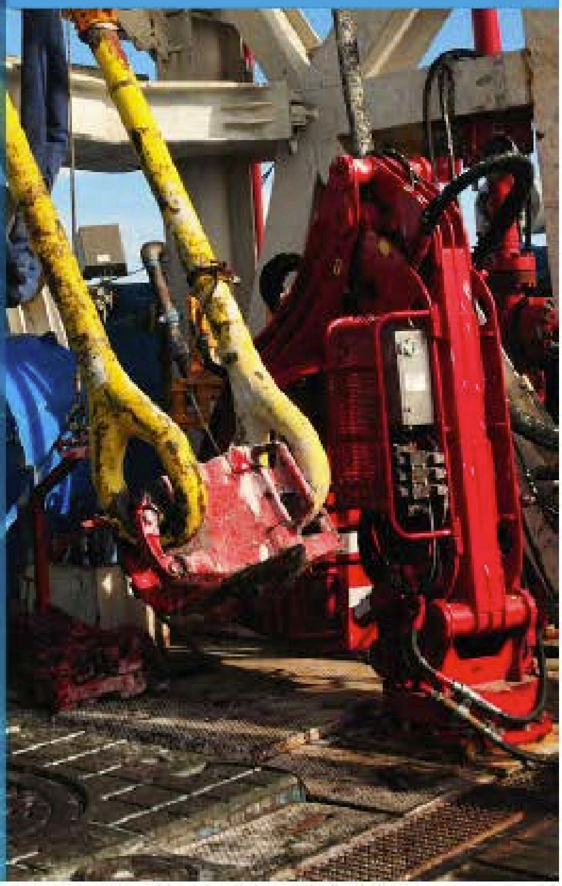
African Petroleum
CORP LTD

Interim Financial Report for the First Half 2017



HIGHLIGHTS

- The Ayamé-1X exploration well was spudded on 29 April 2017 on the CI-513 licence (Ophir Energy (Operator) 45%, African Petroleum 45%, Petroci 10%) in Côte d'Ivoire using the Seadrill West Saturn drillship, targeting Santonian and Turonian turbidite channel complexes through a water depth of 2,835 metres. On 15 May 2017 the Company announced the Ayamé-1X well had reached total depth of 5,394m TVDSS. Oil shows were recorded in the target reservoirs but significant hydrocarbons were not encountered and the well was plugged and abandoned as a dry hole.
- On 23 January 2017 the Company completed a private placement to raise NOK 26,675,000 (approx. US$ 3.1 million) (before costs) through the issue of 10,670,000 new fully paid ordinary shares at a price of NOK 2.50 per share.
- The Company completed a further private placement on 12 May 2017 to raise NOK 257,687,500 (approx. US$ 30 million) (before costs) through the issue of 33,250,000 new fully paid ordinary shares at a price of NOK 7.75 per share.
- On 18 April 2017 the Company announced the signing of a non-binding heads of terms and binding exclusivity agreement ("Heads of Terms Agreements") with a well-funded, listed oil and gas company with a strong track record in offshore deep-water drilling. The agreements provided a framework for the incoming party to secure a 70% operated interest in the Company's SOSP PSC (Senegal) and the A1 and A4 licences (The Gambia).
- Post period end, on 20 July 2017 African Petroleum announced that the parties had mutually agreed to not extend the Heads of Terms Agreements and to allow them to expire. The Company considered it to be in the best interests of the Company to allow the agreements to lapse, thereby enabling the Company to enter into discussions with other interested parties in its SOSP Licence in Senegal whilst it seeks to resolve the situation in The Gambia.
- The Company continued meetings and discussions with the government of The Gambia regarding the A1 and A4 licence terms and obligations, including meetings with President Barrow on 19 February 2017 and 13 July 2017. The Company has reiterated its firm position over its legal rights to the A1 and A4 licences in The Gambia. As at the date of this report, the Company has not received formal feedback from the government regarding the Company's proposal on the licences and accordingly the Company is finalising the necessary legal preparations to utilise the dispute resolution provisions of the licences in order to protect African Petroleum's legal rights.
- Approximately US$16.1 million cash at bank as at 30 June 2017, together with US$2.0 million restricted cash.
- On 19 January 2017 the Company appointed BDO Audit (WA) Pty Ltd, a member firm of BDO International Ltd, to replace Ernst & Young as auditor of the Company.

COMPANY BACKGROUND

African Petroleum, listed on the Oslo Axess (APCL) and the Open Market of the Frankfurt Stock Exchange (A1C1G9), is an independent oil and gas exploration company led by an experienced Board and management team, with substantial experience in oil and gas exploration, appraisal, development and production. The Company is a significant net acreage holder in West Africa with estimated net unrisked mean prospective oil resources in excess of 7.4 billion barrels.

