



**African
Petroleum**
CORP LTD

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27 May 2014
NSX Announcement

Company Presentation

Further to the announcements made by the Company on 21 May 2014 and 26 May 2014 regarding completion of its initial public offering of the Company's shares on Oslo Axess (the "Offering") and additional subscriptions, African Petroleum Corporation Limited encloses by way of disclosure to NSX and the market a copy of the Company's Investor Presentation relating to the Offering ("Investor Presentation").

A copy of the Norwegian Prospectus for the Offering was disclosed to the NSX earlier today.

The Offering was fully subscribed (including the previously disclosed additional subscriptions). The Offering has now closed.

Please note the Investor Presentation is not an offer of the Company's securities to or from investors outside of the European Union and, in particular, it is not an offer of securities to or from investors in Australia, US or UK.

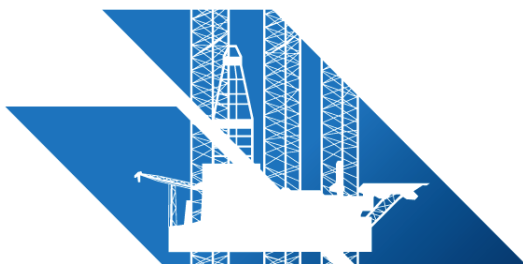
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This document is an announcement and not a prospectus for the purposes of Directive 2003/71/EC



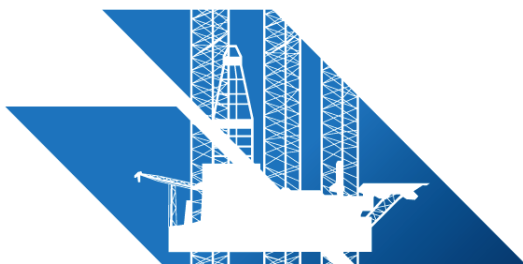


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(together with any applicable implementing measures in any Member State, the “Prospectus Directive”).

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Investor Presentation

NOK 100-200 million equity placement

Listing on Oslo Axess



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Investors should not subscribe for or purchase any shares or other securities referred to in this presentation, except on the basis of information, and subject to the conditions set forth, in the prospectus to be prepared in connection with the IPO (the "Prospectus"). Investing in the Company involves inherent risks. Prospective investors should consider, among other things, the risk factors set out on pages 42, 43, 44 and 45 of this presentation as well as in the Prospectus before making an investment decision, and should consult his or her own expert advisors as to the suitability of an investment in the shares.

In particular, the securities referenced herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or in transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Company does not intend to register any part of the offering in the United States or to conduct a public offering of securities in the United States. The offer will be made outside the U.S. in compliance with Regulation S under the US Securities Act of 1933.

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Any offering of securities will be made by means of the Prospectus prepared in accordance with the laws of Norway that may be obtained from the Company and that will contain detailed information about the Company and its management, as well as financial statements and other relevant information. This document is an advertisement and not a prospectus for the purposes of Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive"). Investors should not subscribe for any securities referred to in this document except on the basis of information contained in the Prospectus. In any EEA Member State other than Norway that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State.

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This presentation includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance; including, but not limited to, statements relating to the Company's business and the implementation of strategic initiatives as well as other statements relating to the Company's future business development and economic performance. These forward-looking statements can, but will not necessarily, be identified by the use of forward-looking terminology; including the terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. They appear in a number of places throughout this presentation and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, goals, objectives, financial condition and results of operations, liquidity, outlook and prospects, growth, strategies, capital resources and capital expenditure and dividend targets, and the industry trends and developments in the markets in which the Company operates. Recipients of this presentation are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates may differ materially from those contained in or suggested by the forward-looking statements contained in this presentation. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur. It should be understood that subsequent developments may affect the information contained in this presentation, which neither the Company nor its advisors are under an obligation to update, revise or affirm.

The information in this presentation relating to hydrocarbon resource estimates includes information compiled by Dr Adam Law, Geoscience Director of ERC Equipoise Ltd. Dr Law, is a post-graduate in Geology, a Fellow of the Geological Society and a member of the Society of Petroleum Evaluation Engineers. He has 18 years relevant experience in the evaluation of oil and gas fields and exploration acreage, preparation of development plans and assessment of reserves and resources. Dr Law has consented to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

The Company's advisors have not authorised, permitted or caused the issue, lodgement, submission, despatch or provision of this presentation and do not make or purport to make any statement in this presentation and there is no statement in this presentation which is based on any statement by the advisors. To the maximum extent permitted by law, the Company, the Manager, their representatives, advisers and their respective officers, directors, employees, agents or controlling persons (collectively, the Representatives) expressly disclaim all liabilities in respect of, and make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this presentation or in any other documents furnished by the foregoing persons.

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This presentation speaks as of 9 May 2014. Neither the delivery of this presentation nor any further discussions of the Company or the Manager with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. The Company does intend to, although will not assume any obligation to, update this presentation or any of the information included herein.

Pareto Securities AS is acting exclusively for the Company and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, or for advice in relation to the contemplated transactions discussed herein, the contents of this presentation or any of the matters referred to herein.

This presentation is subject to Norwegian law, and any dispute arising in respect of this presentation is subject to the exclusive jurisdiction of Norwegian courts.

All estimated net unrisked mean prospective resources quoted in this presentation have been taken from ERC Equipoise Competent Person's Report 2014

Risks related to an investment in the Company



Investing in the Company involves a high degree of risk. The Group's operations are to explore, develop and ultimately produce oil and gas resources in developing countries. Such operations are by their nature highly speculative, may be unprofitable and may result in a total loss of the investments made by the Group.

Risk factors related to an investment in the Company are described in the Appendix included on pages 42, 43, 44 and 45 hereto and the Prospectus.

Other risks not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations materially and materially adversely affect the price of the Company's shares. If any of the risk factors actually occur, the Company's business, financial position and/or operating results could be materially adversely affected.

A prospective investor should carefully consider each of the risks and all of the information in the Appendix, elsewhere in this Presentation and in the Prospectus, and should consult his or her own expert advisors before deciding to invest in the shares of the Company.

An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or parts of the investment. Information on risk factors is presented as of the date hereof and is subject to change, completion or amendment without notice.

Transaction overview

Listing venue	> Oslo Axess
Indicative price range	> NOK 1.30 – NOK 1.45 per share subject to amendment at the sole discretion of the Board > Implying pre-money equity value of NOK 843 million – NOK 940 million
Offer size	> Primary offering of NOK 100 million – NOK 200 million (up to 153,846,154 shares) subject to amendment at the sole discretion of the Board
Greenshoe	> Up to 10% subject to the Manager having received no-action letter from the Australian Securities and Investments Commission prior to expiry of the Bookbuilding Period
Use of proceeds	> General corporate purposes to position the Company so that it is able to maintain its exploration licences in good standing, and to enable sufficient time and flexibility to farm out interest(s) in certain licences to strategic partners in order to fund its forward exploration work programs
Offer structure	> Institutional offering (i) to Investors in Norway, and (ii) to investors outside Norway and the United States pursuant to applicable exemptions from local prospectus requirements and other filing requirements and in compliance with Regulation S under the U.S. Securities Act > Offering in the United States to QIBs as defined in and in reliance on Rule 144A of the U.S. Securities Act, in each case subject to a lower limit per application of NOK 1,000,000 > Retail offering in Norway (applications from NOK 10,500 to NOK 999,999) > Investors in the Retail Offering will receive a discount of NOK 1,500 on the aggregate subscription amount for the Offer Shares allocated to such investors
Bookbuilding / Application period	> Bookbuilding period in the institutional offering: 12 May 2014 at 09:00 hours CET – 20 May 2014 at 15:00 hours CET > Application period in the retail offering: 12 May 2014 at 09:00 hours CET – 20 May 2014 at 12:00 hours CET > Subject to shortening or extension at the sole discretion of the Board
Expected pricing	> On or about 20 May 2014
Lock-up	> 12 months for the Company, Sarella Investments Limited (shareholder holding approximately 39% of the shares) and senior management and directors, subject to certain exemptions and limitations
Conditions	> the Board of Director's decision to issue the Offer Shares and complete the Offering > the Company fulfilling the conditions for the Listing as set by Oslo Børs in the board meeting held by Oslo Børs on 30 April 2014 The Board of Directors reserves the right to not complete the Offering
Manager and Bookrunner	> Pareto Securities

Why Invest in Africa Petroleum Corporation?



