LB-08 and LB-09

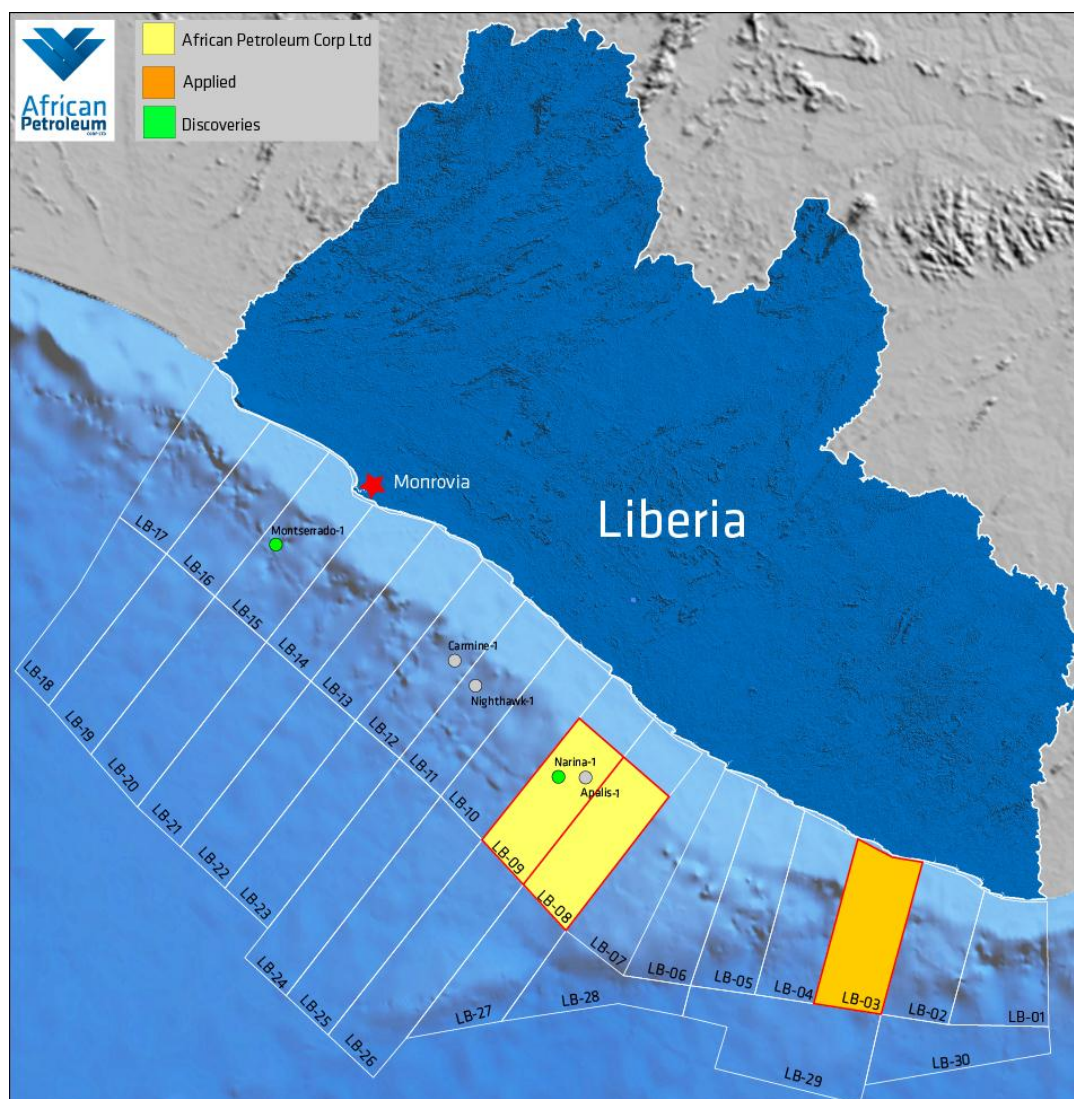


Figure 2: Location of Blocks LB-08 and LB-09, offshore Liberia

African Petroleum (through wholly owned subsidiary European Hydrocarbons) holds a 100% interest in Blocks LB-08 and LB-09 offshore Liberia (**Liberian Licence Blocks**).

African Petroleum completed the acquisition of 5,100 sq km of 3D seismic over the Liberian Licence Blocks in mid 2010. Seismic interpretation revealed an extensive submarine fan system, similar to those containing the Jubilee Field in Ghana, and the Jupiter, Mercury, Venus discoveries in Sierra Leone. The evaluation of the 3D seismic data identified more than 40 similar prospects and leads in the Upper Cretaceous section.

