

27 March 2015

OAX / NSX Announcement

African Petroleum Corporation Limited  
("African Petroleum" or the "Company")

### **Company Update**

African Petroleum, an independent oil and gas exploration company operating ten licences in five countries offshore West Africa, is pleased to provide the following update on its activities.

### **Funding Update**

African Petroleum has successfully raised NOK 95,016,200 (approximately US\$12.5 million) in gross proceeds through the allocation of 271,732,000 offer shares at a subscription price of NOK 0.35 per share ("Private Placement"). The Company was particularly pleased by the confidence it received from new and existing blue-chip institutional investors, and the Board is encouraged to have completed the Private Placement considering the current uncertainty in world oil markets.

The Company is offering the remaining balance of 54,346,000 shares to raise up to an additional NOK 19 million (approximately US\$2.5 million) to the retail sector priced at NOK 0.35 with a free two- year NOK 0.75 share option for every one share subscribed for ("Subsequent Repair Offering"). The subscription period for the Subsequent Repair Offering closes on 27 March 2015.

A prospectus in connection with the Private Placement and Subsequent Repair Offering was approved by the Financial Supervisory Authority of Norway on 16 March 2015 and issued, subject to regulatory restrictions in certain jurisdictions, by the Company on 17 March 2015. Proceeds from the Private Placement and Subsequent Repair Offering will be used to strengthen the Company's balance sheet and liquidity position, to fund the Company's ongoing exploration programme, including seismic costs and licence fees, as well as provide working capital and for general corporate purposes.

Based on the Company's current cash position, after receipt of net proceeds from the Private Placement and Subsequent Repair Offering, and the progress of ongoing discussions with a number of third parties regarding potential transactions across assets in our portfolio, the Board believes the Company is sufficiently funded for the near term.

### **Operational Progress**

The Company's independently verified net unrisks prospective oil resources have more than doubled from 5.2 billion barrels in March 2014 to 11.6 billion barrels in March 2015 – mainly due to significant increases in The Gambia, Cote d'Ivoire and Senegal where recent discoveries by third parties have materially increased the Company's chance of success in the region. This sharp increase in unrisks prospective resources is a result of detailed technical work carried out by African Petroleum across the portfolio and highlights the considerable strides the Company has taken with progression of the portfolio, having increased the resources base by over 480% since 2011. The Company is currently finalising an independent review of the prospective resources in Sierra Leone that will be announced to the market in due course.

African Petroleum currently holds net unrisks resources of 11.6 billion barrels together with the large equity ownership positions in all of the ten licences (ranging from 90-100%). This provides the Company with significant upside potential and provides considerable flexibility and optionality during

farmout negotiations as we seek to reduce our exposure whilst ensuring we retain as much of the upside potential and value on behalf of our shareholders.

### **Current Activity**

The Company continues to prepare for drilling operations, scheduled for late 2015/2016, and is currently engaged in ongoing dialogue with various rig contractors. The Company is particularly encouraged by the decreasing drilling and service costs, and the potential synergies with third parties.

Furthermore the relevant Environmental Impact Assessments required ahead of drilling are largely completed, whilst the wellheads ordered over seven months ago will shortly be due for delivery.

The Company has been encouraged by the recent drill success by Cairn Energy and partners in Senegal with the FAN-1 and SNE-1 discoveries – the latter already reported to be commercial by Cairn Energy and partners with 330 million barrels of reserves. Furthermore, Total S.A. was successful in Côte d'Ivoire at the Saphir-1XB well directly adjacent to African Petroleum's acreage. Most critically all these material discoveries, many in the billion barrel in place range, lie adjacent to our acreage and on trend with our planned drill operations over the coming two years, giving us renewed confidence in the quality of our acreage and our ability to secure partners on these assets on favourable terms going forward.

In this regard, the Company has seen significant progress on discussions with potential industry partners, with increasing interest in our Senegalese and Gambian assets, amongst others. Discussions continue to advance across our asset base on a number of parallel fronts as we seek to bring in partners as part of the new strategy. Whilst the Company was disappointed at the recent delay of a third party farming in to our Liberian assets due to circumstances outside of both our and their control (refer Company announcement 20 March 2015), we are encouraged that they remain very interested with working with African Petroleum. The Company remains confident that a deal will be concluded in due course. Across the other assets we are in discussions both with multiple third parties and Governments as we move forward.

In line with management's commitment to reduce overheads, the Company has recently moved its London office to a new location. The new premises are adjacent to our drill team's offices, so we are benefiting for a more synchronised approach as we move into a new era and approach operational activity.

### **Marketing Materials**

Recently the Company has seen increased media interest and as a result several recent interviews are now available online and through our website. Investors are encouraged to hear our latest interview by IG Group on **"African Petroleum maximising potential returns with a programme of derisking"**. The link can be found on [YouTube](#) or on the [Company website](#).

Lastly, an analyst report by Edison Investment Research was published on 23 March 2015 and can also be found on our [website](#).

### **Commenting on this update, CEO Dr. Stuart Lake said:**

"We are obviously disappointed not to have concluded the farmout agreement of LB-08 within the previously stated timeframe; however, we would remind shareholders that we remain in active dialogue with this potential partner and both parties remain hopeful of completing the deal on the agreed terms within the renewed timeframe.

We continue to have encouraging and constructive dialogue with a number of potential industry partners across the rest of our highly prospective portfolio.

Furthermore, the combination of the fully subscribed Private Placement that we concluded and the large equity positions we hold across all of our licences provides us with flexibility during our negotiations which underpins our confidence that we will be able to achieve terms which are in the best interest of the Company and its shareholders."

**For further information, please contact:**

Stuart Lake, Chief Executive Officer  
Stephen West, Finance Director  
Tel: +44 203 761 6900

**Media Contacts:**

For UK and International media – Buchanan  
Ben Romney/Helen Chan  
Tel: +44 207 466 5000

For Norwegian media – First House  
Geir Arne Drangeid  
Tel: +47 913 10 458  
Geir Gjervan  
Tel: +47 908 79 108

**About African Petroleum Corporation**

African Petroleum Corporation is a dynamic, independent oil and gas exploration company operating ten licences in five countries offshore West Africa. The Company's assets are located in fast-emerging hydrocarbon basins, principally the West African Transform Margin, where several discoveries have been made in recent years, including African Petroleum Corporation's Narina-1 discovery in February 2012, which proved a working hydrocarbon system in the Liberian basin. With a combined net acreage position of 30,967km<sup>2</sup> through its licences in Côte d'Ivoire, Liberia, Senegal, Sierra Leone and The Gambia, the Company has matured its portfolio rapidly, acquiring more than 18,500km<sup>2</sup> of 3D seismic data and successfully drilling three wells, one of which was the first hydrocarbons discovery in the offshore Liberian deep-water basin.

For more information about African Petroleum Corporation, please see [www.africanpetroleum.com.au](http://www.africanpetroleum.com.au)

This information is subject to disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.