About Us

- > High impact exploration portfolio across West Africa (>5.2bn barrels unrisked)
- > Significant net acreage holders in West African Transform Margin (4 countries, 8 licences)
- > Early mover licence terms, strong relationships with host Governments
- > Exposed to a large diverse portfolio in multiple “liquid rich” plays
- > Proven deep-water operator, made first oil discovery in Central Liberian Basin
- > Market capitalisation of AU\$175m¹⁾ and US\$18.8m in the bank²⁾

Exploration Based Growth

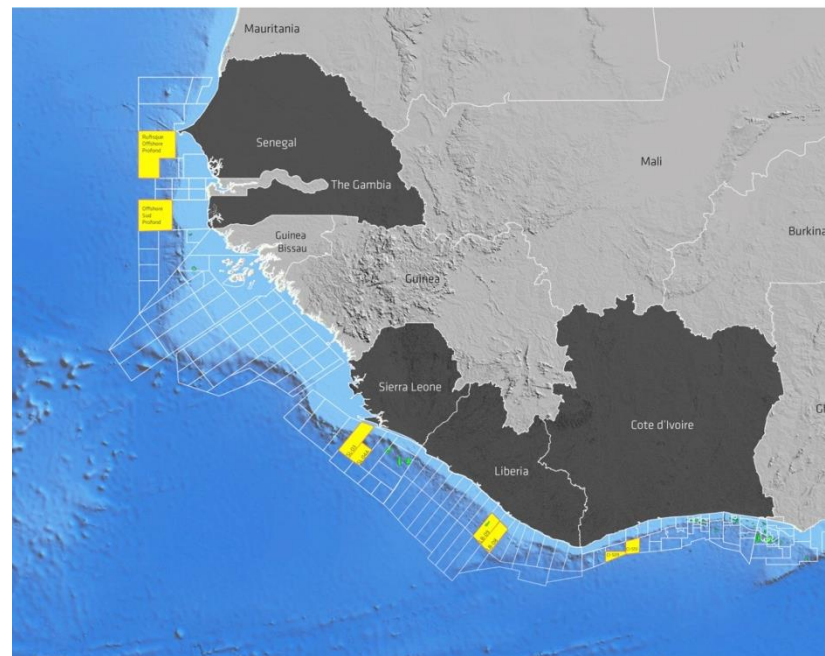
- > Pioneers in frontier and emerging basins across West Africa
- > Rapidly acquired >15,000km² 3D seismic and drilled 3 wells, one of which a discovery
- > Low cost, nimble operational performance, leveraging experienced leadership and technical team
- > Initial focus on high potential deepwater Cretaceous turbidite plays but additional exposure to other plays

Why Today?

- > Attractive valuation in the market
- > Diverse portfolio options available in frontier and emerging basins
- > Recent licence extensions provides room to de-risk ahead of the drill bit
- > Third party catalyst through drilling of up to 15 wells in adjacent acreage during 2014
- > In April 2014, Total announced an oil discovery in Côte d'Ivoire
- > Actively seeking partners to share risk and reward across all assets and participate in future growth

1) As of 9 May 2014, AUD 0.27 share price

2) 31 March 2014 and placement proceeds received April 2014, excludes restricted cash of USD 12.0m



Blue Chip Shareholder Base³⁾

BLACKROCK®

Morgan
Stanley



M&G
INVESTMENTS

BANQUE HERITAGE



CAPITAL
GROUP™

3) Taken from the largest 20 shareholders

Experienced Management team and Organization



Stuart Lake: Chief Executive Officer and Executive Director

- > Over 27 years of experience in Hess Corp., Apache Corp. & Shell
- > Demonstrated as proven oil finder based on drilling over 300 wells in 11 countries maintaining 85% geological success
- > Oversaw Hess exploration campaign in Ghana that led to 7 consecutive discoveries and West African New Ventures
- > Directed more than 30 discoveries in Russia at Hess as VP Exploration



Jens Pace: Chief Operating Officer

- > 30 years at BP and its heritage company Amoco (UK) gaining substantial exploration and production experience in Africa
- > Managed a very large and active exploration portfolio for BP in North Africa
- > Extensive experience in the areas of field development and as commercial manager, dealing with national oil companies and African governments



Michael Barrett: Exploration Director

- > Over 20 years global exploration experience at Chevron, Addax International
- > Specialised in Play and Prospect risk assessment, volumetric analysis, commercial evaluation and portfolio management
- > Background in quantitative geophysics, stratigraphic interpretation workflows and 3D visualisation



Stephen West: Finance Director

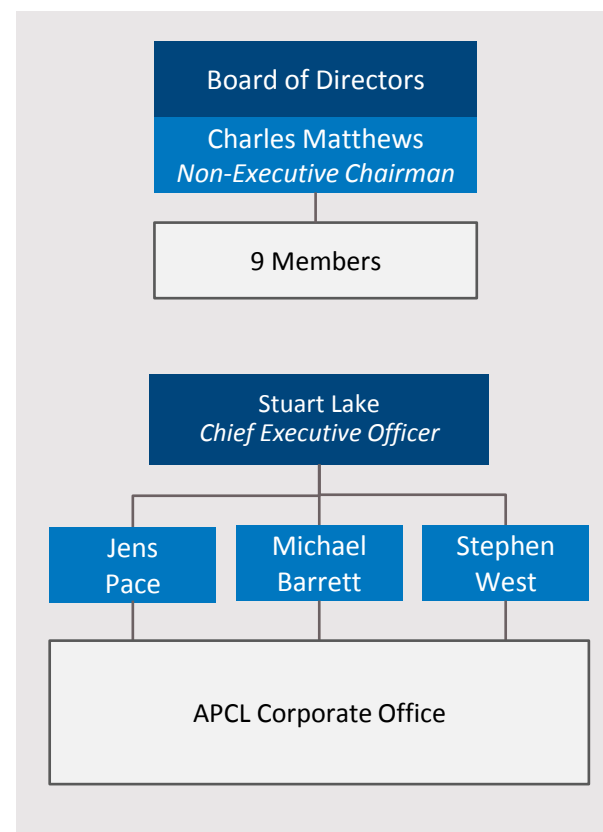
- > Over 20 years of financial and corporate experience from public practice, oil & gas, mining and investment banking
- > Qualified Chartered Accountant with Bachelor of Commerce (Accounting and Business Law)
- > Non-Exec director of Apollo Consolidated Ltd, Zeta Petroleum and Norsve Resources



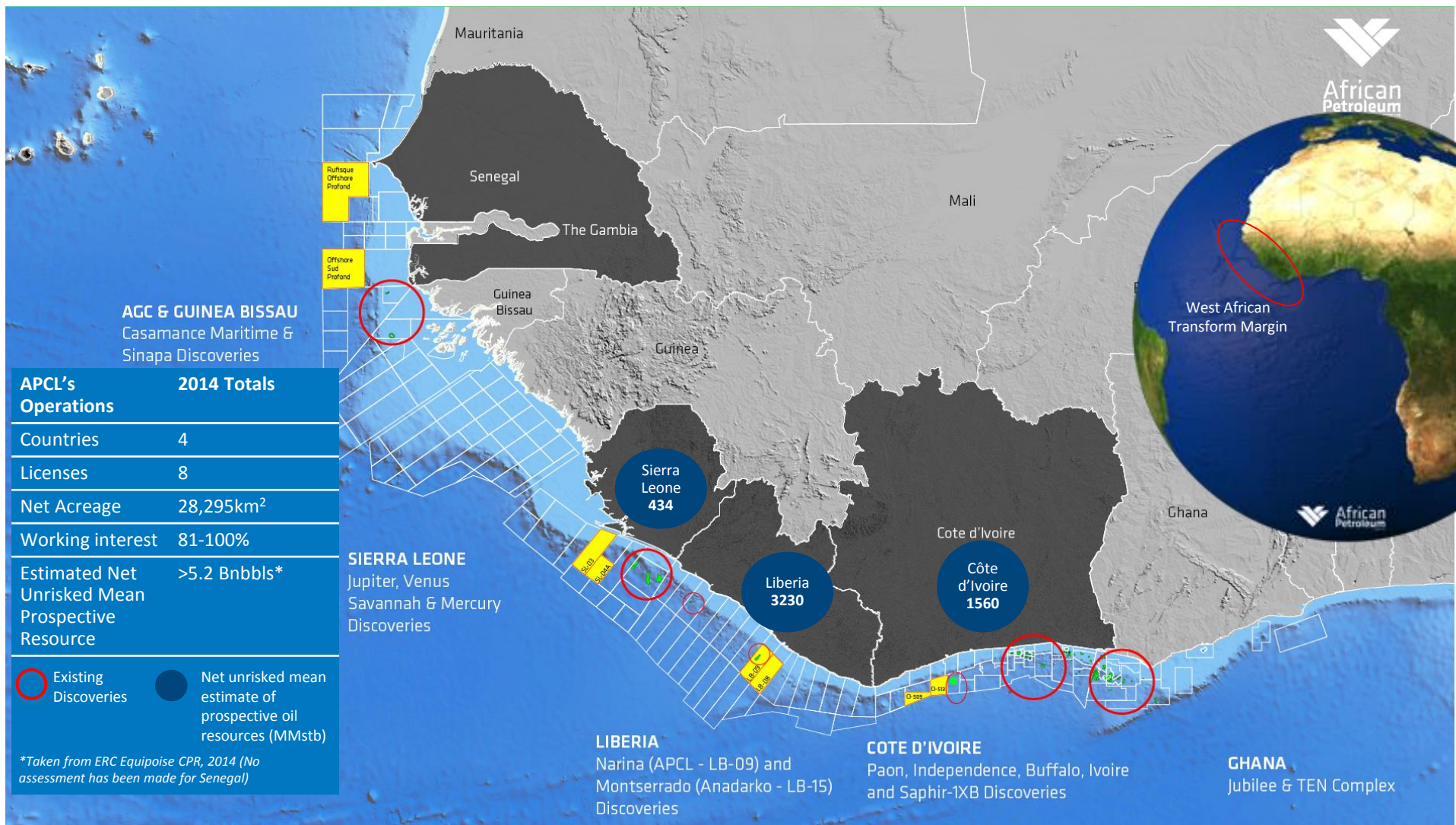
Charles Matthews, OBE: Non-Executive Chairman