African Petroleum's first well (Apalis-1) on Block LB-09, was completed in September 2011. Apalis-1 was drilled to a depth of 3,665 metres and encountered oil shows and source rocks. The results of Apalis-1 confirmed the critical components of a working hydrocarbon system.

The second well (Narina-1) on Block LB-09 was spudded in January 2012. The well was drilled to a total depth of 4,850 metres in a water depth of 1,143 metres. Narina-1 found a total of 32 metres (105 feet) of net oil pay in two zones: 21 metres (69 feet) in the Turonian; and 11 metres (36 feet) in the Albian. Good quality oil was found in each the Turonian and the Albian reservoirs of 37 degrees API and 44 degrees API, respectively. Hydrocarbon shows were encountered over a 170 metre interval in the Turonian and no oil water contact was found.

The Narina discovery confirms the prospectivity of these highly successful West African exploration plays on the Liberia Licence Blocks. After extensive post-well evaluation, the Company will return for a two well exploration and appraisal programme in December 2012. The wells will be drilled with the Ocean Rig “Eirik Raude”, a 5th generation deepwater semi-submersible drilling rig. The first well drilled by the Eirik Raude will be Bee Eater-1, some 9.5km north west of Narina-1, testing for the presence of thicker reservoir, higher net pay and continuity within the Turonian submarine fan system. Several alternative locations are being finalised for further exploration drilling on the Liberian Blocks.

