African Petroleum Corporation Limited

(ABN 87 125 419 730)

Half-year Financial Report for the Period Ended 30 June 2015

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Charles Matthews – Chairman
Stuart Lake – Chief Executive Officer
Mark Ashurst
Gibril Bangura
Jeffrey Couch
David King
Bjarne Moe
Timothy Turner
Anthony Wilson

COMPANY SECRETARY

Angeline Hicks

REGISTERED OFFICE

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STOCK EXCHANGE LISTINGS

Oslo Axess
Code: APCL

National Stock Exchange of Australia
Code: AOQ

Frankfurt Stock Exchange, Open Market
Code: A1C1G9

DIRECTORS' REPORT

Your Directors present their report on African Petroleum Corporation Limited ("African Petroleum" or the "Company") for the half-year ended 30 June 2015.

OFFICERS

Directors
The names of Directors in office during the half-year and up until the date of this report are set out below.

Directors were in office for this entire period unless otherwise stated.

Mr Charles Matthews	Non-Executive Chairman
Dr Stuart Lake	Executive Director and Chief Executive Officer
Mr Mark Ashurst	Non-Executive Director
Mr Gibril Bangura	Non-Executive Director
Mr Jeffrey Couch	Non-Executive Director
Dr David King	Non-Executive Director
Mr Bjarne Moe	Non-Executive Director
Mr Timothy Turner	Non-Executive Director
Mr Anthony Wilson	Non-Executive Director

Company Secretary
Ms Angeline Hicks

PRINCIPAL ACTIVITIES

The Company's principal activity is oil and gas exploration.

REVIEW OF OPERATIONS

CORPORATE

Fundraising – Private Placement
On 10 February 2015, African Petroleum announced the successful allocation of a private placement raising NOK 95,106,200 in gross proceeds through the allocation of 271,732,000 new ordinary shares ("Offer Shares") at a subscription price of NOK 0.35 per share. Each applicant in the private placement was entitled to be allocated one share option for every two shares allocated in the private placement corresponding to a total allocation of up to 135,866,000 share options.

Completion of the private placement was conditional upon (i) the relevant corporate resolutions required to implement the private placement being made by the Company, including the approval of the private placement by shareholders of the Company in a general meeting held on 16 March 2015; (ii) the Company receiving full payment for the Offer Shares on the due date for payment; (iii) any regulatory approvals and filings required in connection with the issuance of the Offer Shares, including but not limited to an approval from the Australian Foreign Investment Review Board if applicable and (iv) the approval by the Financial Supervisory Authority of Norway of a prospectus prepared in accordance with the Norwegian Securities Trading Act Chapter 7 for admission to listing of the Offer Shares on Oslo Axess.

All of these completion conditions were fulfilled, and on 18 March 2015 the Company announced the issue of the 271,732,000 new ordinary shares and 135,866,000 share options that were allocated in the private placement. The share options have an exercise price of NOK 0.75 and expire on 17 March 2017.

The private placement fundraising of US$12.5 million was required to strengthen the Company's balance sheet and liquidity position. The Company was encouraged to have completed the fundraising in such adverse oil market conditions and the directors believe that this is a testament to the quality of the Company's assets offshore West Africa and the management team.

Fundraising – Repair Offering

On 10 February 2015, African Petroleum announced its intention to launch a subsequent repair offering. 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 recent private placement.

The application period under the subsequent repair offering commenced on 17 March 2015 and closed on 1 April 2015 raising a total of NOK 4,061,516. On 16 April 2015 the Company announced the issue of an additional 11,604,331 new shares and 5,802,150 share options (exercise price of NOK 0.75 and expiring on 17 March 2017) that were allocated to investors who participated in the repair offering.

Farm-out Process

During the first half of 2015, African Petroleum continued to seek 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.

(i) **Côte d'Ivoire:** As announced on 29 June 2015, African Petroleum has signed a binding joint bidding agreement with a large 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.

(ii) **The Gambia & Senegal:** The Company is in farm out discussions with numerous interested parties across the Company's assets, including The Gambia and Senegal. 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 the first half of 2015 from a high calibre set of companies, a number of whom have confirmed their interest in pursuing a transaction and have completed their due diligence. The Company seeks to attract binding offers as soon as possible. Further announcements on progress will be made in due course.

(iii) **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 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. The Company is engaged with a number of parties on these assets.

Additional Listing

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 Company 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 the Company believes there is interest from retail investors.

OPERATIONS

Upgraded Prospective Resources

During the first half of 2015, the Company engaged the independent petroleum consultant ERC Equipoise Ltd ("ERCE") to prepare updated assessments of the Company's prospective oil resources. The updated assessments resulted in an increase to the Company's net unrisked mean prospective oil resources from 5.7 billion barrels to 12.5 billion barrels – representing a 119% increase. Results of the updated assessments were released by the Company in three separate announcements, though these assessments are estimates only and the actual results may be greater than or less than the estimates provided by the Company and ERCE.:

(i) **Côte d'Ivoire & Liberia:** On 26 January 2015, the Company announced an update to its prospective oil resources at its 90% owned and operated CI-509 and CI-513 offshore licence blocks in Côte d'Ivoire ("Côte d'Ivoire Licences") and its 100% owned and operated LB-08 and LB-09 offshore blocks in Liberia ("Liberia Licences").

