



31 January 2014
NSX Announcement

Quarterly Reports

Please find attached the following reports relating to the quarter ended 31 December 2013:

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

Yours faithfully
African Petroleum Corporation Limited

Karl Thompson
Chief Executive Officer

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30 January 2014

Mr Ian Craig
Companies Manager
National Stock Exchange of Australia Limited
Suite 1.2
415 Riversdale Road
Hawthorn East Vic 3123

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



Charles Mathews
Chairman



David King
Non-Executive Director



Karl Thompson
Chief Executive Officer

31 January 2014

HIGHLIGHTS

CORPORATE

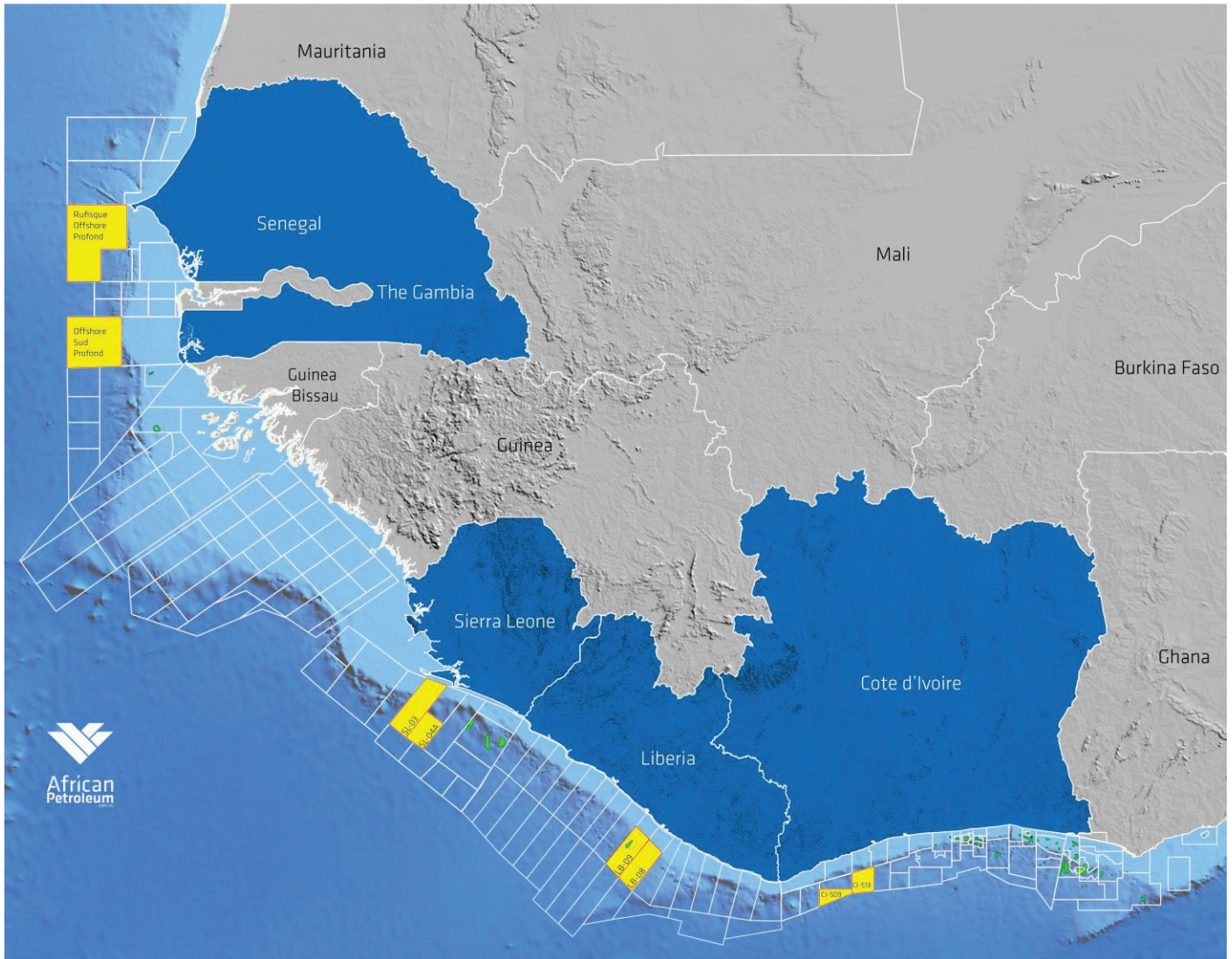
- Approximately US\$7.93 million cash at bank at 31 December 2013
- In addition, approximately US\$12 million restricted cash at 31 December 2013 being security deposits that will be released upon the achievement of certain drilling milestones in Côte d'Ivoire
- On 11 October 2013, the Company announced a restructuring of the Board whereby Mr Charles Matthews was appointed as a Director and Chairman of the Company, Mr Frank Timis resigned as Non-Executive Chairman of the Company and Mr Mark Ashurst has resigned from his role as Chief Financial Officer, but will remain on the Board as an Executive Director. Mr Stephen West has been appointed as Finance Director, to take over Mr Ashurst's financial duties. Mr West has not been appointed to the Board.
- On 8 January 2014, the Company held a General Meeting of Shareholders and all resolutions put to the general meeting were passed, including a resolution to approve a consolidation of the Company's securities, to be completed by 3 February 2014