- > Over 10 years of experience in chairman and director positions, Charles is currently Chairman on LSE listed Porvair 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

Organisational overview



African Petroleum Assets & Portfolio



APCL's Net Acreage Position relative to other Listed Operators in West Africa

Liberia

Operated offshore acreage in km²



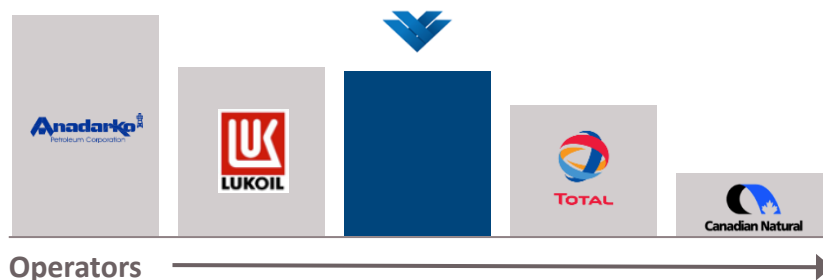
Sierra Leone

Operated offshore acreage in km²



Côte d'Ivoire

Operated offshore acreage in km²



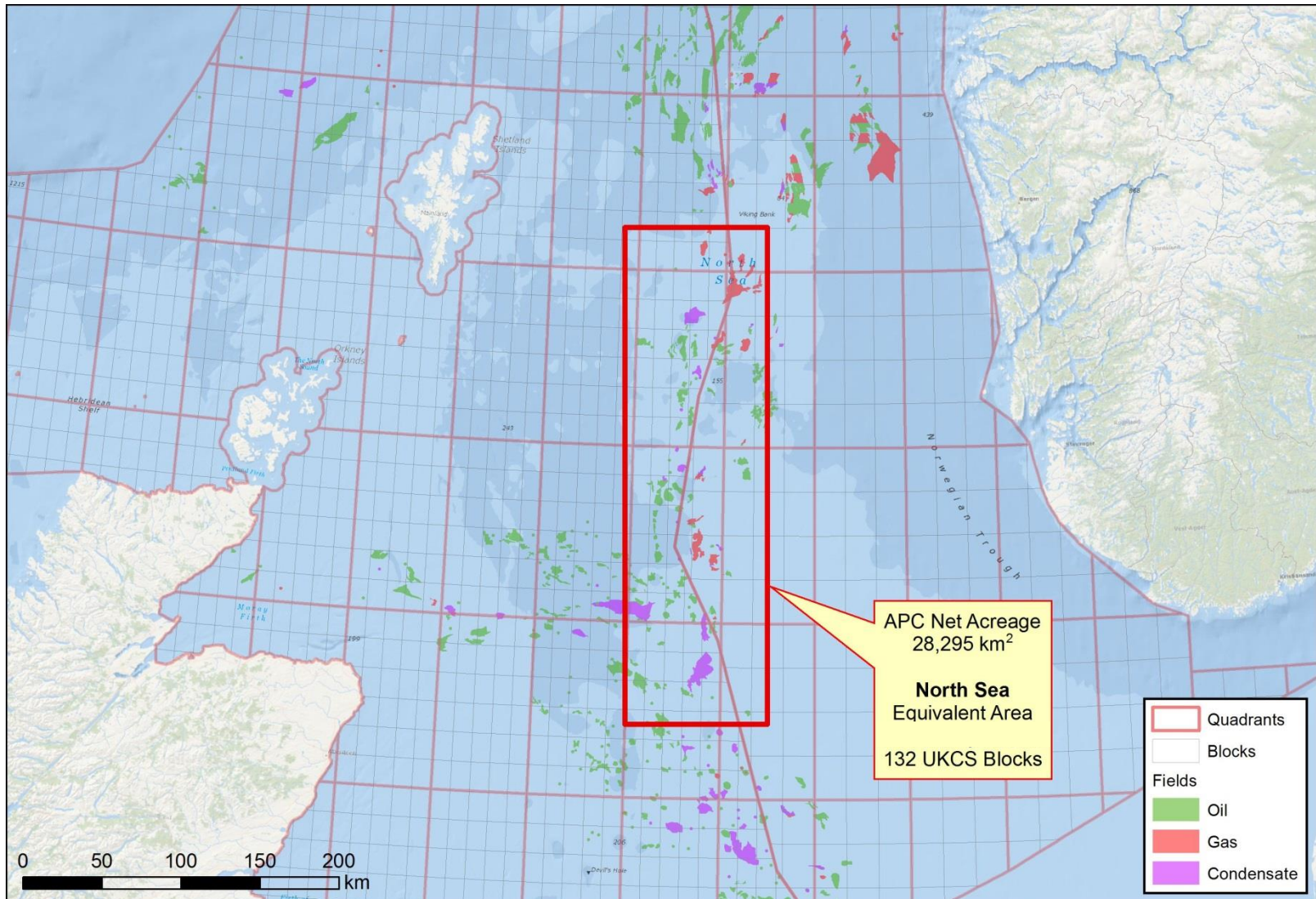
APCL's countries combined

Operated offshore acreage in km²

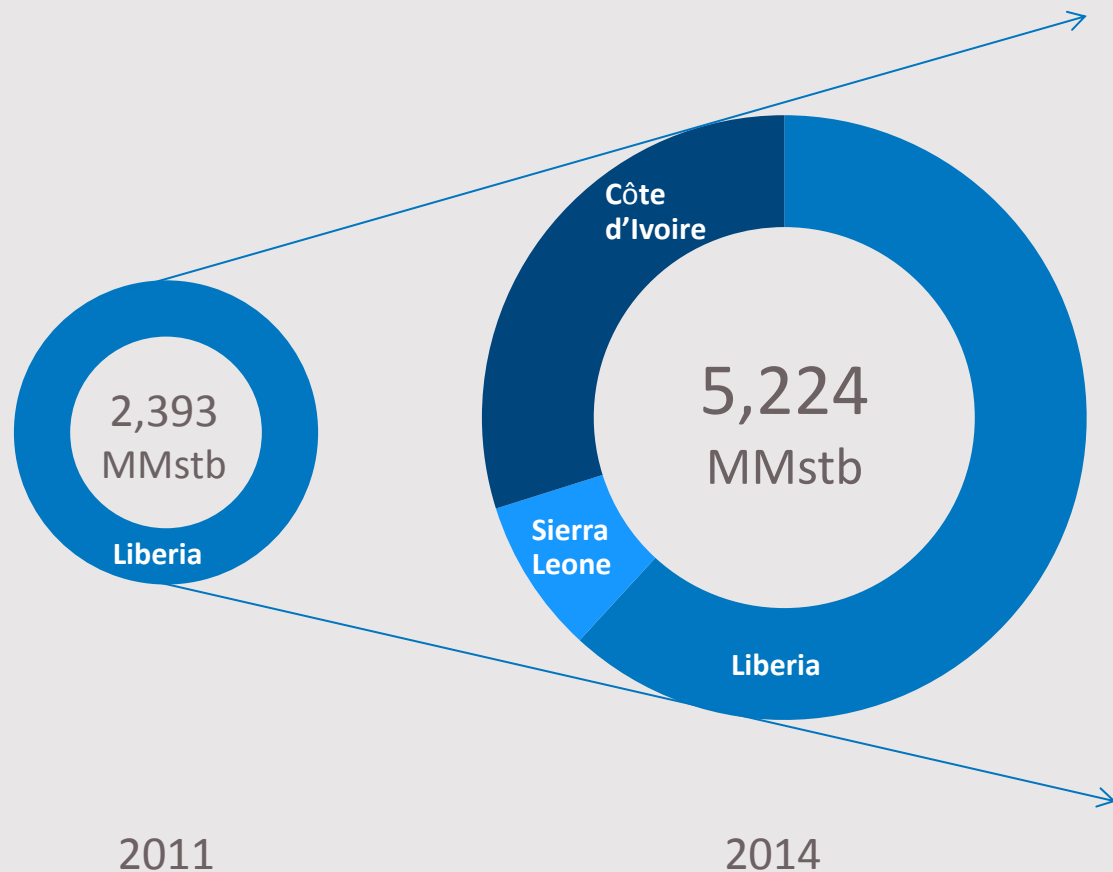


Notes: Only including listed companies
Data taken from Wood Mackenzie Feb 2014

APCL Net Acreage Equivalent in the North Sea



APCL's Portfolio – Growth of Net Unrisked MMstb



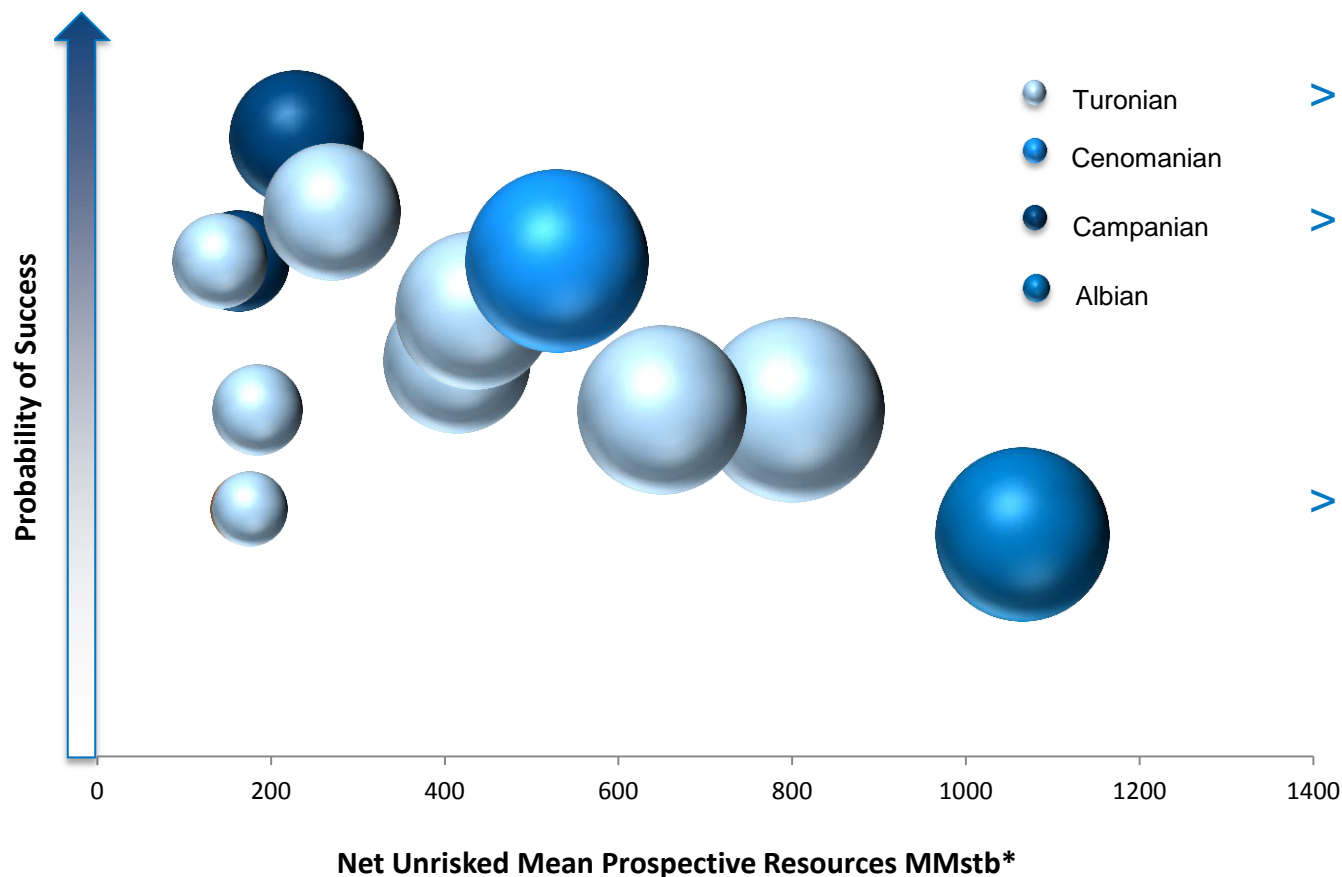
Current

- > Material growth in a number of licences and prospects since 2011

Future

- > Senegal and Sierra Leone Resources to be added post 3D Seismic
- > Reassess risk on portfolio after multi well programme by third parties during 2014

Diverse Exploration Plays in APCL's Assets Portfolio



- > Inventory has a range of technical maturity
- > Third party drilling in 2014 in adjacent acreage, potentially transformational to risk assessment
- > Large equity positions in our assets provides room to potential partners in the transformation

** Resource volumes from 2014 CPR – Independently assessed by ERC Equipoise. Bubble size proportional to net risked mean prospective resources*

Strategic Focus – The Way Forward

Current 12 months

Objective: Consolidate Position

- > Proven low cost deep-water operator