African Petroleum has equity interests in eight licences across four countries offshore West Africa (Côte d'Ivoire, Senegal, The Gambia and Sierra Leone). The Company's assets are located in proven hydrocarbon basins, where several discoveries have been made in recent years.

The Company has acquired more than 13,400km^2 of 3D seismic data on its existing licences and has participated in the drilling of four exploration wells in West Africa.

CEO STATEMENT

"It has undoubtedly been an eventful first half of the year in terms of operational and corporate activity. We were pleased to complete a Private Placing in May which enabled the Company to return to drilling activities in Côte d'Ivoire alongside our partner Ophir Energy, as well as providing us with the necessary resources to enable more flexibility and optionality with regards to our ongoing potential partner discussions across our portfolio.

The well in Côte d'Ivoire was ultimately unsuccessful; however, we continue to work with our partner in analysing the data in terms of future activity, and were pleased that the well was completed ahead of schedule and under budget. Whilst the results were not what we were hoping for, it was pleasing to return to exploration drilling activity as this is the essence of our company and something we look forward to continuing throughout the coming years.

Our assets in The Gambia and Senegal continue to attract a high level of industry attention, driven by their proximity to significant recent discoveries in what is widely regarded as one of the most exciting hydrocarbon basins in the world. We were pleased to announce that we had signed a Heads of Terms Agreement ("HoT") with a prospective partner for SOSP in Senegal and A1 and A4 in The Gambia. The terms were conditional on the Company obtaining the necessary amendments to the licences and, post-period in July, the rhetoric from The Gambian government in terms of these amendments was not in line with the previous dialogue that we had maintained with them. As a result, we took the decision that it was best for both companies to allow the exclusivity on the HoT to expire in order to unbundle the Senegalese and Gambian assets and allow us to engage with interested parties with regards to SOSP in a standalone basis whilst we seek clarification on the situation in The Gambia. We are confident that we will receive approval from the Senegalese authorities on our proposal to extend the SOSP licence, subject to farming out to a suitable partner.

We have made progress in our discussions with the Gambian officials and recently had an audience with President Barrow during which we reaffirmed our position in terms of being the rightful and legal owner of the A1 and A4 licences. We also emphasised in no uncertain terms that we would be sure to utilise dispute resolution mechanism provisions for the licence should the Government not consider the amendments that we are seeking. Having invested over $60 million dollars into The Gambia as an early stage investor and operator, and played a significant role in developing the industry there, we believe that our argument is strong and our dialogue with the most senior officials in country recognises this position. It is clearly not in the interest of the Company nor the Government for the situation to descend into a legal dispute and we hope that sense will prevail and we will obtain the approvals that we seek. However, as of the time of preparing this statement, the Company has not received formal feedback from the government regarding the Company's proposal on the licences and accordingly the Company is finalising the necessary legal preparations to utilise the dispute resolution provisions of the licences in order to protect our legal rights. We appreciate that this situation has been concerning for shareholders and we are fully committed to transparent communication to ensure shareholders are well informed of what has been a rather fluid situation. In return, we hope that shareholders appreciate that there are commercial and legal sensitivities that restrict a lot of what we can say on this matter, and ultimately, we are not in control of the timelines or outcomes. Our sole intention is to protect shareholder value and seek a return on the substantial historic investment that we have made in the country to date and we will do everything in our power to ensure we can do this.

In summary, the year to date has been a busy period with mixed outcomes. We remain fully focussed on delivering successful outcomes in terms of our ongoing discussions and, as evidenced by the previous HoT that we signed, we know that there is significant demand for our acreage and we will be well placed to deliver value accretive deals as and when we obtain the necessary approvals we require from the officials in The Gambia and Senegal. We thank our shareholders for their patience and look forward to updating on material events in the second half of this year."

OPERATIONAL & CORPORATE UPDATE

AYAME-1X EXPLORATION WELL – COTE D'IVOIRE

On 29 April 2017 the Ayamé-1X exploration well was spud on the CI-513 licence (Ophir Energy (Operator) 45%, African Petroleum 45%, Petroci 10%) in Côte d'Ivoire using the Seadrill West Saturn drillship. The Ayamé-1X well was targeting Santonian and Turonian turbidite channel complexes through a water depth of 2,835 metres.

On 15 May 2017 the Company announced that the Ayamé-1X exploration well had reached total depth of 5,394m True Vertical Depth Sub Sea. Oil shows were recorded in the target reservoirs but significant hydrocarbons were not encountered and the well was plugged and abandoned as a dry hole.

Ophir Energy completed the well safely and under budget with a final gross cost of approximately US$19 million.