The results of the ERCE updated assessment of prospective resources includes the addition of eight new prospects and has taken into account information gathered from third party drilling campaigns in the margin during 2014, particularly the oil discovery made by Total in CI-514 in April 2014.

The ERCE updated assessment, in conjunction with the ERCE Competent Persons Report April 2014 ("April 2014 CPR"), estimates the net prospective oil resources relating to the Côte d'Ivoire Licences and Liberia Licences as follows:

Licence	Mean (MMstb)		% Increase in Net Risked Prospective Oil Resources from April 2014 CPR
	Net Unrisked Prospective Oil Resources	Net Risked Prospective Oil Resources	
Côte d'Ivoire			
CI-509 & CI-513	2,130	456	118%
Liberia			
LB-08 & LB-09#	4,192	662	33%
Total Updated Portfolio Côte d'Ivoire and Liberia	**6,322**	**1,118**	**58%**

#Liberia values include four (4) new prospects reviewed in the ERCE updated assessment as well as unchanged prospects from April 2014 CPR

The impact of de-risking through regional third party drilling activity in Côte d'Ivoire and the addition of new Turonian and Cenomanian prospects as outlined in the ERCE updated assessment translates into the addition of 410 MMstb in the net risked mean prospective oil resources from the April 2014 CPR (increase of 58%).

(ii) **Senegal & The Gambia:** On 16 March 2015, African Petroleum announced an update to its prospective oil resources at its 90% owned and operated Senegal Offshore Sud Profond ("SOSP") and Rufisque Offshore Profond ("ROP") licence blocks in Senegal ("Senegal Licences") and its 100% owned and operated A1 and A4 offshore blocks in The Gambia ("Gambian Licences").

The ERCE updated assessment of prospective resources includes 20 prospects and estimates the net prospective oil resources relating to the Senegal Licences and Gambian Licences as follows:

Licence	Mean (MMstb)	
	Net Unrisked Prospective Oil Resources	Net Risked Prospective Oil Resources
Senegal		
ROP & SOSP#	1,779	325
The Gambia		
A1 & A4	3,079	445

Total Updated Portfolio Senegal and The Gambia	**4,858**	**770**

[#]Net Unrisked and Risked Prospective Resources are stated net to APSL, in which APCL has a 90% shareholding

The two discoveries made by Cairn Energy at SNE-1 and FAN-1 in Senegal have had a positive impact on the chance of success for prospects within African Petroleum's portfolio. High quality oil (32 API) and the announcement of 'high quality' reservoir in the SNE-1 well is significant. It is anticipated that further drilling will yield follow-up success and that this trend extends into African Petroleum's acreage in both The Gambia and Senegal.

The Cairn partnership has a three + three drilling programme planned to commence in October 2015 in the Sangomar block. This drilling programme will consist of two appraisal wells on the 'SNE' discovery, followed by one exploration well. The Cairn partnership will then have the option to drill three contingent follow-up wells. A seventh generation rig, Ocean Rig Athena, is being brought in by the Cairn partnership to conduct this exciting drilling programme. Further success will positively impact the African Petroleum Portfolio and reduce overall commercial risk.

In April 2015, Kosmos Energy announced a 12 Tcf gas discovery in Mauritania. Follow-up potential extends into northern Senegal and this success has further enhanced the attractiveness of Senegal for exploration and heightened interest in the African Petroleum farm out. The wide play fairway could result in identifying some 40+Tcf of gas if follow up wells are successful. Further wells are planned Q4 2015 and during 2016 by the Kosmos partnership.

(iii) **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 ERCE updated assessment 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 3D seismic has identified exciting deepwater prospects with strong AVO response. A high impact portfolio has now been evaluated, and a further >2 billion barrels[1] of 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. The new AVO support to several of these prospects significantly changes the potential risk perception.

SUBSEQUENT EVENTS

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.

RESULT

African Petroleum reported a loss after income tax of US$8,090,731 for the half-year ended 30 June 2015 (30 June 2014: loss of US$8,929,780).

[1] APC Management Estimate

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 30 June 2015 has been received and can be found on page 27 of the half-year report.

This report is made in accordance with a resolution of the Board of Directors.