Cote d’Ivoire Project: Blocks CI-509 & CI-513

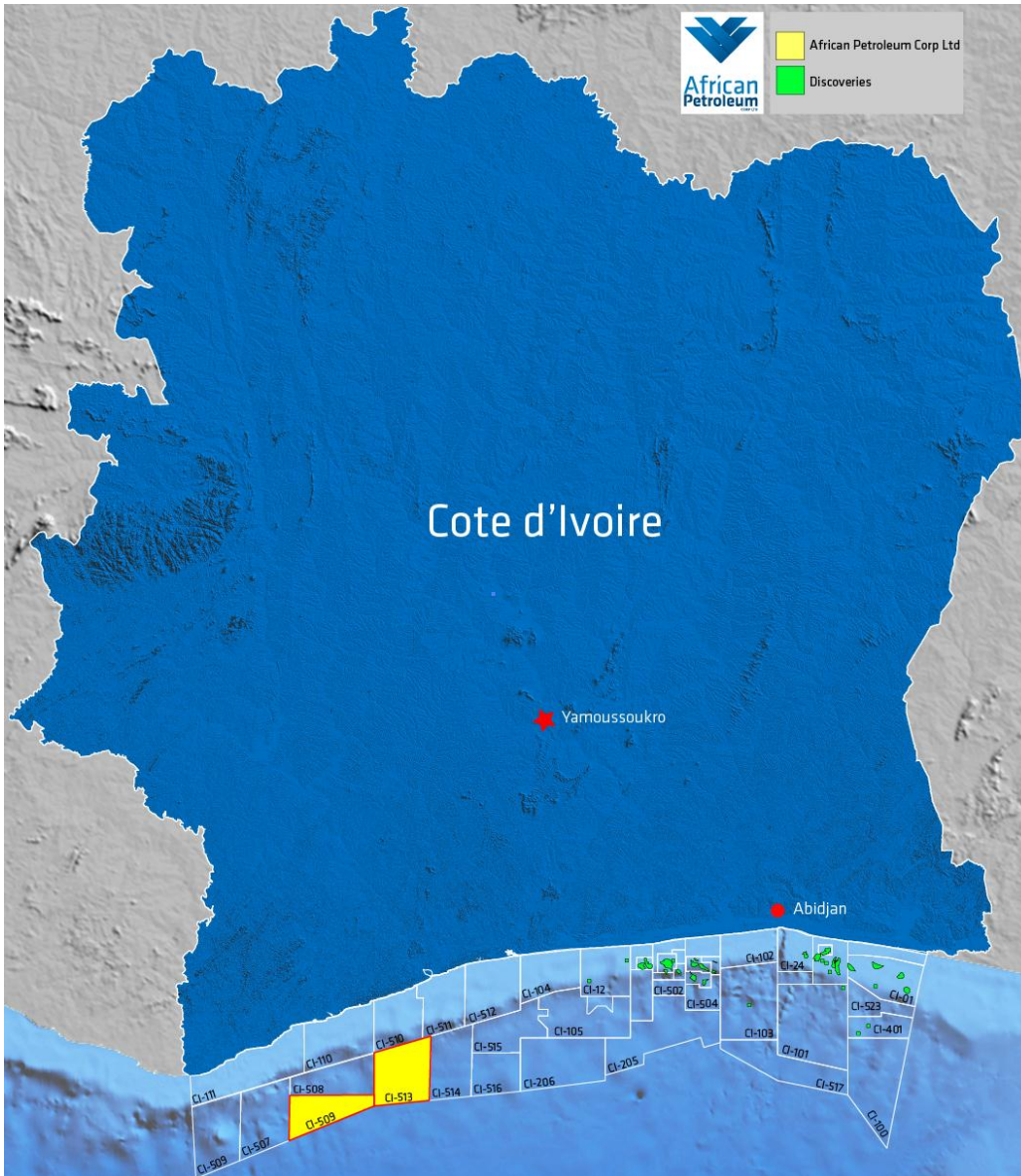


Figure 3: Location of the Cote d’Ivoire Licence Blocks CI-509 and CI-513, offshore Cote d’Ivoire

African Petroleum Cote D’Ivoire Limited holds a 90% operating interest in exploration Blocks CI-509 and CI-513 offshore western Cote d’Ivoire, the remaining 10% carried interest is held by Petroci (the national oil company of Cote d’Ivoire). Block CI-509 covers 1,091 sq km and Block CI-509 covers 1,440 sq km.

African Petroleum contracted with BGP Marine (Prospector PTE Ltd) for the acquisition of a 4,200 sq km 3D seismic survey over Blocks CI-513, CI-509 and CI-508. The acquisition commenced in April 2012, using the 12-streamer vessel “BGP Prospector”, and the CI-513 survey was completed in mid-July 2012. The vessel continued

directly onto the CI-508 & CI-509 survey, which was completed post quarter end, on 9 October 2012. The CI-508 survey is being acquired by African Petroleum on behalf of Vitol and partners over Block CI-508, and is subject to a cost sharing agreement executed in June 2012, whereby all seismic acquisition and processing costs are shared on an equal basis.

The Company will again focus on targeting deepwater Upper Cretaceous submarine fans in Cote d'Ivoire which are considered to have similar high impact potential as discoveries in the Jubilee Field. The existing 2D seismic dataset shows encouraging leads and prospects over the two blocks, and the recent discovery at Paon-1 (Tullow, June 2012), in the central Ivorian offshore, has confirmed the viability of the play in western Cote D'Ivoire. The fast-track data on board 3D seismic processing over Block CI-513 confirms the presence of major turbidite fan systems.

Following delivery and interpretation of 3D data in late 2012, the Company currently plans to drill two wells on Block CI-513 in the fourth quarter of 2013.