Work is now underway to incorporate the Ayamé-1X exploration well results into the Company's views of the prospect inventory in the area. The well encountered good reservoir sands with oil shows, and so potential traps up-dip are being examined in detail. This includes a recalibration of the 3D seismic using the petrophysical data acquired from the well.

FARM OUT PROCESS

African Petroleum seeks to build on the success of attracting Ophir Energy plc as a partner on the CI-513 Licence in Côte d'Ivoire in 2016 by forming other strategic partnerships to explore the Company's blocks in Côte d'Ivoire, Senegal, The Gambia, and Sierra Leone. The strategy, supported by detailed technical work and prospect definition, is to use the significant equity held in this prospective portfolio to fund a high impact exploration drilling campaign. The industry interest in The Gambia and Senegal licences in particular, due to the regional context of hydrocarbon discoveries being made in adjacent blocks in this part of the Atlantic Margin, provides management with confidence that agreements will be concluded in due course.

Heads of Terms Agreements

On 18 April 2017 the Company announced the signing of a non-binding heads of terms and binding exclusivity agreement ("Heads of Terms Agreements") with a well-funded, listed oil and gas company with a strong track record in offshore deep-water drilling. The agreements provided a framework for the incoming third party to secure a 70% operated interest in the Company's SOSP production sharing contract ("PSC") in Senegal and the A1 and A4 licences in The Gambia.

Post period end, on 20 July 2017 African Petroleum announced that the parties had mutually agreed to not extend the Heads of Terms Agreements and to allow them to expire.

Due to recent developments whereby the Senegalese authorities have expressed a willingness to proceed with the SOSP licence extension upon the Company securing a farm-out, and the delays being experienced in The Gambia, the Heads of Terms Agreements (which regarded both Senegal and The Gambia as one transaction) was viewed as too restrictive, as the Company could not secure the SOSP PSC extension without first resolving the situation in The Gambia.

Accordingly, the Company considered it to be in the best interests of the Company to allow the Heads of Terms Agreements to lapse, thereby enabling the Company to enter into discussions with other interested parties in its SOSP PSC in Senegal whilst it seeks to resolve the situation in The Gambia.

The Gambia

During the first half of 2017 the Company continued meetings and discussions with the Government of The Gambia regarding the A1 and A4 licence terms and obligations.

In February 2017, a delegation from the Company travelled to The Gambia to attend the 52nd Independence Anniversary Celebrations and Inauguration of His Excellency Mr Adama Barrow, President of the Republic of The Gambia, and to hold a private meeting with President Barrow.

Post period end, a delegation from African Petroleum, including the CEO and CFO, travelled to The Gambia for a further meeting with President Barrow in Banjul on 13 July 2017.

The Company has reiterated its firm position over its legal rights to the A1 and A4 licences in The Gambia and has communicated to the government that it will utilise the dispute resolution mechanism provisions of the licences should the outcome of the government's decision not be favourable to the Company.

The Company has invested over US$64 million in The Gambia under the licences, has undertaken extensive technical analysis of the oil resources and remains committed to the exploration and development of the licenced areas.

As at the date of this report, the Company has not received formal feedback from the government regarding the Company's proposal on the licences and accordingly the Company is finalising the necessary legal preparations to utilise the dispute resolution provisions of the licences in order to protect African Petroleum's legal rights.

In the meantime, the Company has been approached by other industry players that are interested to join the Company in the A1 and A4 licences when the situation with the Gambian government is resolved.

Senegal

The Senegalese authorities are currently considering the Company's proposal to extend the SOSP PSC for a period of 18-24 months in order to allow additional time to acquire 3D seismic and to drill an exploration well on the block.

Any such extension is conditional on African Petroleum bringing in a suitable partner on the PSC and to this end, the management team commenced discussions with companies who had expressed interest in farming into SOSP but were restricted from entering into commercial negotiations as a result of the Exclusivity Agreement that had been in place since mid-April 2017.

The SOSP PSC continues to generate industry interest and the Company hopes to finalise a standalone farm-out transaction on the SOSP PSC shortly in order to enable the licence extension to be granted.

African Petroleum continues to reserve its rights on the ROP PSC while it negotiates the SOSP extension.

LICENCE PHASES

African Petroleum is actively engaged in discussions with a number of governments regarding possible licence extensions and amendments to existing and future work obligations. The Company maintains strong relationships with host governments founded upon recognition of the Company's efforts to progress the exploration of these licences. Based on the dialogue experienced to date with the governments of Senegal, The Gambia, Côte d'Ivoire and Sierra Leone, we are confident that we will achieve outcomes that are mutually beneficial for our host countries, potential industry partners and African Petroleum.

Please refer to the next section “Licence Information” for further information on specific licences.

PRIVATE PLACEMENTS

On 23 January 2017 the Company completed a private placement to certain existing and new investors to raise NOK 26,675,000 (approximately US$ 3.1 million) (before costs) through the issue of 10,670,000 new fully paid ordinary shares at a price of NOK 2.50 per share.