Dr Stuart Lake
Chief Executive Officer **11 September 2015**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	30 June 2015 US$	30 June 2014 US$
Revenue	3(a)	350,470	2,936,706
Aircraft expenses		84,595	(2,470,424)
Depreciation expense		(346,873)	(522,877)
Impairment of exploration and evaluation expenditure	9	(426,407)	-
Impairment of consumable spares	9	(330,840)	-
Impairment of freehold land		(856,158)	-
Impairment of related party loans and deposits		-	(647,420)
Consulting expenses		(1,937,489)	(3,175,902)
Compliance and regulatory expenses		(161,820)	(533,903)
Administration expenses		(559,766)	(731,165)
Employee remuneration	3(b)	(3,601,363)	(3,009,500)
Travel costs		(338,441)	(651,520)
Occupancy costs		(345,971)	(473,125)
Unrealised gain on fair value of financial liabilities		771,728	-
Foreign currency (losses)/gains		(322,187)	302,850
Finance costs		(63,841)	57,462
Other expenses		(6,368)	(10,962)
Loss before income tax		(8,090,731)	(8,929,780)
Income tax expense		-	-
Loss for the period, attributable to the members		(8,090,731)	(8,929,780)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve			
Foreign exchange gain on translation of functional currency to presentation currency		7,048	-
Other comprehensive income for the period, net of tax		7,048	-
Total comprehensive loss for the period		(8,083,683)	(8,929,780)
Loss for the period is attributable to:			
Non-controlling interest		(37,477)	2,548
Owners of the parent		(8,053,254)	(8,932,328)
		(8,090,731)	(8,929,780)
Total comprehensive loss for the period is attributable to:			
Non-controlling interest		(37,477)	2,548
Owners of the parent		(8,046,206)	(8,932,328)
		(8,083,683)	(8,929,780)
EPS attributable to members			
Basic/diluted loss per share cents		(0.95)	(1.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2015	31 December 2014
		US$	US$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	**3,009,911**	3,869,086
Trade and Other Receivables	5	**861,819**	3,426,097
Restricted Cash	6	**13,163,191**	12,069,899
Prepayments		**195,772**	735,958
		17,230,693	20,101,040
Non-current assets held for sale	7	**1,131,035**	931,035
TOTAL CURRENT ASSETS		**18,361,728**	21,032,075
NON CURRENT ASSETS			
Property, Plant and Equipment	1	**107,083**	1,407,270
Exploration and Evaluation Expenditure	9	**408,869,346**	396,326,784
Intangible Assets		**61,282**	169,744
Financial Assets		**-**	-
TOTAL NON CURRENT ASSETS		**409,037,711**	397,903,798
TOTAL ASSETS		**427,399,439**	418,935,873
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	10	**36,576,816**	32,876,491
Current Overdrafts		**24,776**	-
Financial Liabilities	17	**2,392,985**	-
TOTAL CURRENT LIABILITIES		**38,994,577**	32,876,491
TOTAL LIABILITIES		**38,994,577**	32,876,491
NET ASSETS		**388,404,862**	386,059,382
EQUITY			
Issued Capital	11	**609,492,300**	600,591,811
Reserves	12	**19,038,031**	17,502,309
Accumulated losses		**(239,761,068)**	(231,707,814)
Attributable to equity holders of the parent		**388,769,263**	386,386,306
Non-controlling interests		**(364,401)**	(326,924)
TOTAL EQUITY		**388,404,862**	386,059,382

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary Share Capital US$	Share-based Payment Reserve US$	Accumulated Losses US$	Foreign Currency Translation Reserve US$	Non-controlling Interest US$	Total US$
AT 1 JANUARY 2015		**600,591,811**	**29,591,502**	**(231,707,814)**	**(12,089,193)**	**(326,924)**	**386,059,382**
Loss for the period		**-**	**-**	**(8,053,254)**	**-**	**(37,477)**	**(8,090,731)**
Other comprehensive income:							
Foreign currency exchange differences arising on translation from functional currency to presentation currency	**12**	**-**	**-**	**-**	**7,048**	**-**	**7,048**
Total comprehensive loss for the period		**-**	**-**	**(8,053,254)**	**7,048**	**(37,477)**	**(8,083,683)**
Transactions with owners in their capacity as owners:							
Issue of capital	**11**	**9,782,230**	**-**	**-**	**-**	**-**	**9,782,230**
Capital raising costs	**11**	**(881,741)**	**-**	**-**	**-**	**-**	**(881,741)**
Share-based payments	**3,12,13**	**-**	**1,528,674**	**-**	**-**	**-**	**1,528,674**
BALANCE AT 30 JUNE 2015		**609,492,300**	**31,120,176**	**(239,761,068)**	**(12,082,145)**	**(364,401)**	**388,404,862**
AT 1 JANUARY 2014		575,911,770	29,371,231	(189,570,901)	(12,089,193)	(261,232)	403,361,675
Loss for the period		-	-	(8,932,328)	-	2,548	(8,929,780)
Total comprehensive loss for the period		-	-	(8,932,328)	-	2,548	(8,929,780)
Transactions with owners in their capacity as owners:							
Issue of capital	**11**	26,175,121	-	-	-	-	26,175,121
Capital raising costs	**11**	(1,479,864)	-	-	-	-	(1,479,864)
Share-based payments	**3,12,13**	-	(578,026)	-	-	-	(578,026)
BALANCE AT 30 JUNE 2014		600,607,027	28,793,205	(198,503,229)	(12,089,193)	(258,684)	418,549,126

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	30 June 2015 US$	30 June 2014 US$
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(3,986,085)**	(10,388,236)
Rental income		**72,922**	872,456
Interest received		**2,192**	12,869
Finance costs		**(68,399)**	(58,103)
Net cash flows used in operating activities		**(3,979,370)**	(9,561,014)
Cash Flows from Investing Activities			
Payment for plant and equipment		**-**	(696)
Proceeds from disposal of plant and equipment		**-**	42,500
Payment for exploration and evaluation activities		**(7,677,858)**	(6,582,531)
Loan to related party		**-**	(207,462)
Loan repaid by related party		**-**	166,056
Increase in cash backing security		**(1,115,859)**	-
Cash backing security returned		**23,408**	-
Net cash used in investing activities		**(8,770,309)**	(6,582,133)
Cash Flows from Financing Activities			
Proceeds from issue of shares		**12,055,742**	26,175,121
Capital raising costs		**(146,341)**	(1,479,864)
Proceeds from current overdrafts		**24,776**	-
Net cash from financing activities		**11,934,177**	24,695,257
Net increase/(decrease) in Cash and Cash Equivalents		**(815,502)**	8,552,110
Cash and Cash Equivalents at the beginning of the reporting period		**3,869,086**	7,914,218
Net foreign exchange differences		**(43,673)**	116,054
Cash and Cash Equivalents at the end of the reporting period	**4**	**3,009,911**	16,582,382

1. CORPORATE INFORMATION

The financial report of African Petroleum Corporation Limited and its subsidiaries (together the 'Consolidated Entity') for the half-year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 11 September 2015.