- > Licence extensions Liberia, Sierra Leone, Côte d'Ivoire
- > Listing in Oslo, raise capital
- > Bring in new partners
- > Leverage learnings from third party activity to build predictive model pre drill
- > Acquire more 3D seismic data (incl. high-resolution)
- > Execute high impact exploration programme

Future 36 months

Objective: Develop Our High-Potential Assets

- > Leverage technology to de-risk ahead of the drill bit
- > Drill key exploration wells with partners
- > Build off exploration success with early appraisal
- > Continue to work social programmes and local content in host countries
- > Build new acreage positions with others
- > Seek and execute commercial options

Long Term 5 years

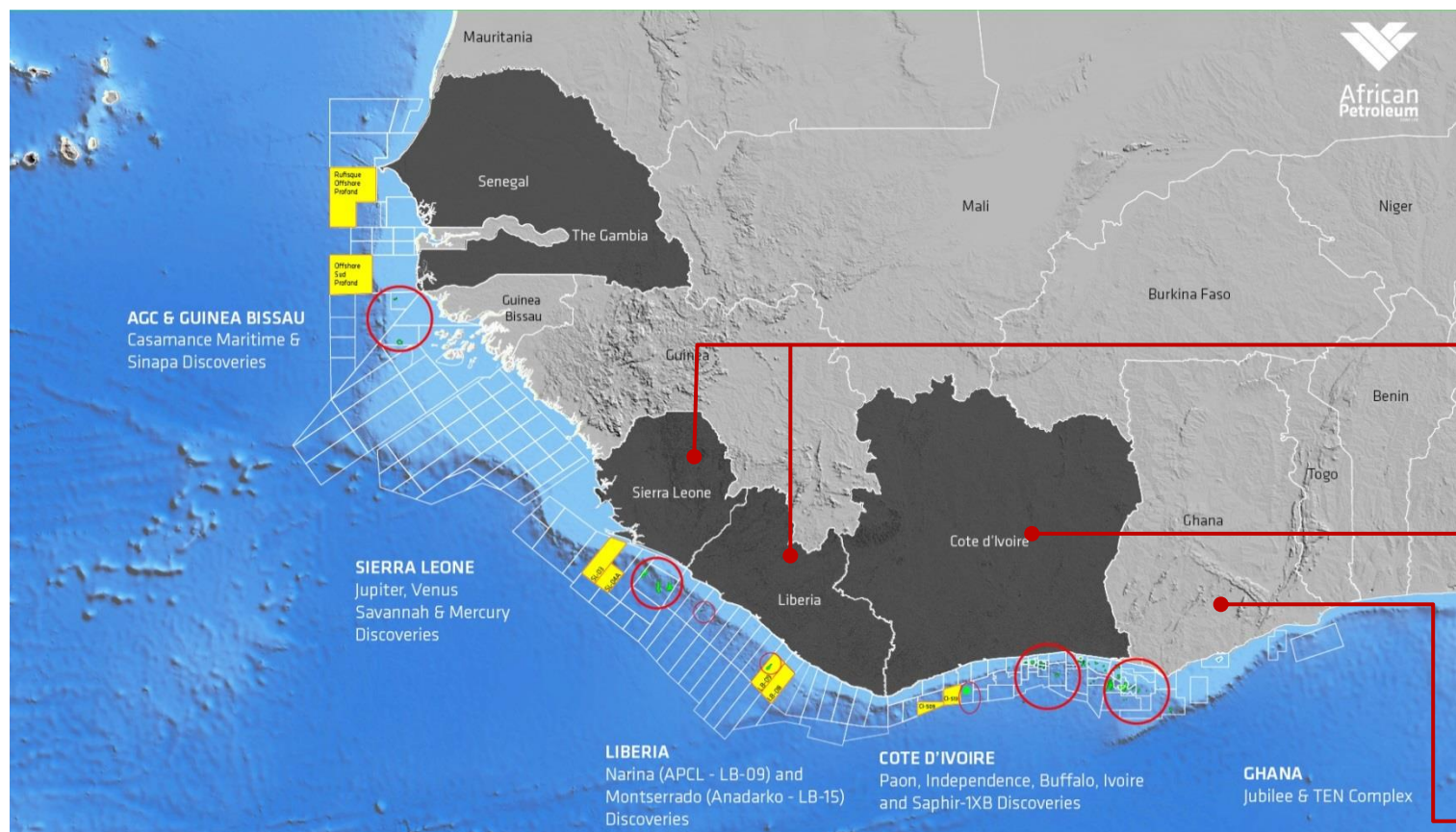
Objective: Assuming Success, Commercialise & Expand

- > Seek to move discoveries to commerciality – assuming success in exploration
- > Acquire new acreage; focus on geology and good terms, not geography
- > Expand portfolio options over broader asset base
- > Create sustainable commerciality and stakeholder value with a continued “liquids focus”

Build Sustained Shareholder Value

High Success Rate & Activity throughout APCL's Focus Area

Activity between 2010-16



2010 - 2013

28 Discoveries

2014 - 2016

63 Wells
Planned

Historic

12 Wells
drilled

73% Exploration
Success

9 Wells
drilled

67% Exploration
Success

29 Wells
drilled

72% Exploration
Success

63% commercial
success (18 wells)

Data sources include Wood Mackenzie, Scout Data, Richmond Energy, Drillinginfo® and Company Websites

2014 Seismic Activity and Key 'Catalyst' Wells



Côte d'Ivoire

- > Azonto - Vitol
- > CNR
- > Vitol
- > Total
- > Taleveras - Lukoil
- > Anadarko
- > Tullow