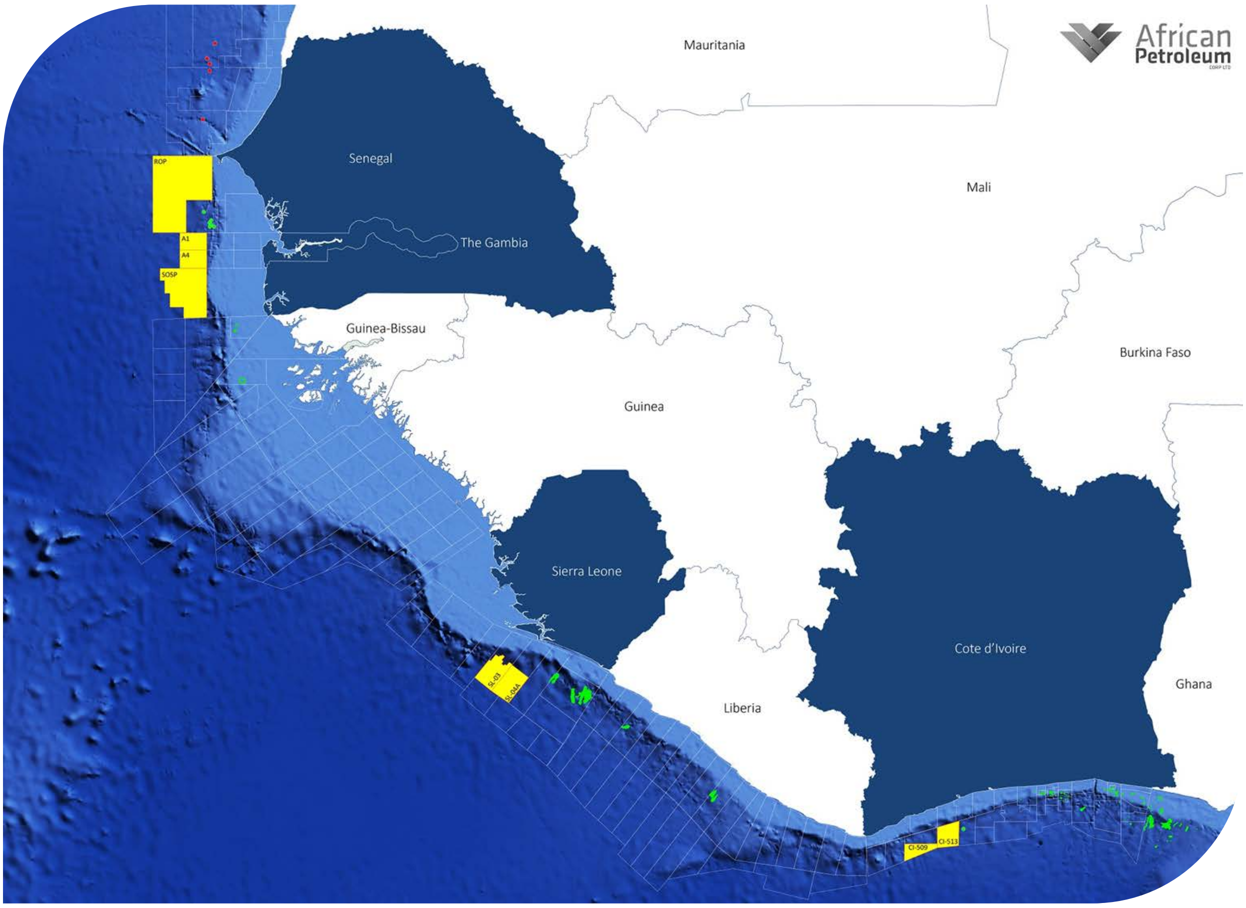
On 12 May 2017 the Company completed a further private placement to certain existing and new investors to raise NOK 257,687,500 (approximately US$ 30 million) (before costs) through the issue of 33,250,000 new fully paid ordinary shares at a price of NOK 7.75 per share.

The proceeds from the two private placements were used to strengthen the Company’s balance sheet and liquidity position, to fund the Company’s ongoing exploration program, including the Ayamé-1X exploration well drilled in Côte d’Ivoire in May 2017, as well as for working capital and for general corporate purposes.

CHANGE IN AUDITOR

On 19 January 2017 the Company appointed BDO Audit (WA) Pty Ltd (“BDO”), a member firm of BDO International Ltd, as auditor of the Company. BDO were selected to replace Ernst & Young as the Company’s auditors for the financial year ending 31 December 2016 and subsequent financial years on the basis that BDO are more aligned to the Company’s current operations and to the Company’s continued strategy to reduce corporate costs.