OPERATIONS

- On 8 January 2014, the Company announced receipt from the Republic of The Gambia notification of the purported termination of African Petroleum Gambia Limited's exploration licences over Blocks A1 and A4

OPERATIONS

Location of African Petroleum's Licence Blocks



Liberian Project: Blocks LB-08 and LB-09

African Petroleum holds a 100 per cent interest in offshore Blocks LB-08 and LB-09; the Blocks cover a combined surface area of 5,381 sq km and are currently in the second exploration period. In 2010, African Petroleum acquired and interpreted 5,100 sq km of 3D seismic data over the Blocks.

Three wells have been drilled on LB-09 since 2011. The first, Apalis-1 was drilled in September 2011. Apalis-1 encountered oil shows in several geological units including the shallower (Tertiary) and deeper (Cretaceous). Petrophysical analysis indicated the presence of hydrocarbons and source rock intervals. The second well, Narina-1, was spudded in January 2012.

In February 2012, African Petroleum announced a significant oil discovery at Narina-1. The well encountered 21 metres of net oil pay in the Turonian (38 degree API) and 11 metres of net oil pay in the Albian (44 degree API) with no oil water contacts. This discovery was a substantial step in proving the existence of a working hydrocarbon system beneath the Liberian acreage.

The Narina discovery confirmed the prospectivity of the "Narina-Bee Eater fan system" which extends over a large area. The Bee Eater-1 well was planned to further explore this system by drilling within the fan feeder system. The Company spudded its third well, Bee Eater-1 in January 2013. In February 2013, the Company announced a discovery at Bee Eater-1. While the well confirmed the presence of oil bearing sandstone in the Turonian, the permeability was lower than anticipated. This is attributed to the well location which was in a feeder 'by-pass' zone. Bee Eater-1 was also designed to test the prospectivity of two deeper zones, the Cenomanian and Albian. Oil bearing sandstones were encountered at the deeper levels, which was initially promising due to the absence of water bearing sands and oil water contacts; however, the deeper zones also suffered from a lack of permeability. No oil samples or pressure information was recovered due to low permeability.

The reprocessed 3D seismic dataset was received in September 2013. Additional well locations will be worked up in both Blocks. The Company is encouraged by the well results so far and continues to build the exploration portfolio as it seeks a Joint Venture partner for the forward work programme.

Due to limited improvements from reprocessing, acquisition of additional 3D seismic data using new technology to overcome the near surface effects, is under consideration.. In LB-09, the aim is to better define the extent of the Narina accumulation and the "Night Heron" prospect in LB-09. In LB-08, new 3D seismic acquisition is being considered to better define the Lovebird, Darter and Turaco prospects, subject to the Company raising funds and/or acquiring a farm-in partner. To allow time for this new acquisition (and processing and interpretation), the Company has requested an extension to the second exploration phase of the PSCs from NOCAL.

Côte d'Ivoire Project: Blocks CI-509 & CI-513

African Petroleum Côte d'Ivoire Limited holds a 90 per cent interest in offshore Blocks CI-509 and CI-513. The remaining 10 per cent carried interest is held by the national oil company of Côte d'Ivoire, PETROCI. Blocks CI-509 and CI-513 cover 1,091 sq km and 1,440 sq km respectively, resulting in a combined surface area of 2,531 sq km. Both Blocks are in their initial exploration periods.