Liberia

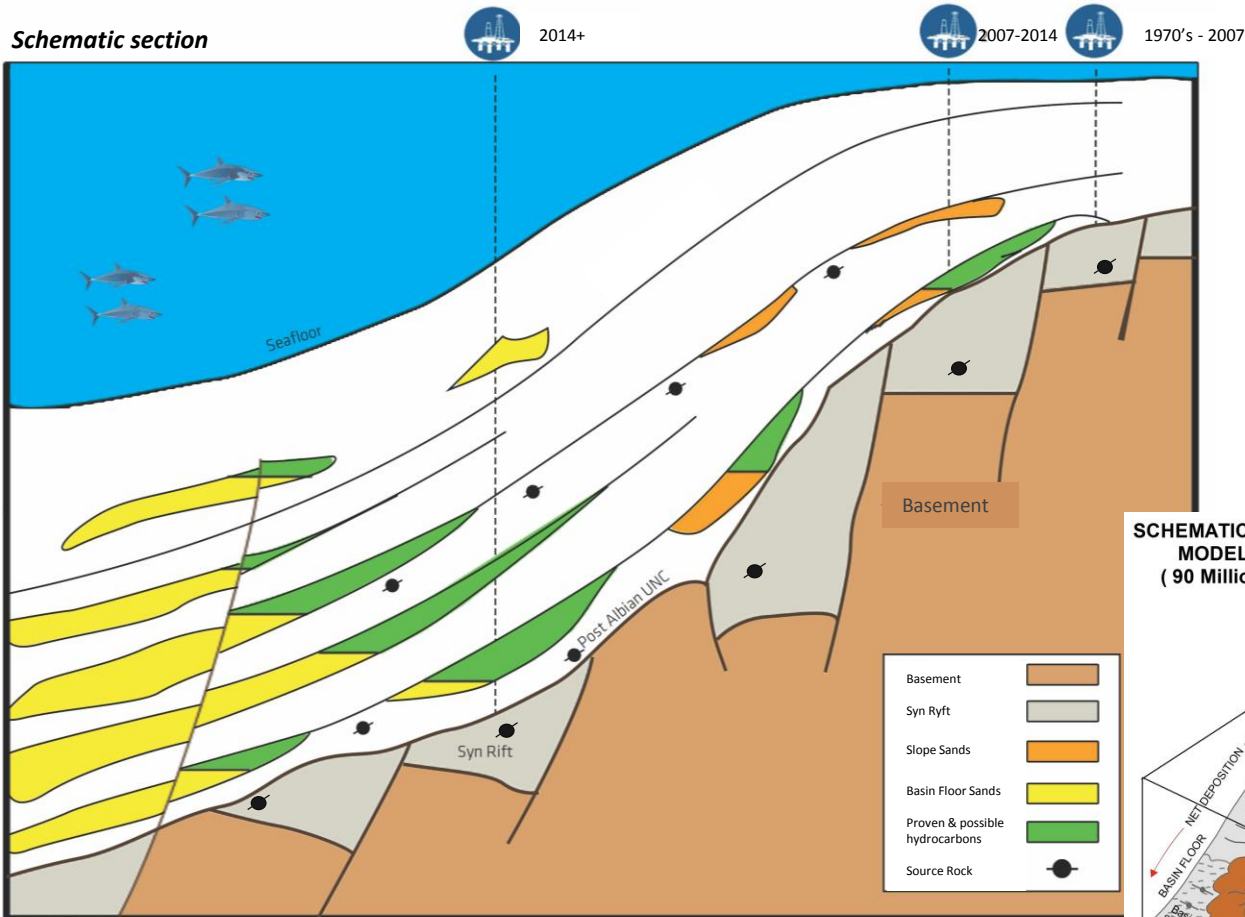
- > Anadarko- Mitsubishi – Repsol - CEPSA
- > ExxonMobil
- > Chevron – ENI - Oronto

Senegal

- > FAR – Cairn - ConocoPhillips

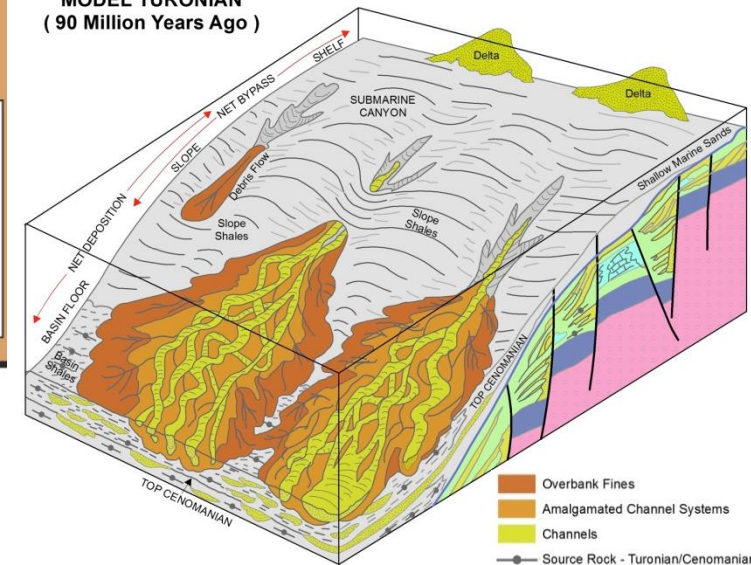
Entering the "third phase" of West African Transform Margin Exploration

Schematic section

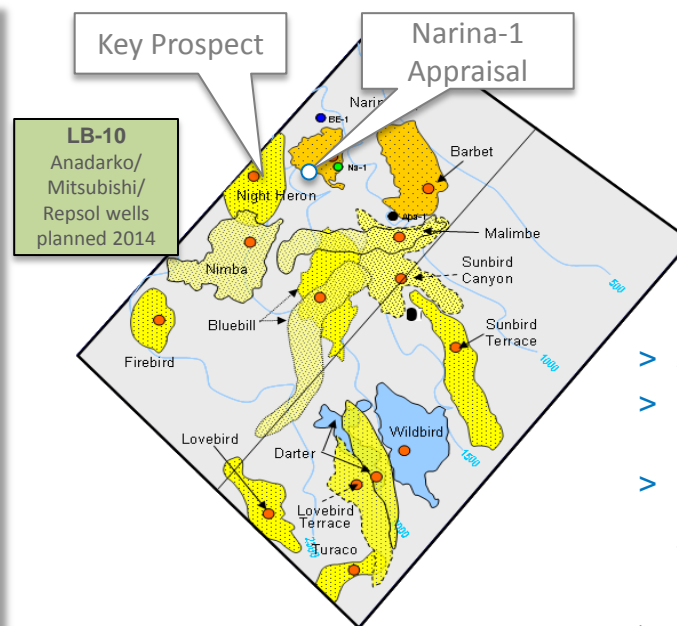
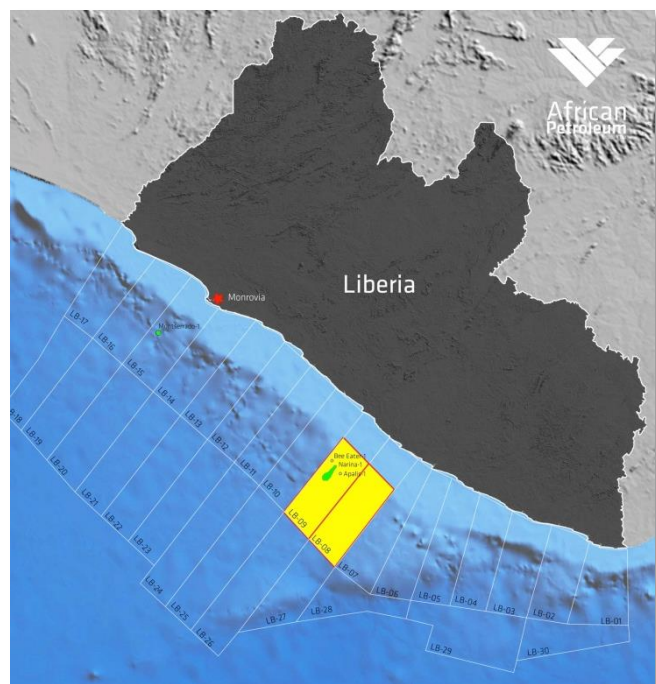


- > In 2014, a new wave of Exploration targeting outboard and down-dip (deeper water) will commence
- > Anticipation that there will be better reservoir quality in these deeper settings
- > "Basin floor sands" in Upper Cretaceous offers upside

SCHEMATIC DEPOSITIONAL MODEL TURONIAN (90 Million Years Ago)



Liberia – LB-08 and LB-09



- > Attractive early mover fiscal terms
- > 5 discoveries in the Liberia – Sierra Leone basin
- > Narina-1 oil discovery in LB-09, multiple proven source rocks and target reservoir intervals, 31 metres net pay in 2 zones
- > Night Heron prospect down-dip of Bee-Eater-1 well – similar to Hess’ down-dip Pecan discovery in Ghana
- > Extensive prospect portfolio
- > New 3D seismic planned for further de-risking and potential appraisal
- > Offset drilling activity in LB-10 in 2014 by Anadarko and partners

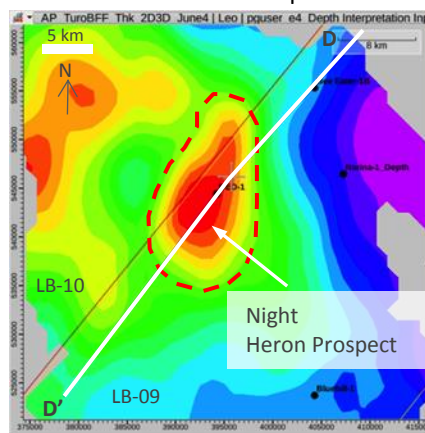
Licence	APCL WI	Date of Grant	Licence Period	Current Status	Remaining 2 nd Exploration Period Commitments
LB-08	100%	June 2008	4 + 2* + 2	2 nd exploration period	High resolution 3D seismic
LB-09	100%	June 2008	4 + 2* + 2	2 nd exploration period	High resolution 3D seismic