LICENCE INFORMATION



Côte d'Ivoire: Blocks CI-509 & CI-513

In Côte d'Ivoire, African Petroleum holds:

i) 90% working interest in offshore licence CI-509, with the remaining 10% held by Petroci, the National Oil Company of Côte d'Ivoire. The Company was awarded CI-509 in March 2012; and

ii) 45% non-operated interest in offshore licence CI-513, with a 45% operated interest held by Ophir Energy plc and the remaining 10% held by Petroci. A new PSC for CI-513 was signed in December 2015 and became effective in March 2016.

The two licence interests have a combined net acreage of 1,633km^2.

The current phase of licence CI-509 ended in March 2016; however, the Company has not received a formal notice of termination and the Company remains in positive dialogue regarding the proposed suspension of the licence to enable sufficient time for a regional technical study and the introduction of a new partner by the Company, at which point it is anticipated the licence will be renewed.

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

Senegal: Rufisque Offshore Profond & Senegal Offshore Sud Profond

In Senegal, African Petroleum Senegal Limited holds a 90% operated working interest in exploration blocks Rufisque Offshore Profond ("ROP") and Senegal Offshore Sud Profond ("SOSP"). The National Oil Company Petrosen, holds the remaining 10% equity. The Company's Senegal production sharing contracts ("PSC") are located offshore southern and central Senegal, with a net acreage of 14,216km^2.

The current phase of the ROP PSC ended in October 2015; however, the Company has lodged a request for an extension with the Government of Senegal. Under the terms of the ROP PSC the block remains active unless and until a termination procedure is enacted by the Republic of Senegal. To date, the Republic of Senegal has not validly enacted such termination procedure, and accordingly the Company reserves its rights under the ROP PSC.

The Company was required to elect whether to continue with the current phase of the SOSP PSC in June 2016 by committing to the drilling of an exploration well; however, the Company has not elected to commit to the drilling of the exploration well and has entered into dialogue regarding the possible amendment of this licence commitment.

Independent petroleum consultant ERC Equipoise prepared an assessment of prospective oil resources attributable to the Company's Senegal PSCs and estimates the net unrisked mean prospective oil resources at 1,779MMStb.

The Gambia: Blocks A1 & A4

African Petroleum holds a 100% operated working interest in offshore licences A1 and A4, with a combined net acreage of 2,672km^2. The Company has completed a 3D seismic survey with data covering 2,500km^2 and has found a number of analogous leads and prospects in its acreage to that of the recent SNE and FAN discoveries drilled by Cairn Energy in Senegal.

The current phase of the A1 and A4 licences required the Company to drill an exploration well on either of the licences no later than 1 September 2016. The Company was unable to meet this drilling commitment and is in dialogue with the Government of The Gambia regarding the transfer of the outstanding drilling commitment into the next phase and entry into the next phase of the licences.

The terms of the licences state that the licences remain active unless and until a termination procedure is enacted by the government. No such termination procedure has been enacted by the government and African Petroleum therefore reserves its legal rights over the licences.

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

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

In Sierra Leone, the Company holds a 100% operated working interest in offshore licences SL-03 and SL-4A-10. African Petroleum was awarded a 100% interest in SL-03 in April 2010, while licence SL-4A-10 was awarded as part of Sierra Leone's third offshore licencing round in 2012. The Company's Sierra Leone licences cover a combined net acreage of 3,925km^2 and are located to the south of Freetown, offshore Sierra Leone.

On 4 August 2016 the Company received formal ratification from the authorities in Sierra Leone for the entry into the First Extension Period on the SL-03 licence. As previously announced in December 2015, the Petroleum Directorate agreed to modify the work programme, minimum expenditure requirements and social obligations in favour of the Company during the First Extension Period on the licence.

The current phase of the SL-4A-10 licence ended in September 2015, having fulfilled the commitment to acquire 3D seismic over the licence. On 23 November 2016 the Company reached agreement with the Government of Sierra Leone to proceed into the First Extension Period of the SL-4A-10 licence and to modify the work programme, minimum expenditure requirements and social obligations in favour of the Company during the First Extension Period on the licence. The Company is continuing discussions with the government on formalising the way forward.

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

HEALTH, SAFETY, ENVIRONMENT AND SECURITY

As an operator of offshore concessions, it is the duty of African Petroleum to provide a safe working environment and minimise any adverse impact on the environment. Health, safety, environment and security policies are embedded throughout all of the Company's core operations. In this regard, we strive for continuous improvement as lessons learnt from past operations are incorporated into business practices going forward.