African Petroleum Côte d'Ivoire Limited acquired a 4,200 sq km proprietary 3D seismic survey over Blocks CI-513, CI-509 and neighbouring Block CI-508 between April and October 2012. The fast-track 3D seismic data was received in November 2012 and final 3D seismic processing for the entire survey was completed in June 2013. The 3D seismic data shows encouraging submarine fan prospects and leads throughout Blocks CI-509 and CI-513, and has confirmed the presence of major turbidite fan systems. Recent results from the final PSDM processing has given further encouragement regarding the prospectivity of both blocks, the final data will be delivered in March 2014. The Company currently plans to drill one well on each Block during the second half of 2014, subject to acquiring a farm-in partner, targeting prospects mapped in the submarine fans. A tender for an Environmental Impact Assessment has been launched, and a rig search has been initiated. Discussions with potential farm-in partners are on-going.

Senegal Project: Rufisque Offshore Profond and Senegal Offshore Sud Profond

African Petroleum Senegal Limited holds a 90 per cent operating interest in exploration Blocks Rufisque Offshore Profond (“ROP”) and Senegal Offshore Sud Profond (“SOSP”), the remaining 10 per cent carried interest is held by Petrosen, the national oil company of Senegal who also has an option to increase its interest up to 20 per cent when the exploitation authorisation becomes effective. Located offshore Southern and Central Senegal, the Blocks cover a combined surface area of 18,277 sq km.

Jointly awarded in October 2011, both Blocks are currently in the first exploration period. African Petroleum licensed over 10,000 sq km of 2D seismic data over both of the Senegal Blocks in furtherance of compiling an extensive regional database. In May 2012, Dolphin Geophysical Limited completed a 3,600 sq km 3D seismic data acquisition over the SOSP Block. Fast-track 3D seismic data was received in July 2012. Initial prospects and leads have been identified. The final 3D data over SOSP has now been received and further interpretation is underway. Additionally, 1,500 sq km of 3D data over the ROP Block is currently being reprocessed with final reinterpretation and delivery expected in the first quarter of 2014.

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

African Petroleum holds a 100 per cent interest in Blocks SL-03 and SL-4A-10, offshore Sierra Leone.

The Company was awarded Block SL-03 which covers 3,860 sq km, in February 2011. The acquisition of extensive 3D seismic data covering approximately 2,500 sq km was completed by TGS-Nopec in September 2011 and a fast-track volume was received in January 2012. The Company has completed an initial prospectivity assessment on the fast-track volume and has identified Turonian to Campanian-aged prospective channel systems, located 70-100 km west of the Jupiter, Mercury and Venus discoveries. These promising prospects are currently being matured on the final 3D data, which was received in the fourth quarter 2012.

Block SL-4A-10, covers 1,995 sq km and was awarded as part of Sierra Leone's third offshore licencing round in 2012. The Company has already identified a number of promising prospects for verification based on the licenced 2D seismic data. Interpretation on the Company's existing final 3D seismic data is underway. In addition, the Company is currently in discussions with TGS-Nopec regarding the purchase of multi-client 3D seismic data that was acquired over part of Block SL-4A-10 in October 2011. The data package under negotiation also includes infill 2D seismic data.

On 23 September 2013, the Petroleum Directorate approved a two year extension of the initial exploration period under the SL-03 Petroleum Agreement. This was ratified by the Parliament of Sierra Leone on 7 November 2013. The initial exploration period shall now terminate on 23 April 2015.

The Gambia

In 2010, African Petroleum Gambia Limited ("APGL"), a wholly owned subsidiary of African Petroleum Corporation Limited, acquired a 60 per cent interest in Blocks A1 and A4, offshore Gambia from Buried Hill Gambia B.V. ("Buried Hill"), which retained a 40% interest in the Blocks. The Government of the Republic of the Gambia purported to terminate both licences over Blocks A1 and A4 by letters dated 3 January 2014. Following the Government's actions Buried Hill has indicated its intention to bring a claim against APGL, in relation to its alleged losses arising from the purported terminations. APGL disputes the Government's actions, which APGL considers are in breach of its licence obligations. Disputes under the licences are subject to resolution by confidential arbitration at ICSID. APGL also rejects Buried Hill's claims and such disputes are subject to confidential ICC arbitration.

CORPORATE

Board Changes

On 11 October 2013, the Company announced a restructuring of the Board whereby Mr Charles Matthews was appointed as a Director and Chairman of the Company. Mr Frank Timis resigned as Non-Executive Chairman of the Company and has assumed the role of President of the Executive Committee, formed to implement Board strategy and exercise the executive powers of the Company. Mr Mark Ashurst has resigned from his role as Chief Financial Officer, but will remain on the Board as an Executive Director. The Company has appointed Mr Stephen West as Finance Director to take over Mr Ashurst's financial duties. Mr West has not been appointed to the Board.