* Second exploration period extended by 2 years for both blocks

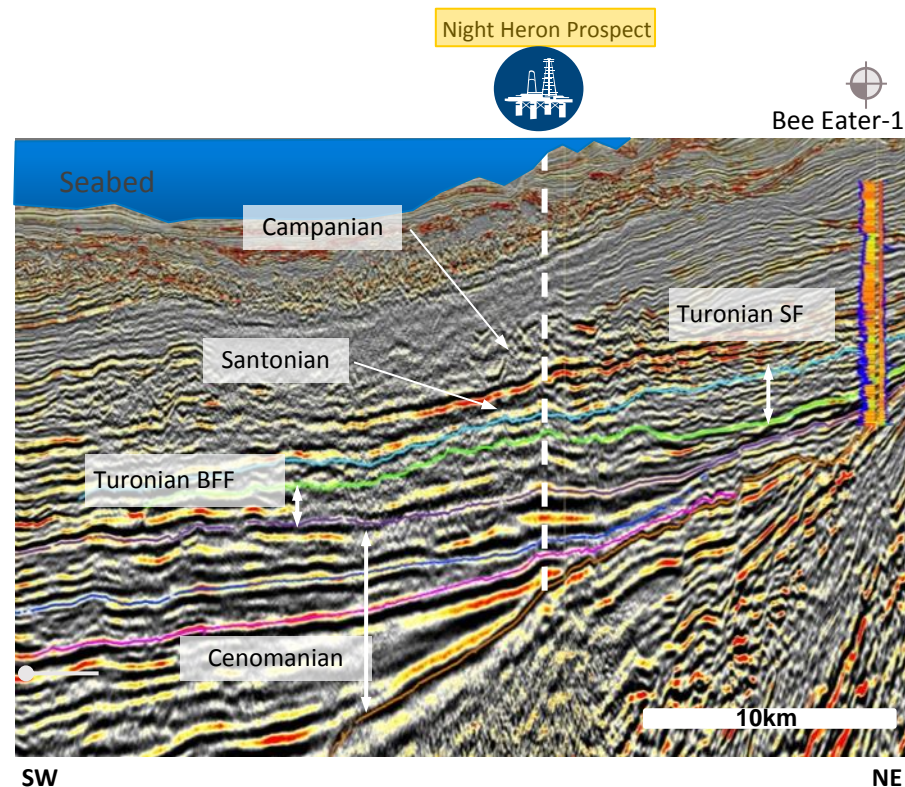
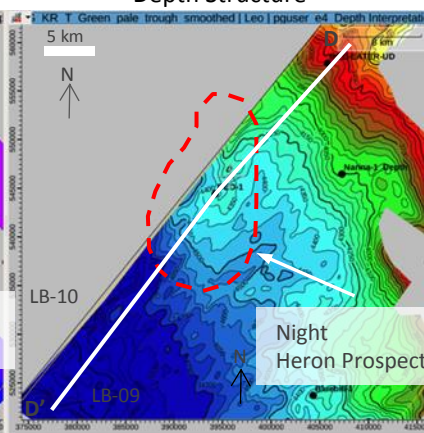
Liberia – LB-09: Night Heron Prospect

Prospect	Night Heron
Block	LB-09
Licence Area	2,634km ²
Water Depth	1000-2300m
Play Fairway	Turonian
Mean Prospective Unrisked Resources	759 MMstb (90% on LB-09)

Bee Eater Turonian Fan Thickness Map



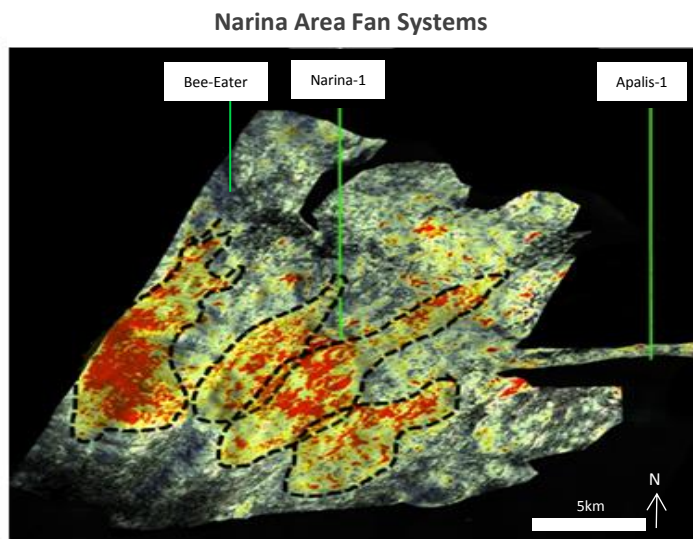
Top Bee Eater Basin Fan Depth Structure



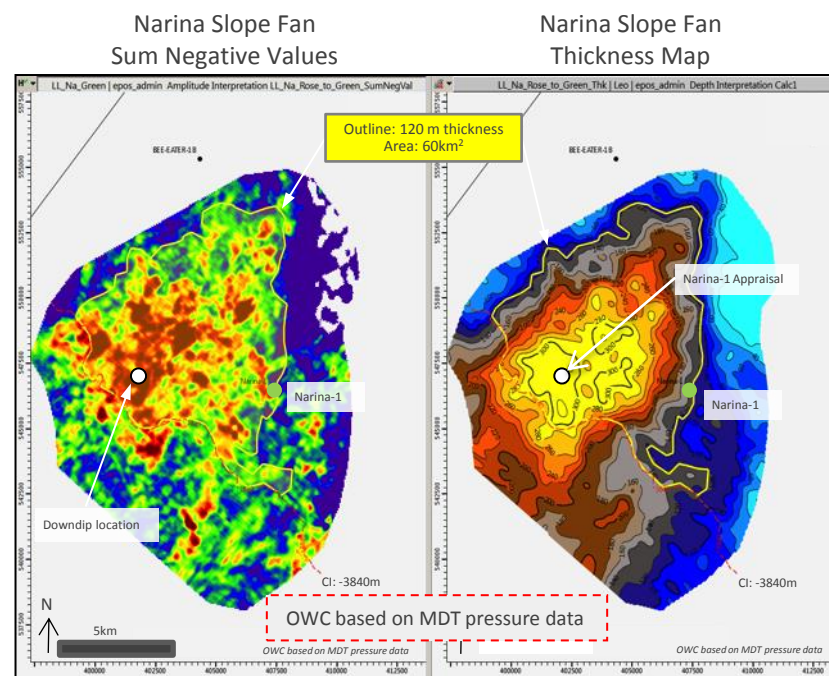
Liberia – LB-09: Narina West Appraisal

- > Narina-1 found 31 metres net pay Turonian and underlying Albian reservoirs (37° API)
- > Updated CPR – Narina West at 184 MMstb (mean unrisked prospective resource)
- > Lateral limit – defined by a stratigraphic pinchout
- > Downdip limit defined by projected OWC from pressure data (predicted at 3840m)
- > Amplitudes help define target sweet-spots (maximum gross interval of 300m)
- > New high resolution 3D seismic planned in Q3 2014 to optimise well location

Prospect	Narina West
Block	LB-09
Licence Area	2,634km ²
Water Depth	900-1200m
Play Fairway	Turonian
Mean Prospective Unrisked Resources	184 MMstb

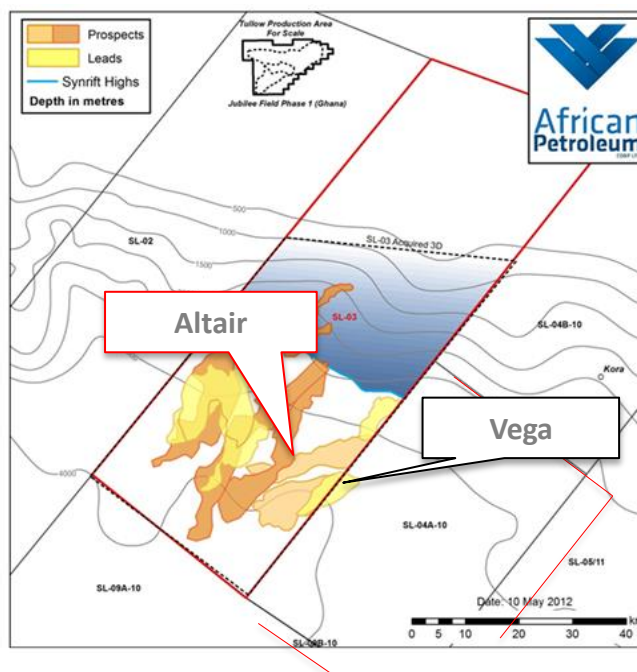
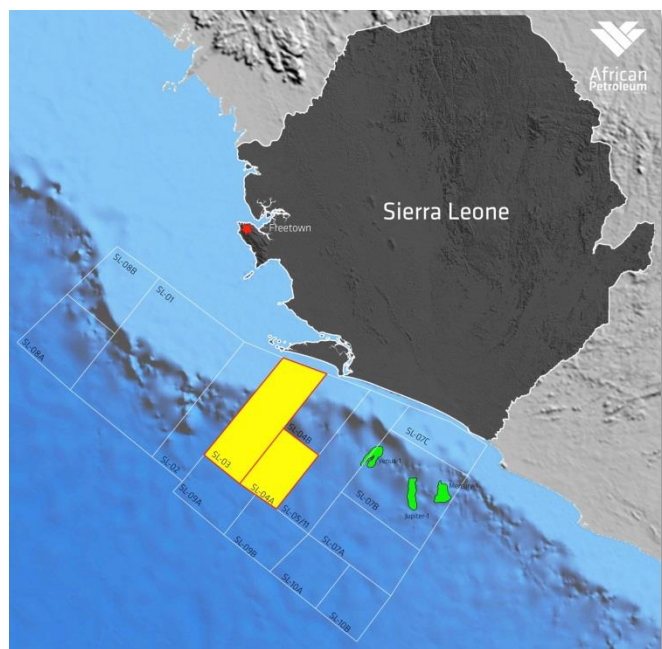