PRINCIPAL RISKS AND UNCERTAINTIES

As an exploration company in the oil and gas industry, the Company operates in an inherently risky sector. Oil and gas prices are subject to volatile price changes from a variety of factors, including international economic and political trends, expectation of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns. These factors are beyond control of the Company and may affect the marketability of oil and gas discovered. In addition, the Company is subject to a number of risk factors inherent in the oil and gas upstream industry, including operational and technical risks, reserve and resource estimates, risks of operating in a foreign country (including economic, political, social and environmental risks) and available resources. We recognise these risks and manage our operations in order to minimise our exposure.

OUTLOOK

African Petroleum is currently in the midst of some material events, the outcomes of which will better define the outlook for the Company in the near-term and beyond. The Company was guided by the authorities in The Gambia that it would receive clarification on the situation regarding the A1 and A4 licences in August. However, as at the date of this report, the Company has not received formal feedback from the government regarding the Company's proposal on the licences and accordingly the Company is finalising the necessary legal preparations to utilise the dispute resolution provisions of the licences in order to protect African Petroleum's interest and historic investments in the licences.

Our ongoing dialogue with the Senegalese authorities is positive with regards to our proposal to obtain an extension on SOSP and we are confident that we will receive the required approval that will enable us to bring in a suitable partner on the licence. We would hope to secure a firm commercial agreement in the months following receipt of government approval.

As of the date of preparing this report, the Company's near-term outlook is set to be impacted by a number of catalysts that are outside of the management team's control and timing. That said, based on our current dialogue and the historic investment that we have made in these core assets within our portfolio, we are confident in our position and are preparing appropriate strategies for the various possible scenarios. In the success case, we would be hopeful of finalising commercial agreements and planning the roadmap towards a number of high-impact exploration wells in the next couple of years.

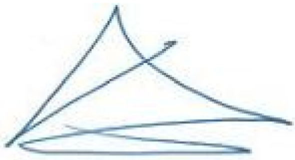
STATEMENT OF RESPONSIBILITY

We confirm that, to the best of our knowledge, the condensed set of unaudited financial statements for the first half of 2017, which has been prepared in accordance with IAS34 Interim Financial Statements, provides a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Approved by the Board of African Petroleum Corporation Limited:

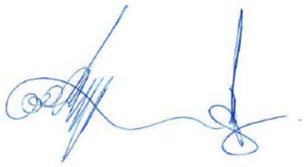
David KIng
Non-Executive Chairman

Jens Pace
CEO & Executive Director

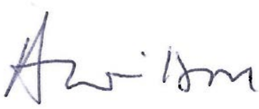


Stephen West
CFO & Executive Director

Bjarne Moe
Non-Executive Director



Timothy Turner
Non-Executive Director



Anthony Wilson
Non-Executive Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US$ '000s	Note	H1 2017 (unaudited)	H1 2016 (unaudited)
Revenue		**62**	9
Exploration & evaluation expenditure		**(9,457)**	6,622
Aircraft expenses		**-**	(7)
Depreciation expense		**(2)**	(3)
Impairment of exploration & evaluation expenditure		**-**	(302)
Consulting expense		**(587)**	(516)
Compliance and regulatory expenses		**(145)**	(120)
General administration expenses		**(266)**	(396)
Employee remuneration	6	**(971)**	(1,199)
Travel expenses		**(228)**	(97)
Unrealised gain / (loss) on fair value of financial liabilities		**78**	(376)
Net foreign currency gains/(losses)		**(78)**	58
Profit/(loss) from continuing operations before income tax		**(11,594)**	3,673
Income tax expense		-	-
Profit/(loss) for the period, attributable to the members		**(11,594)**	3,673
Other comprehensive profits			
Items that may be subsequently reclassified to profit or loss:			
Foreign exchange loss on translation of functional currency to presentation currency		**(24)**	-
Other comprehensive profits/(losses) for the period, net of tax		**(24)**	**-**
Total comprehensive profit/(loss) for the period		**(11,618)**	3,673
Profit/(loss) for the period is attributable to:			
Non-controlling interest		**(8)**	(2)
Owners of the parent		**(11,586)**	3,675
		(11,594)	3,673
Total comprehensive profit/(loss) for the period is attributable to:			
Non-controlling interest		**(8)**	(2)
Owners of the parent		**(11,610)**	3,675
		(11,618)	3,673
Basic profit/(loss) per share attributable to members (US cents per share) (post-consolidation basis)		**(9.13)**	3.40
Diluted profit/(loss) per share attributable to members (US cents per share) (post-consolidation basis)		**(9.13)**	2.84