African Petroleum Corporation Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Oslo Axess, a regulated market place of the Oslo Stock Exchange in Norway, the National Stock Exchange of Australia ('NSX') and the Frankfurt Stock Exchange of Germany ('FWB').

2. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose condensed financial report for the half-year ended 30 June 2015 has been prepared in accordance with AASB 134 Interim Financial Reporting, IAS 34 Interim Financial Reporting and the Corporations Act 2011.

The half-year 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 Consolidated Entity as the full financial report.

It is recommended that the half-year 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 Limited during the half-year ended 30 June 2015 in accordance with the continuous disclosure obligations of Oslo Axess, NSX, and FWB Listing Rules.

The financial report is presented in United States Dollars being the functional currency of the Consolidated Entity.

Going Concern

The financial statements have 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 Consolidated Entity 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 (31 December 2014: US$3,869,086).

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 including the need to raise funds through the issue of equity to meet working capital requirements and the Group completing farm-out transactions on one or more of its exploration licences in order to meet working capital requirements and the minimum exploration commitment as per Note 16.

There are a number of inherent uncertainties relating to the completion of the raising of funds, including but not limited to:

i. unfavourable market conditions, regulatory approval processes and oil prices resulting in difficulty in completing a private placement in the timeframe required; and
ii. 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 Consolidated Entity would need to seek alternative sources of funding to meet its immediate operating obligations.

Should the Consolidated Entity not complete the raising of funds as outlined above, 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 Consolidated Entity not be able to continue as a going concern.

Changes in accounting policy, accounting standards and interpretations

The accounting policies adopted are consistent with those disclosed in the annual report for the year ended 31 December 2014, except for the adoption of new standards and interpretations noted below.

- AASB 2014-1 Part A-Annual Improvements 2010–2012 Cycle – Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle
- AASB 2014-1 Part A-Annual Improvements 2011–2013 Cycle – Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle

Adoption of these Standards and Interpretations did not have any impact on the financial position or performance of the Company.

The Company has not elected to early adopt any new or amended standards and interpretations issued but not yet effective.

3. REVENUE, INCOME AND EXPENSES

	For the 6 months ended 30 June	
	2015	**2014**
	US$	**US$**
(a) REVENUE		
Bank interest income	**2,192**	49,296
Other interest income (refer to Note 5)	**35,005**	550,536
Flight revenue	**(11,157)**	2,055,266
Other revenue	**324,430**	281,608
	350,470	2,936,706

	For the 6 months ended 30 June	
	2015	**2014**
	US$	**US$**
(b) EMPLOYEE REMUNERATION		
Employee remuneration	**1,470,086**	2,140,810
Director's remuneration	**720,742**	1,384,205
Share-based payments expense/(reversal) (refer to Note 13)	**1,410,535**	(515,515)
	3,601,363	3,009,500

4. CASH AND CASH EQUIVALENTS

	30 June 2015	31 December 2014
	US$	**US$**
Cash at bank and on hand	**3,009,911**	3,869,086
	3,009,911	3,869,086

5. TRADE AND OTHER RECEIVABLES

	30 June 2015 US$	31 December 2014 US$
CURRENT		
Trade receivables from related parties [(d)]	**1,474,865**	2,966,891
Loan receivable from related parties	**64,452**	-
Other receivables	**664,419**	1,747,414
	2,203,736	4,714,305
Impairment allowance [(a)]	**(1,429,204)**	(1,429,204)
	774,532	3,285,101
Loan receivable from Key Management Personnel [(b), (c)]	**1,816,126**	1,759,333
Share-based payment liability	**(1,728,839)**	(1,618,337)
	87,287	140,996
Total trade and other receivables	**861,819**	3,426,097

(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 five 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.

(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 five 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.

(d) Trade receivables are non-interest bearing and are generally on terms of 30 days terms.

6. RESTRICTED CASH

	30 June 2015 US$	31 December 2014 US$
Current		
Restricted cash	**13,163,191**	12,069,899
	13,163,191	12,069,899

Restricted cash balances represent interest bearing cash backed security provided in relation to the Company's exploration programmes. The security deposits will be released either, upon achievement of certain drilling milestones, or upon training and resources requests. 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.

7. 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 the Timis Corporation, the Parent entity of the Timis Mining Corporation 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 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.

8. PROPERTY, PLANT & EQUIPMENT

	Freehold land US$	Plant & equipment US$	TOTAL US$
30 June 2015			
Cost	**1,056,158**	**2,811,354**	**3,867,512**
Accumulated depreciation and impairment	**(856,158)***	**(2,704,271)**	**(3,560,429)**
Reclassification as assets held for sale	**(200,000)***	**-**	**(200,000)**
	-	**107,083**	**107,083**
31 December 2014			
Cost	1,056,158	3,041,717	4,097,875
Accumulated depreciation and impairment	-	(2,690,605)	(2,690,605)
	1,056,158	351,112	1,407,270

* The impairment loss of $856,158 represented the write-down of the land to its recoverable amount as a result of its proposed sale. The recoverable amount of $200,000 was based on the proposed selling price of the land. Refer to Note 7 for further details.

9. EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2015 US$	31 December 2014 US$
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases	**408,869,346**	396,326,784

	For the 6 months ended 30 June 2015 US$	For the 12 months ended 31 December 2014 US$
Reconciliation		
Opening balance	**396,326,784**	403,272,803
Exploration expenditure incurred	**13,299,809**	15,773,009
Impairment of exploration and evaluation expenditure[1]	**(426,407)**	(22,675,228)
Impairment of consumable spares	**(330,840)**	-
Disposal of consumable spares	**-**	(43,800)
	408,869,346	396,326,784

[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 consolidated entity's exploration and evaluation assets relate to the following licences:

Country	Licence	Operator	Working Interest	Grant Date	End Current Phase	Area km^2	Outstanding commitments in current phase
Liberia	LB-08	European Hydrocarbons Limited	100%	Jun 2005	Jun 2016	2,717	-[8]
Liberia	LB-09	European Hydrocarbons Limited	100%	Jun 2005	Jun 2016	2,634	-[8]
Côte d'Ivoire	CI-513	African Petroleum Côte d'Ivoire Limited	90%[2]	Dec 2011	Dec 2015	1,446	One exploration well
Côte d'Ivoire	CI-509	African Petroleum Côte d'Ivoire Limited	90%[1]	Mar 2012	Mar 2016	1,091	One exploration well
Sierra Leone	SL-03	European Hydrocarbons Limited	100%[2]	Apr 2010	Apr 2015[5]	3,860	-[5]
Sierra Leone	SL-4A-10	African Petroleum Senegal Limited	100%[3]	Sep 2012	Sep 2015	1,995	One contingent exploration well
Senegal	Rufisque Offshore Profond	African Petroleum Senegal Limited	90%[4]	Oct 2011	Oct 2015[6]	10,357	One exploration well
Senegal	Senegal Offshore Sud Profond	African Petroleum Senegal Limited	90%[4]	Oct 2011	Oct 2017	5,439	Further geoscience and one contingent exploration well

NOTES TO THE FINANCIAL STATEMENTS

Country	Licence	Operator	Working Interest	Grant Date	End Current Phase	Area km^2	Outstanding commitments in current phase
The Gambia	A1	African Petroleum Gambia Limited	100%[7]	Dec 2007	Sep 2016	1,296	One exploration well to be drilled on either A1 or A4
The Gambia	A4	African Petroleum Gambia Limited	100%[7]	Dec 2007	Sep 2016	1,376	See above[9]

[1] Société Nationale d'Opérations Pétrolières de la Côte d'Ivoire has an option to increase its 10 per cent interest to 20 per cent following exclusive exploitation authorisation.
[2] The State of Sierra Leone shall have a 10 per cent carried interest from the development stage.
[3] The State of Sierra Leone shall have a 10 per cent carried interest from the development stage with an option to increase with another 5 per cent participating interest.
[4] Société des Pétroles du Sénégal has an option to increase its 10 per cent interest to 20 per cent following exploitation authorisation.
[5] Discussions to extend the Petroleum Agreement with the Petroleum Directorate have been held and agreement reached on the terms. The Company expects the terms to be confirmed and concluded into a second amendment
[6] The request to extend and amend the terms of the Licence has been sent to the newly appointed Minister and a reply is anticipated
[7] The Gambia National Oil Company has an option to acquire a 10% participating interest in the Licence from the development stage.
[8] The consolidated entity is working with NOCAL to outline strategy for additional 3D seismic acquisition
[9] In addition some reprocessing of seismic data is expected to be carried out

The consolidated entity's accounting policy in relation to Exploration and Evaluation expenditure is described under Note 3(i) of the 31 December 2014 annual report. Expenditure on an area of interest is capitalised and carried forward where rights to tenure of the area of interest are current and:

(i) it is expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale; or
(ii) exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure.

At 31 December 2014, the Directors had performed an assessment of licences to determine whether the respective capitalised exploration and evaluation costs continued to meet the criteria outlined above. The assessment resulted in an impairment charge of US$22,675,228 in relation to certain licences that were under farm-out negotiations. For the remaining licences, the Directors were satisfied that all the above requirements were met. In particular, the Directors were satisfied that:

(i) The rights to tenure of these licences were current. The consolidated entity actively monitored the conditions of these licences to ensure full compliance. For licences with near-term expiry dates and significant outstanding exploration and drilling obligations (Senegal and Côte d'Ivoire), the Directors had been working with relevant regulatory bodies for an extension and at the same time seeking farm-in partners to share future exploration and drilling obligations. With recent significant oil discoveries in the region, the Directors were confident that the consolidated entity would be able to find farm-in partners to meet obligations under these licences.
(ii) Active and significant operations in relation to these licences are planned into the future as per the consolidated entity's exploration budget. The consolidated entity's significant exploration commitments would be met through a combination of additional funding from farm-in partners and capital raisings.
(iii) Exploration activities on these licences had not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Specifically, the Directors considered the significant historic drilling campaigns in LB-09 where three wells were drilled, including the significant Narina-1 discovery. The Directors noted that while the Competent Person Report, dated 23 January 2015, on the estimate of net unrisked prospective oil resources in LB-09 is encouraging, it is prospective in nature and has not reached to the stage where the economics can be

reliably determined. It was the Directors' intention to generate future economic benefit from Licence LB-09, through further successful exploration, development and exploitation. As at 31 December 2014, the consolidated entity had achieved all significant drilling milestones for the licence in the current phase up to June 2016.