3D amplitude map on top Turonian



*ERC Equipose CPR 2014

Sierra Leone – SL-03 and SL-4A-10

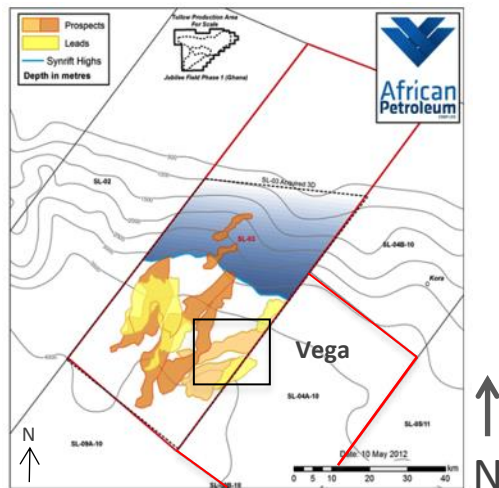


- > Block SL-03 covered by 3D seismic, SL-4A-10 2D seismic coverage and partial 3D seismic
- > Planning new seismic acquisition over SL-4A-10 in 2014
- > Prospective at multiple levels within the Cretaceous
- > On trend with oil discoveries in SL-05-11 & SL-07b-10
- > Possible amplitude support for stacked hydrocarbon pays at multiple Upper Cretaceous levels in dip closures
- > Three out of four deep-water exploration wells drilled to date in Sierra Leone by Anadarko/Tullow/Repsol partnership have encountered hydrocarbons

Licence	APCL WI	Date of Grant	Licence Period	Current Status	Remaining 1 st Exploration Commitments
SL-03	100%	April 2010	3*+2+2	Initial exploration period Extension granted – 23/4/2015	Completed Seismic Further geoscience work
SL-4A-10	100%	July 2012	3 +2+2	1 st exploration period	Contingent well/Acquire 1,500 km ² Seismic

*Licence extension granted

Sierra Leone – SL-03/04: Vega Lead



Lead

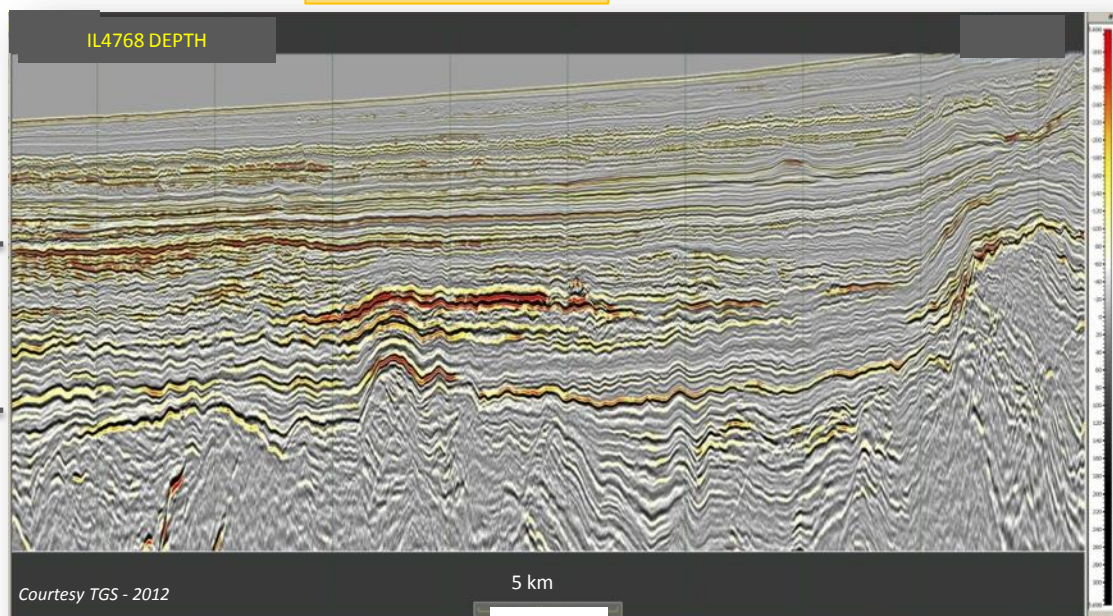
Vega

Block	SL-03 & SL-4A-10
License Area	5,855 km ²
Water Depth	3,500-3,800m
Play Fairway	Campanian/Turonian.Cenomanian/Albian

SW
A'