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US$ '000s	Note	30 Jun 2017 (unaudited)	31 Dec 2016 (audited)
ASSETS			
Current assets			
Cash and cash equivalents		**16,129**	233
Trade and other receivables	7	**151**	199
Restricted cash	8	**1,997**	4,944
Prepayments		**171**	120
Total current assets		**18,448**	5,496
Non-current assets			
Inventories		**1,007**	1,007
Property, plant and equipment		**4**	4
Exploration and evaluation expenditure	9	**28,395**	27,583
Total non-current assets		**29,406**	28,594
Total assets		**47,854**	34,090
EQUITY AND LIABILITIES			
Equity			
Issued capital	11	**642,964**	611,455
Reserves		**19,665**	19,382
Accumulated losses		**(627,053)**	(615,467)
Attributable to equity holders of the parent		**35,576**	15,370
Non-controlling interests		**(3,054)**	(3,046)
Total equity		**32,522**	12,324
LIABILITIES			
Current liabilities			
Trade and other payables	10	**15,332**	21,691
Financial liabilities		**-**	75
Total current liabilities		**15,332**	21,766
Total liabilities		**15,332**	21,766
Total equity and liabilities		**47,854**	34,090

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ '000s

H1 2017 (unaudited)	**Ordinary Share capital**	**Accumulated losses**	**Share-based payment reserve**	**Foreign currency translation reserve**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2017	**611,455**	**(615,467)**	**31,579**	**(12,197)**	**(3,046)**	**12,324**
Profit/(loss) for the period	-	(11,586)	-	-	(8)	(11,594)
Other comprehensive profit	-	-	-	(24)	-	(24)
Total comprehensive profit/(loss) for the period	**-**	**(11,586)**	**-**	**(24)**	**(8)**	**(11,618)**
Transactions with owners in their capacity as owners:						
Issue of capital	33,171	-	-	-	-	33,171
Capital raising costs	(1,853)	-	-	-	-	(1,853)
Exercise of share options	191	-	-	-	-	191
Share-based payments	-	-	307	-	-	307
Balance at 30 June 2017	**642,964**	**(627,053)**	**31,886**	**(12,221)**	**(3,054)**	**32,522**

CONSOLIDATED STATEMENT OF CASH FLOWS

US$ '000s	Note	H1 2017 (unaudited)
Cash Flows from Operating Activities		
Loss for the period		**(11,594)**
Adjustments for:		
Depreciation		**2**
Gain on sale of property, plant and equipment		**(8)**
Share-based payment expense		**307**
Net foreign exchange differences		**78**
Change in fair value of financial liabilities		**(75)**
		(11,290)
Increase in trade and other receivables		**(3)**
Decrease in trade and other payables		**(6,302)**
Net cash flows used in operating activities		**(17,595)**
Cash Flows from Investing Activities		
Payment for plant and equipment		**(1)**
Proceeds from disposal of plant and equipment		**8**
Payment for exploration and evaluation licence fees	9	**(812)**
Increase in cash backing security for exploration and evaluation activities	8	**(334)**
Return of cash backing security for exploration and evaluation activities	8	**3,281**
Net cash used in investing activities		**2,142**
Cash Flows from Financing Activities		
Proceeds from issue of shares	11	**33,112**
Capital raising costs	11	**(1,853)**
Proceeds from exercise of options	11	**191**
Net cash from financing activities		**31,450**
Net increase in Cash and Cash Equivalents		**15,997**
Cash and Cash Equivalents at the beginning of the reporting period		**233**
Net foreign exchange differences		**(101)**
Cash and Cash Equivalents at the end of the reporting period		**16,129**

NOTES TO THE INTERIM FINANCIAL REPORT

1. GENERAL AND CORPORATE INFORMATION

These financial statements are the interim unaudited financial statements of African Petroleum Corporation Limited ("African Petroleum") and its subsidiaries (hereafter "the Company") for the first half of 2017. African Petroleum is a public limited company incorporated and domiciled in Australia, with its main office located in London, United Kingdom, whose shares are publicly traded on the Oslo Axess, a regulated market place of the Oslo Stock Exchange, Norway.

2. BASIS OF PREPARATION

This general purpose condensed interim financial report for the half ended 30 June 2017 has been prepared in accordance with IAS 34 Interim Financial Reporting and the supplement requirements of the Norwegian Securities Trading Act (Verdipapirhandelloven).

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that the interim financial report be read in conjunction with the annual report for the year ended 31 December 2016 and considered together with any public announcements made by African Petroleum during the period ended 30 June 2017 in accordance with the continuous disclosure obligations of Oslo Axess.

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

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those disclosed in the annual report for the year ended 31 December 2016.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim financial report entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognised as assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. The actual results may deviate from these estimates. The material assessments underlying the application of the Company's accounting policies and the main sources of uncertainty are the same for the interim accounts as for the annual accounts for 2016.

5. GOING CONCERN

The interim financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

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.