At 31 March 2015, the Directors had performed an assessment of licences to determine whether the respective capitalised exploration and evaluation costs continued to meet the criteria outlined above. The assessment resulted in an impairment charge of US$426,407 in relation to certain licences that were under farm-out negotiations. For the remaining licences, the Directors were satisfied that all the above requirements were met.

Management has carried out a similar assessment at 30 June 2015 and noted that:

(i) the oil and gas prices have continued their downward trends. Substantial or prolonged decline in oil and gas prices could have a material adverse effect on the Group's future operations and financial condition, especially its ability to attract investors in the short-term.
(ii) due to the limited funding available to the Company, over the last six months while it continues to seek farm-out partners, the Group has not been able to reduce its drilling and exploration commitments on licences that expire in the near-term. Subject to other factors, this may make it more difficult for the consolidated entity to meet its obligations on these licences by the due dates.
(iii) The consolidated entity's market capitalisation has been significantly lower than the consolidated entity's net assets for a prolonged period.

These factors indicate the existence of impairment indicators under AASB6 *Exploration for and Evaluation of Mineral Resources*. In reaching this conclusion, management has considered material inherent risks that would affect the Group's ability to recover the carrying value of its assets as outlined in Section 2 "Risk Factor" of the recently issued Prospectus dated 16 March 2015, especially the following:

Future funding requirement and risk of not meeting work commitments

The terms of the consolidated entity's exploration licences include minimum investment work programs which must be met in order for the consolidated entity to maintain its licences. For certain licences the consolidated entity holds, the minimum investment work programs require material investments during a relatively short period of time (seven to twelve years), including drilling of exploration wells in 2015 and 2016.

Based on the consolidated entity's current cash balances, the consolidated entity will not be in a position to finance its participation in a material portion of the minimum investment requirements under the Licences, without completing one or more farm-out transactions or other significant funding during 2015.

Management estimates that the consolidated entity has minimum investment requirements in relation to the current phases of its licences, with gross aggregate minimum investment requirements (excluding contingent wells) totalling USD 160 million. These commitments are to drill up to four wells in the current exploration phases of its licenses, including but not limited to, one well on the ROP licence in Senegal by October 2015; one well on the CI-513 license in Côte d'Ivoire by December 2015; and one well on the CI-509 license in Côte d'Ivoire by March 2016. Should the consolidated entity not be able to meet any minimum investment work program requirements or be unable to renegotiate the minimum investment work program requirements, the consolidated entity faces a risk of termination or non-extension of its existing licence interests, as well as the risk of having to make payments under the guarantees provided in respect of the relevant licences. Inability to meet minimum investment work program requirements may further give rise to liabilities towards governments and licence partners. There can be no assurance that the consolidated entity will successfully obtain extensions on the terms of its licenses, or complete farm-outs, or that the consolidated entity will be able to meet minimum investment work program requirements. The non-occurrence of any such event may have a material adverse effect on the consolidated entity's business, results of operation, prospects and liquidity.

Dependency on farm-outs

To date the consolidated entity has acquired and maintained a high working interest in all of its licences, most of which are owned with 100 per cent working interest or as an exclusive partner to domestic national oil companies. Going forward the consolidated entity seeks to fund a material portion of its operations through farm-outs of parts of its licence interests to industry partners. A key merit of the farm-out strategy is to introduce additional technical competence from industry partners in the evaluation and development of the consolidated entity's licence interests. In addition, the consolidated entity targets to reduce its cost of operations to preserve its cash balances and diversify its exploration risk. The Group is depending on farm-outs of one or more of its licences and/or raising additional equity, in order to be able to meet its outstanding work commitments in the current exploration periods in certain of its licences.

There can be no assurance that the consolidated entity will be able to obtain further farm-outs in time or at all to meet the minimum work commitments on its Licenses and this may in turn have a material adverse effect on the consolidated entity, its financial condition, cash flow, prospects and/or operations.

Approvals, permits and licences

Under applicable laws and regulations in the countries where the consolidated entity operates, currently being Côte d'Ivoire, Liberia, Senegal, Sierra Leone and The Gambia, the consolidated entity will be required to renew its licences with respect to exploration activities. In addition, the consolidated entity would be required, subject to commercial petroleum discoveries being made, to apply for exclusive exploitation authorisations.

If any of these exploration and production licences are not renewed or granted or exclusive exploitation authorisations are not obtained, the consolidated entity would be required to cease operations of the affected well or production facility. The loss of some or all of the consolidated entity's licences may have a material adverse effect on the consolidated entity's financial condition, business, cash flow, prospects and/or results.

Risks relating to the price of oil and gas

The value of the consolidated entity's assets and the profitability of the consolidated entity's operations will depend on the market price of oil and gas, which fluctuates. The economics of production from some of the consolidated entity's assets may change as a result of lower prices, which could result in a significant reduction in the volumes of the consolidated entity's estimated resources if some are no longer economically viable to develop. Such fluctuations could materially affect the consolidated entity's financial condition, business, prospects, cash flow and/or results.