Charles Matthews – Chairman

Mr Matthews has over 10 years' experience in chairman and director positions, having been on the board of a number of listed manufacturing and technology companies, including FTSE 250 LSE listed company FKI Plc. He has previously held senior management positions at Cosworth Group, Rolls Royce and Bentley Motor Cars, and has served as a Member of the Vickers Group Executive Board.

He is currently Chairman of LSE listed Porvair Plc, a specialist filtration technologies business in the aerospace and general engineering sectors. Mr Matthews holds a BSc in Geography and Oceanography from the University of Wales, as well as an MBA from Cranfield Business School and a Strategic Marketing qualification from Harvard Business School.

Stephen West – Finance Director

Mr West is a qualified Chartered Accountant who holds a Bachelor of Commerce (Accounting and Business Law) from Curtin University of Technology in Australia. He has over 20 years of financial and corporate experience gained in public practice, oil and gas, mining and investment banking spanning Australia, United Kingdom, Europe, CIS and Africa. Mr West is currently a non-executive director of ASX listed Apollo Consolidated Limited (mining exploration company with permits in Côte d'Ivoire), Zeta Petroleum plc (oil & gas exploration and production company with permits in Romania) and unlisted Norsve Resources plc (mining exploration company with permits in Sweden).

Share Consolidation

Post quarter end, at a General Meeting of Shareholders held on 8 January 2014, a resolution was approved to consolidate the issued capital of the Company, being every three shares consolidated into one share and every three options being consolidated into one option, the exercise price of each option being amended in inverse proportion to this ratio ("Consolidation"). The Consolidation is due to take effect from 3 February 2014. Security holders will be sent a new holding statement indicating the new number of securities they hold on post-Consolidation basis.

Quarterly Report

Name of entity

African Petroleum Corporation Limited

ABN

87 125 419 730

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$US'000 | Year to date (12 months) \$US'000 |
|---|-----------------------------|---|
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) staff costs | (2,297) | (12,302) |
| (b) advertising and marketing | - | (321) |
| (c) research and development | - | - |
| (d) leased assets | - | - |
| (e) other working capital | (2,259) | (10,040) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 11 | 151 |
| 1.5 Interest and other costs of finance paid | (74) | (74) |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material) | | |
| (a) exploration & evaluation | (4,687) | (82,287) |
| (b) inventory sold | 457 | 2,976 |
| (c) business development | (107) | (392) |
| (d) project related travel | (151) | (1,668) |
| Net operating cash flows | (9,107) | (103,957) |

| | Current quarter \$US'000 | Year to date (12 months) \$US'000 |
|--|-----------------------------|---|
| 1.8 Net operating cash flows (carried forward) | (9,107) | (103,957) |
| 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 | - | (326) |
| (e) other non-current assets | - | (1,235) |
| 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 | (904) | (917) |
| 1.12 Loans repaid by other entities | 854 | 1,060 |
| 1.13 Other (provide details if material) | | |
| (a) cash backing security provided | 20 | 20 |
| (b) cash backing security returned | - | 60,433 |
| Net investing cash flows | (30) | 59,035 |
| 1.14 Total operating and investing cash flows | (9,137) | (44,922) |
| Cash flows related to financing activities | | |
| 1.15 Proceeds from issues of shares, options, etc. | - | - |
| 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 | - | - |
| Net increase (decrease) in cash held | (9,137) | (44,922) |
| 1.21 Cash at beginning of quarter/year to date | 17,083 | 52,599 |
| 1.22 Exchange rate adjustments | (14) | 255 |
| 1.23 Cash at end of quarter | 7,932 | 7,932 |

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 | 493 |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11 | - |

1.26 Explanation necessary for an understanding of the transactions

US\$493,446 (net of GST) has been paid to directors during the quarter for the provision of services as directors.

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 | 7,932 | 17,083 |
| 4.2 Deposits at call | - | - |
| 4.3 Bank overdraft | - | - |
| 4.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 7,932 | 17,083 |

NOTE: As at the end of the current quarter, the Company has provided US\$12.0m of cash backing security in relation to the Company's exploration programs 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 January 2014

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.
4. **Reclassification in year to date consolidated statement of cash flows.** The quarterly report is reflecting a prior quarter reclassification between staff costs and other working capital through the year to date consolidated statement of cash flows.