NOTES TO THE INTERIM FINANCIAL REPORT

6. REVENUE, INCOME AND EXPENSES

	H1 2017 (unaudited) US$'000	H1 2016 (unaudited) US$'000
Employee remuneration expense		
Employee remuneration	**410**	258
Director's remuneration	**324**	439
Share-based payments	**237**	502
	971	1,199

7. TRADE AND OTHER RECEIVABLES

	30 Jun 2017 (unaudited) US$'000	31 Dec 2016 (audited) US$'000
Trade receivables from external parties	**21**	74
Trade receivables from related parties	**1,154**	1,147
Other receivables	**130**	125
	1,305	1,346
Impairment allowance	**(1,154)**	(1,147)
	151	199
Loan receivable from Key Management Personnel	**1,532**	1,454
Share-based payment liability	**(1,532)**	(1,454)
	-	-
Total trade and other receivables	**151**	199

8. RESTRICTED CASH

	30 Jun 2017 (unaudited) US$'000	31 Dec 2016 (audited) US$'000
Current restricted cash	**7,997**	10,944
Provision	**(6,000)**	(6,000)
	1,997	4,944

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

9. EXPLORATION AND EVALUATION EXPENDITURE

	30 Jun 2017 (unaudited) US$'000	31 Dec 2016 (audited) US$'000
Acquisition cost at beginning of period (1 January)	**27,583**	37,583
Exploration expenditure incurred	**812**	5,949
Impairment of exploration and evaluation expenditure	**-**	(8,949)
Exploration expenditure farmed-out	**-**	(7,000)
Costs carried forward in respect of areas of interest in exploration and evaluation phases	**28,395**	27,583

NOTES TO THE INTERIM FINANCIAL REPORT

10. TRADE AND OTHER PAYABLES

	30 Jun 2017 (unaudited) US$'000	31 Dec 2016 (audited) US$'000
Trade payables	**5,036**	10,523
Other payables	**10,296**	11,168
	15,332	21,691

11. ISSUED CAPITAL

	30 Jun 2017 (unaudited) No. of shares	31 Dec 2016 (audited) No. of shares
Fully paid ordinary shares	**151,207,538**	106,685,114
Reconciliation		
Number of outstanding shares at beginning of period (1 January)	**106,685,114**	106,611,781
Issue of shares pursuant to capital raising	**43,920,000**	-
Issue of shares pursuant to share based payment arrangement	**164,857**	-
Issue of shares pursuant to exercise of options	**437,567**	73,333
Number of outstanding shares at the end of period	**151,207,538**	106,685,114

	30 Jun 2017 (uaudited) US$'000	31 Dec 2016 (audited) US$'000
Amount of outstanding shares at beginning of period (1 January)	**611,455**	611,440
Issue of shares pursuant to a capital raising	**33,112**	-
Capital raising costs	**(1,853)**	-
Issue of shares pursuant to share based payment arrangement	**59**	-
Issue of shares pursuant to exercise of options	**191**	15
Amount of outstanding shares at the end of period	**642,964**	611,455

12. BUSINESS SEGMENTS

For management purposes, the Company is organised into one main operating segment, which involves exploration for hydrocarbons. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

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

	30 Jun 2017 (unaudited) US$'000	31 Dec 2016 (audited) US$'000
Côte d'Ivoire	**8,550**	8,226
The Gambia	**6,381**	6,381
Senegal	**4,082**	3,900
Sierra Leone	**9,383**	9,077
United Kingdom	**1,010**	1,010
	29,406	28,594

NOTES TO THE INTERIM FINANCIAL REPORT

13. 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 2017 and 31 December 2016:

	30 Jun 2017 (unaudited) US$'000	31 Dec 2016 (audited) US$'000
Within one year	**44,874**	42,939
After one year but not more than five years	**750**	14,650
	45,624	57,589

Staff remuneration

As part of the cost cutting initiative implemented by the Company in late 2015, UK head office staff salaries were reduced by between 20-45%. The Company may re-compensate affected staff either in cash or shares, or a combination of both. The Remuneration Committee is responsible for deciding if and when this occurs. If the full salary reduction is re-compensated, the cost to the Company is:

	30 Jun 2017 (unaudited) US$'000	31 Dec 2016 (audited) US$'000
Directors	**479**	325
Key Management	**262**	180
Staff	**26**	17
	767	522

14. EVENTS AFTER THE BALANCE SHEET DATE

No event has arisen between 30 June 2017 and the date of this report that would be likely to materially affect the operations of the Company or its state of affairs which have not otherwise been disclosed in this financial report.

INFORMATION ON AFRICAN PETROLEUM CORPORATION LIMITED

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

COMPANY SECRETARY
Angeline Hicks

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STOCK EXCHANGE LISTINGS

Oslo Axess
Code: APCL

Open Market, Frankfurt Stock Exchange *Code: A1C1G9*