Substantial or prolonged decline in oil and gas prices could have a material adverse effect on the consolidated entity's future operations and financial condition. Future prices cannot be predicted with any degree of certainty.

If any of the these risks actually occur, individually or together with other circumstances, the consolidated entity's business, financial position, cash flow and operating results could be materially and adversely affected, which may cause the carrying value of its exploration and evaluation assets to not be fully recovered.

Despite the existence of impairment indicators, the Directors believe that the consolidated entity’s prospective resources provide the potential to create significant value in the event of exploration success to an amount at least equal to the carrying value of the consolidated entity’s assets. The Directors believe that they will be successful in obtaining appropriate regulatory approval for licence extensions and be able to raise sufficient capital, through farm-outs and equity issuances, to meet the consolidated entity’s various drilling and exploration commitments within the timeframe stipulated under licences. Therefore, the Directors believe that the recoverable amount of the exploration and evaluation assets at 30 June 2015 is greater than their carrying value and no further impairment is required.

10. TRADE AND OTHER PAYABLES

	30 June 2015 US$	**31 December 2014 US$**
Trade payables	**7,573,491**	3,492,322
Withholding tax [1]	**13,587,375**	13,586,809
Other payables and accruals [2]	**15,415,950**	15,797,360
	36,576,816	32,876,491

[1] An accrual for withholding tax in relation to the Company’s exploration activities has been recognised in prior periods. The Company may be required to withhold payment on certain services provided by subcontractors. This amount may be 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 seismic data interpretation and drilling costs.

11. ISSUED CAPITAL

	Number of fully paid ordinary shares	
	30 June 2015	**31 December 2014**
Fully paid ordinary shares	**969,193,787**	685,857,457

	For the 6 months ended 30 June 2015 US$	For the 12 months ended 31 December 2014 US$
Reconciliation		
Fair value of issued share capital at beginning of period	**600,591,811**	575,911,770
Issue of shares pursuant to capital raising [1,2]	**9,782,230**	26,175,121
Capital raising costs [1,2]	**(881,741)**	(1,495,080)
Fair value of issued share capital at end of period	**609,492,300**	600,591,811

[1] During the current period, 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, 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 17). The remainder of $9,782,230 represents the notional value of the shares issued and is recognised as equity. The issue was therefore at a discount price. The number of shares used for the loss per share calculation in 2014 and in subsequent loss per share calculations was adjusted using an adjustment factor of 1.07 times for comparative purposes.

[2] During the prior period, the Company issued 120,712,820 shares at approximately A$0.24 each, raising A$28,783,995 (US$26,175,121). Costs associated with the capital raising were US$1,495,081.

	Number of unlisted options	
	For the 6 months ended 30 June 2015	**For the 12 months ended 31 December 2014**
Reconciliation		
Number of unlisted options at beginning of period	**24,186,073**	14,111,063
Granted	**153,671,483**	9,491,666
Cancelled	**(12,855,500)**	(2,250,000)
Replacement options granted	**9,666,667**	3,000,000
Forfeited	**(258,334)**	(166,656)
Balance at end of the period	**174,410,389**	24,186,073

12. RESERVES

	For the 6 months ended 30 June 2015 US$	For the 12 months ended 31 December 2014 US$
Share-based payments reserve		
At beginning of reporting period	**29,591,502**	29,371,231
Share-based payments	**1,528,674**	220,271
At reporting date	**31,120,176**	29,591,502
Foreign currency translation reserve		
At beginning of reporting period	**(12,089,193)**	(12,089,193)
Foreign currency exchange differences arising on translation of functional currency to presentation currency	**7,048**	-
At reporting date	**(12,082,145)**	(12,089,193)
Total reserves	**19,038,031**	17,502,309

13. SHARE BASED PAYMENTS

	For the 6 months ended 30 June 2015 US$	2014 US$
Performance shares	**203,248**	601,083
Forfeiture of performance shares	**-**	(2,162,573)
Options	**1,325,426**	983,466
Forfeiture of options	**-**	-
Non-recourse loan	**(4,632)**	90,855
	1,524,042	(487,169)

All equity related rewards are on a post consolidation basis.

Non-recourse loans

During the half-year ended 30 June 2015, a credit amount of US$4,632 (Half-year ended 30 June 2014: an expense of US$90,855) has been recognised within the line item “Employee remuneration” within the Statement of Comprehensive Income in relation to loans made to Mr Thompson and Mr Pace to cover tax payable on performance shares awarded to them. Refer to Note 5 for details.

Performance shares awarded

On 30 May 2014, 5,000,000 performance shares were awarded to Dr Lake, Chief Executive Officer upon commencement with the Company, in line with the terms of his employment contract. The fair value of the share based payment was US$1,252,530 (A$1,350,000). The fair value was determined from the share price on the award date being A$0.27 (US$0.25).

On 16 March 2015, a further 2,000,000 performance shares were awarded to Dr Lake, Chief Executive Officer. The fair value of the share based payment was US$243,588 (NOK 700,000). The fair value was determined from the share price on the award date being NOK 0.35 (US$0.043).