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

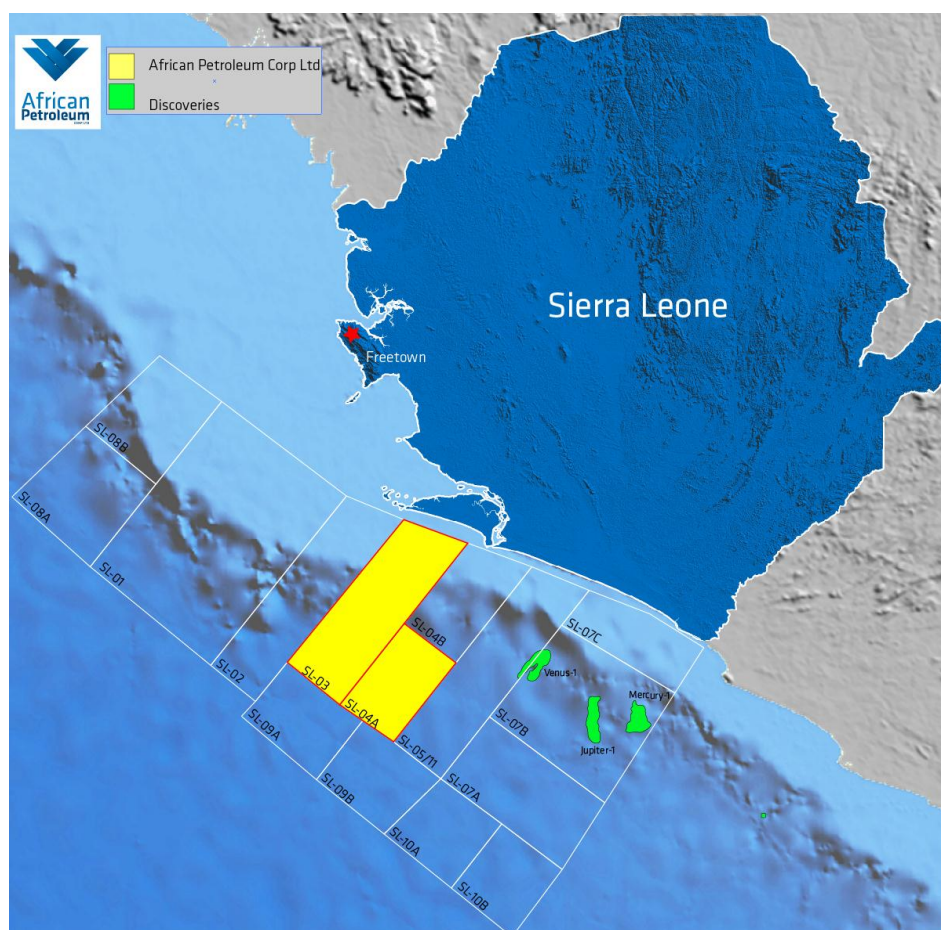


Figure 4. Location of the Sierra Leone Licence Blocks SL-03 and SL 4A-10, offshore Sierra Leone

African Petroleum holds a 100% interest in Blocks SL-03 and SL-4A-10, offshore Sierra Leone. Block SL-03 is 3,860 sq km in area, and is situated to the north west of Anadarko's recent Jupiter, Mercury and Venus discoveries.

The acquisition of 2,535 sq km of 3D seismic data in Block SL-03 was completed by TGS-Nopec in September 2011. The initial fast track 3D volume was received in January 2012 for interpretation and an initial prospectivity assessment has been completed. The Company have identified Turonian to Campanian-aged prospective channel systems, located 70-100 km west of the Jupiter, Mercury and Venus discoveries. The promising

prospects will be verified on the final 3D data, which is expected to be received in the fourth quarter 2012. The Company expects to be ready to drill a prospect in Block SL-03 in early 2014.

On 17 September 2012, the Company was awarded Block SL-4A-10, offshore Sierra Leone, as part of Sierra Leone's third offshore licensing round. The award was formally ratified by the Parliament of the Republic of Sierra Leone on 21 September 2012.

Block SL-4A-10 is 1,995 sq km in area, situated directly adjacent to SL-03. The Company has already identified a number of promising prospects for verification on the 2D seismic data. Multi-client 3D seismic data was acquired by TGS-NOPEC over part of block SL-4A-10 in October 2011, and this will shortly be licensed by the Company when processing is completed later this year.

Gambian Project: Blocks A1 and A4



Figure 5: Location of the Gambian Licence Blocks, offshore The Gambia

African Petroleum Gambia Limited has a 60% operating interest in Blocks A1 and A4, offshore The Gambia (**Gambian Licence Blocks**), acquired via a farm-in agreement with Buried Hill Gambia BV. The Gambian Licence Blocks cover a combined total area of 2,668 sq km.

The Company completed the acquisition of 2,500 sq km of 3D data in relation to the Gambian Licence Blocks in December 2010 (area shown in red box on Figure 3). Processed 3D seismic data was received in June 2011 and interpretation is ongoing.

More than 30 exploration prospects and leads have been identified on the Gambian Licence Blocks, including five different play types. The four way dip closed Alhamdullilah structure has been confirmed, which extends over an area of 24 sq km with five mapped reservoirs and a gross thickness of 1,000m. There are potential mean unrisked recoverable prospective undiscovered resources of approximately 500 million barrels (Source: ERC Equipoise independent review of African Petroleum resource, April 2011).

Other play types in the Gambian Licence Blocks include stratigraphically-trapped fans and slope channel complexes of Turonian-Campanian age, Upper Jurassic and lower Cretaceous karstified reef build-ups and four-way closures and eroded shelf clastics onlapping the shelf edge.

Following the acquisition of the 3D seismic data, detailed mapping of the Alhamdullilah prospect has been completed, targeting a series of stacked submarine fan complexes. A well location has been agreed and the Company has advanced the well planning. The Company plans to drill in 2,300m of water depth and target multiple reservoirs within structural closure, to a target depth of 6,300 m. The drilling of the Alhamdullilah prospect will be the first deepwater well in the Senegal-Gambia offshore region. The Company is now planning to drill the first well in The Gambia in 2013.

Senegal Project: Rufisque Offshore Profond and Senegal Offshore Sud Profond

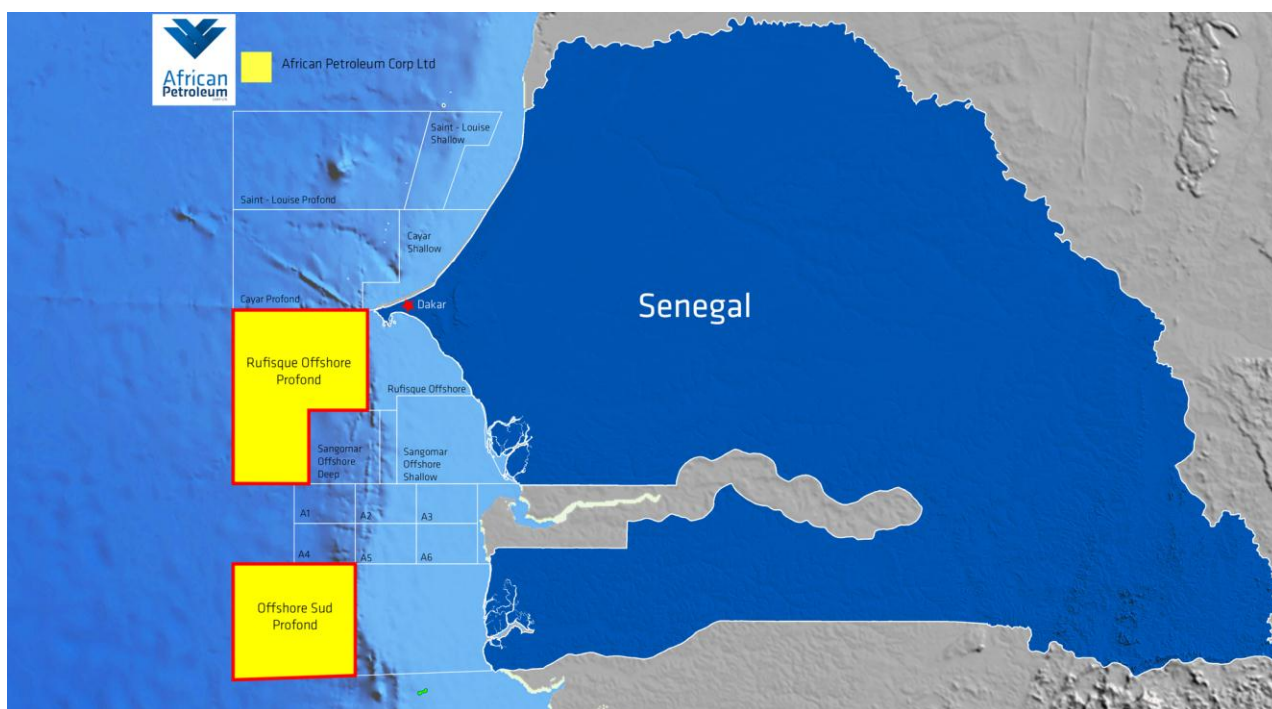


Figure 6. Location of the Senegal Licence Blocks, offshore Senegal

African Petroleum Senegal Limited holds a 90% operating interest in Exploration Blocks Rufisque Offshore Profond and Senegal Offshore Sud Profond (the **Senegal Blocks**) offshore southern and central Senegal. The remaining 10% carried interest is held by Petrosen (the national oil company of Senegal). The Senegal Blocks cover a total surface area of 18,277 sq km.

The Company has licensed over 10,000km of 2D seismic data over the Senegal Blocks to compile an extensive regional database. In May 2012, Dolphin Geophysical completed a 3,600 sq km 3D seismic survey over Senegal Offshore Sud Profond. Initial fast-track data was received in house in July, and prospects are currently being analysed. In June 2012, Fugro Seismic Imaging were contracted to reprocess the existing 1,500 sq km 3D seismic survey over Rufisque Offshore Profond, with results expected in mid-2013. The Company hopes to be in a position to drill a well in Senegal in 2014.