The Remuneration Committee determines the satisfaction of a milestone, and as at 30 June 2015, none of the performance milestones had occurred. The following reversal and expense have been recognised within the line item "Employee remuneration" within the Statement of Comprehensive Income in recognition of the unvested performance shares during the period:

Award date	**Number**	**Achievement Milestones**	**6 months ended 30 June**	
			2015	**2014**
			US$	**US$**
30 May 2014	5,000,000	5 tranches of 1,000,000 upon • a discovery of oil or gas by the Company; or • the completion of a significant sale or farm in of assets of the Company (where "significant" is an amount greater than US$60million).	**(4,946)**	601,083
16 March 2015	2,000,000	2 tranches of 1,000,000 upon the completion of a significant sale or farm in of assets of the Company (where "significant" is an amount greater than US$25million).	**49,630**	-

Performance shares awarded in prior periods

During 2012, 500,000 performance shares were awarded to Mr Pace which will vest upon the Company securing a commercial discovery. The fair value of the shares at grant date was US$1,867,554 (A$1,800,000). The fair value was determined from the share price on the award date being A$3.60 (US$3.74). As at 30 June 2015, this performance milestone has not yet occurred. US$158,564 has been recognised in the current period in relation to these awards within the line item "Employee remuneration" within the Statement of Comprehensive Income (six months to 30 June 2014: US$nil).

Options

During the current period, 22,170,000 unlisted options have been issued to directors, employees and consultants of the Company (six months to 30 June 2014: 11,441,666). US$1,211,919 has been recognised within the line item "Employee remuneration" in the Statement of Comprehensive Income in relation to awards issued during the current and prior periods (six months to 30 June 2014: US$955,120). US$113,507 has been recognised within the line item "Consulting expenses" in the Statement of Comprehensive Income in relation to awards issued during the current and prior periods (six months to 30 June 2014: US$28,346)

14. SEGMENT INFORMATION

For management purposes, the consolidated entity is organised into one main operating segment, which involves exploration for hydrocarbons. All of the consolidated entity'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 consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity as a whole.

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

The analysis of the location of non-current assets is as follows:

	30 June 2015	**31 December 2014**
	US$	**US$**
Côte d'Ivoire	**58,137,789**	55,637,029
The Gambia	**3,398,586**	593,218
Liberia	**282,483,025**	280,315,013
Senegal	**28,639,076**	28,017,655
Sierra Leone	**36,234,876**	32,907,304
United Kingdom	**144,359**	433,579
	409,037,711	397,903,798

15. EVENTS SUBSEQUENT TO REPORTING 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.

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 30 June 2015:

	30 June 2015	**31 December 2014**
	US$	**US$**
Within one year	**97,282,911**	63,393,625
After one year but not more than five years	**2,656,308**	40,532,753
More than five years	**-**	-
	99,939,219	103,926,378

17. FAIR VALUES OF FINANCIAL ASSETS AND 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 11), the options expire on 17 March 2017. 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 US$	**31 December 2014 US$**
Options granted in NOK	**2,392,985**	-

The fair value of the options has been calculated using the Black-Scholes model. The following assumptions were used in the determination of the fair value of the options:

	No of Options	
	135,866,000	**5,802,150**
Risk free rate	3.05%	3.05%
Expected life of options	1.72 years	1.72 years
Share price at grant	NOK0.36	NOK0.34
Share price at 30 June 2015	NOK0.32	NOK0.32
Volatility	125%	125%

The fair value of the options has been estimated using market observable inputs and as such is categorised as Level 2.

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

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of African Petroleum Corporation Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of African Petroleum Corporation Limited for the period ended 30 June 2015 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of its financial position as at 30 June 2015 and of its performance for the period ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

(b) subject to the achievement of the matters disclosed in Note 2 (Going Concern), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Dr Stuart Lake
Chief Executive Officer

11 September 2015

Building a better working world

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Auditor's Independence Declaration to the Directors of African Petroleum Corporation Limited

In relation to our review of the financial report of African Petroleum Corporation Limited for the half-year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

V L Hoang
Partner
11 September 2015

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To the members of African Petroleum Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of African Petroleum Corporation Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 215 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of African Petroleum Corporation Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Basis for Disclaimer of Review Conclusion

As detailed in Note 2 in the financial report as at 30 June 2015 the consolidated entity has net current liabilities of $20,632,849. As at the date of this report, the consolidated entity has limited cash available and has not secured sufficient additional funding to be able to fulfil its short term expenditure commitments.

We have been unable to obtain sufficient appropriate review evidence as to whether the consolidated entity can achieve the matters set out in Note 2 to the financial report and we are therefore unable to determine whether it is appropriate to prepare the financial statements on a going concern basis.

Note 9 Exploration and Evaluation Costs sets out the Directors' judgements, which form the basis by which the consolidated entity's exploration and evaluation licenses are carried at $408,869,346 in the Statement of Financial Position at 30 June 2015. As detailed in Note 9, the Directors have concluded that the Group will be able to successfully implement its strategies to mitigate identified material risks embedded in its current operations, which will enable the Group to recover the carrying value of its exploration and evaluation assets.

We have been unable to obtain sufficient appropriate review evidence to assess the reasonableness of the Directors' judgements. Consequently, we are unable to determine whether the carrying value of the Group's evaluation and exploration assets is recoverable or whether an impairment adjustment to the carrying amount of the Group's evaluation and exploration assets was necessary.

Disclaimer of Review Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Review Conclusion paragraphs, we have not been able to obtain sufficient appropriate review evidence to provide a basis for a review conclusion. Accordingly we do not express a review conclusion on the financial report.

Ernst & Young

Ernst & Young

V L Hoang
Partner
Perth
11 September 2015