CORPORATE

Appointment of Chief Operating Officer

Post quarter end, African Petroleum appointed Mr Jens Pace as Chief Operating Officer of the Company from 1 October 2012. Mr Pace is a highly regarded geoscientist, who has had a successful career at BP Exploration Operating Company Limited (**BP**), and its heritage company Amoco (UK) Exploration Company, spanning over 30 years. Mr Pace has held senior positions at BP for over 10 years, gaining substantial exploration and production experience in Africa, namely: Algeria, Angola, Congo, Gabon and Libya, having also extended experience in Europe, Russia and Trinidad. He has contributed to a number of BP's exploration discoveries over his career. Most recently, Mr Pace managed a very large and active exploration portfolio for BP in North Africa. Additionally, Mr Pace has gained highly sought after experience in the areas of field development and as a commercial manager, dealing with national oil companies and African governments. Mr Pace holds a BSc in Geology and Oceanography from the University of Wales and an MSc in Geophysics from Imperial College, London.

Memorandum of Understanding with PetroChina

In July 2012, African Petroleum had entered into a Memorandum of Understanding (**MOU**) with PetroChina International Investment Company Limited (**PetroChina**), a subsidiary of China National Petroleum Corporation. The MOU gave PetroChina an exclusive period, which expired on 31 August 2012, to agree an investment in up to 20 per cent of Liberia Block LB-09 and up to 20 per cent in one or more of the Company's other exploration Blocks. Any investment made by PetroChina will be at a value to be agreed and will be subject to receiving appropriate governmental, regulatory and other third party consents. Although the exclusivity period has expired, the negotiations are continuing.

Placement of Shares

On 30 July 2012, the Company completed a placement of 62,963,000 new fully paid ordinary shares (**Share**) at A\$1.35 per Share with institutional shareholders, raising a total of A\$85 million (US\$88 million), before costs.

Quarterly Report

Name of entity

African Petroleum Corporation Limited

ABN

87 125 419 730

Quarter ended ("current quarter")

30 September 2012

Consolidated statement of cash flows

	Current quarter \$US'000	Year to date (9 months) \$US'000
Cash flows related to operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(1,588)	(4,769)
(b) advertising and marketing	(141)	(900)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(1,245)	(3,398)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	179	552
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
(a) exploration & evaluation	(38,427)	(140,296)
(b) business development	(35)	(284)
(c) project related travel	(1,891)	(5,781)
(d) office rent paid	-	(879)
(e) annual lease payment for exploration block	-	(1,388)
Net operating cash flows	(43,148)	(157,143)

	Current quarter \$US'000	Year to date (9 months) \$US'000
1.8 Net operating cash flows (carried forward)	(43,148)	(157,143)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(135)	(2,149)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	(862)	(930)
1.12 Loans repaid by other entities	29	70
1.13 Other (provide details if material)		
(a) cash backing security provided	-	(79,875)
(b) cash backing security returned	7,500	31,672
Net investing cash flows	6,532	(51,212)
1.14 Total operating and investing cash flows	(36,616)	(208,355)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	84,484	86,536
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	84,484	86,536
Net increase (decrease) in cash held	47,868	(121,819)
1.21 Cash at beginning of quarter/year to date	34,874	204,529
1.22 Exchange rate adjustments	(477)	(445)
1.23 Cash at end of quarter	82,265	82,265

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

		Current quarter \$US'000
1.24	Aggregate amount of payments to the parties included in item 1.2	142
1.25	Aggregate amount of loans to the parties included in item 1.11	862

1.26 Explanation necessary for an understanding of the transactions

US\$142,353 (net of GST) has been paid to directors during the quarter for the provision of services as directors.

US\$845,270 was loaned to a Director of the company during the current quarter to cover tax payable on performance shares awarded to the Director. 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 or the proceeds are to be applied to discharge the loan. Interest is charged on the loan. The Loan Agreement was approved by the Board of Directors as being on arm's length terms.

Non-cash financing and investing activities

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

N/A

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

N/A

Financing facilities available

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

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

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$US'000	Previous quarter \$US'000
4.1 Cash on hand and at bank	76,696	29,484
4.2 Deposits at call	5,569	5,390
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	82,265	34,874

NOTE: As at the end of the current quarter, the Company has provided US\$87.5m of cash backing security in relation to the Company's exploration programs. Of this amount, US\$65m is on escrow for the contracted two well programme with the Eirik Raude and US\$22.5m being security deposits that will be released on achievement of certain drilling milestones.

Acquisitions and disposals of business entities

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

Compliance statement

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

Print name: Claire Tolcon

Date: 31 October 2012

Notes

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