Vega Lead

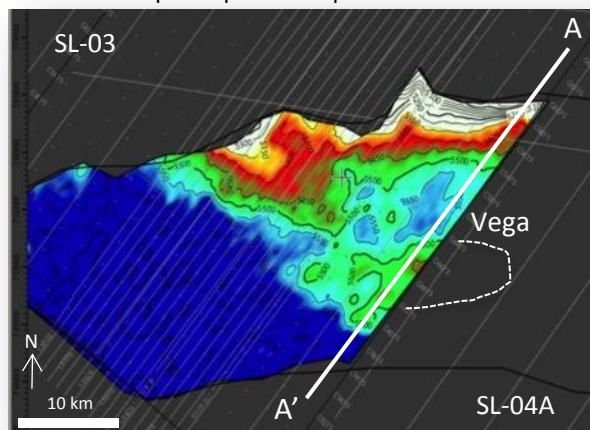
NE
A



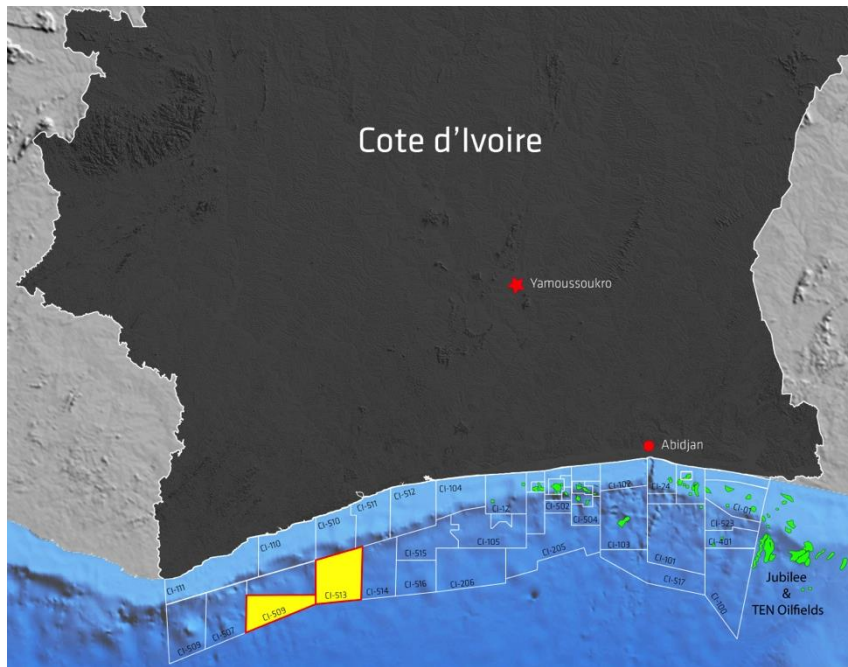
SW

NE

Top Campanian Depth Structure

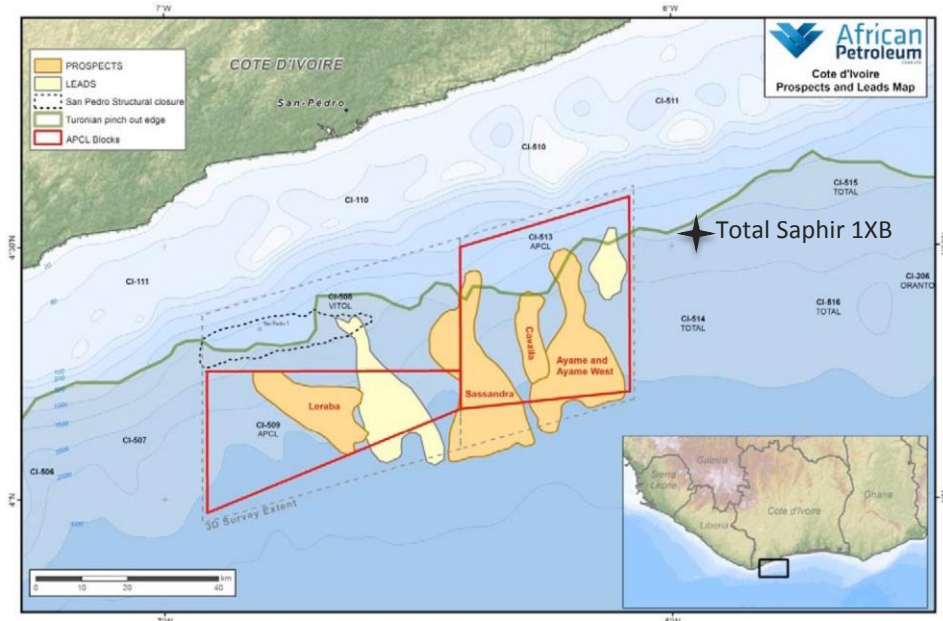


Côte d'Ivoire – CI-509 and CI-513

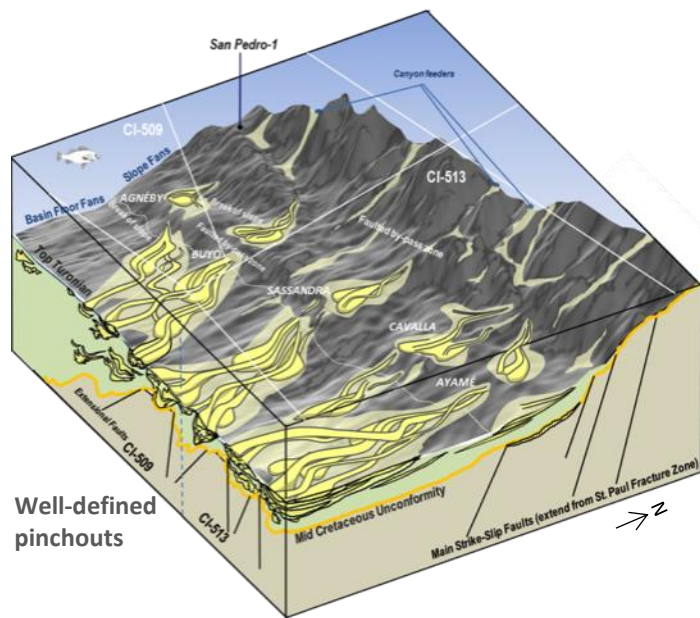


- > High quality 3D seismic has been acquired on a proprietary basis
- > The final processing product, the PSDM delivered in March 2014
- > Commercial size primary prospects
- > Amplitude support for hydrocarbons may be possible in Côte d'Ivoire
- > April 2014 - Total announced oil discovery at Saphir-1XB, Block CI-514, 40m net oil pay 34° API

Licence	APCL WI	Date of Grant	Licence Period	Current Status	Remaining 1 st Exploration Period Work Commitments
CI-513	90%	Dec. 2011	4+1.5+1.5	1 st Expl. Period	3D Seismic complete, One well to follow
CI-509	90%	March 2012	4+2+2	1 st Expl. Period	3D Seismic complete, One well to follow



Côte d'Ivoire – CI-513: Ayamé Prospect



Prospect

Ayamé/ Ayamé West

Block

CI-513

License Area

1,446km²

Water Depth

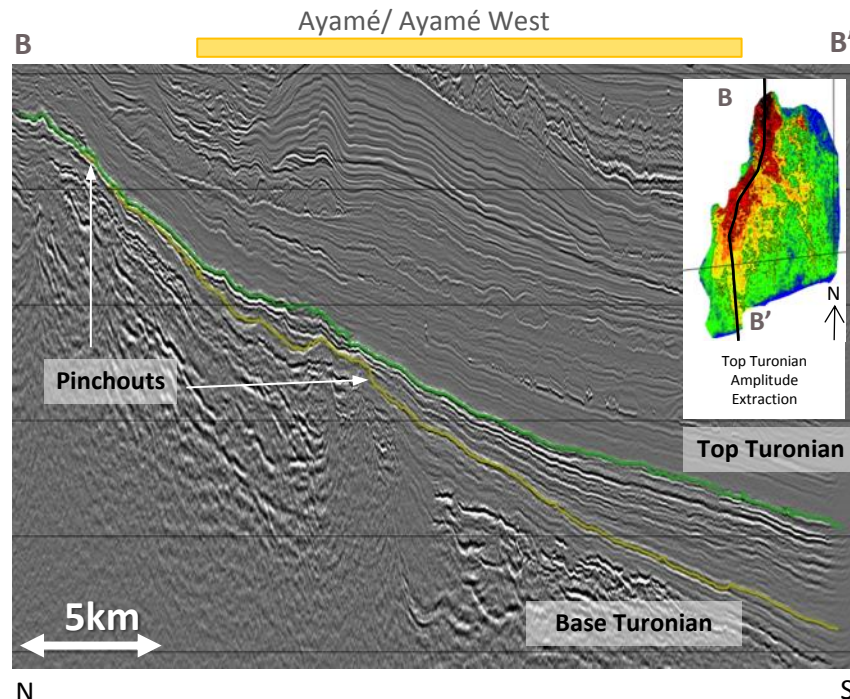
900-3150m

Play Fairway

Turonian

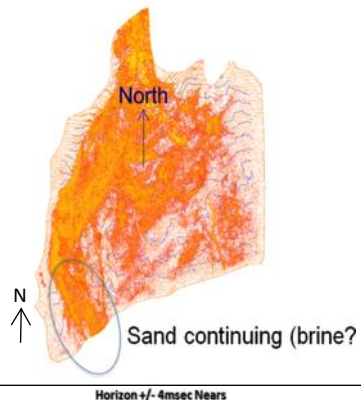
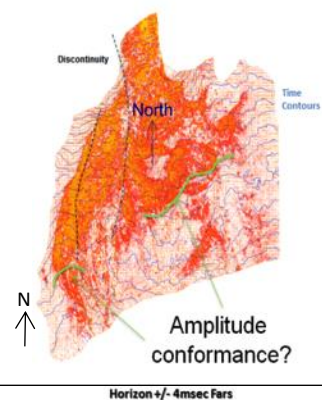
Mean Prospective Unrisked Resources

922 MMstb

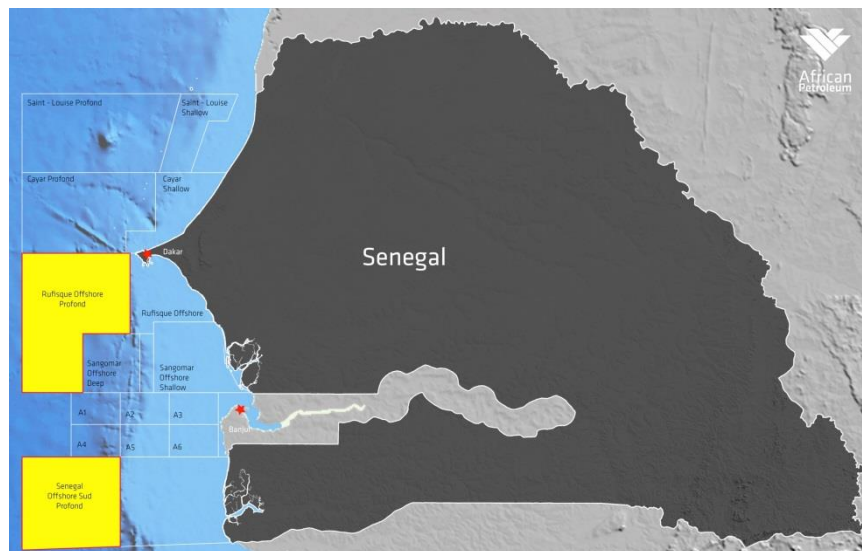


Far angle stack

Near angle stack



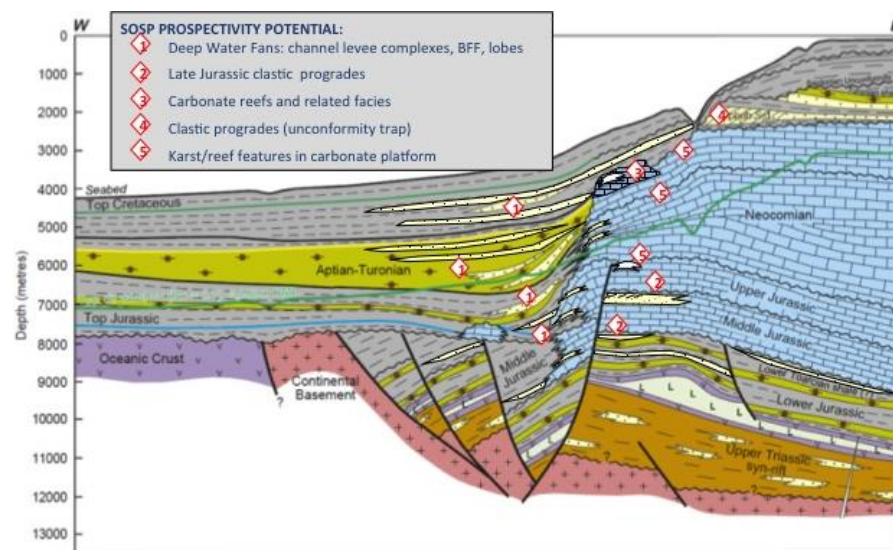
Senegal – ROP and SOSP



- > High potential frontier exploration area
- > 2014 industry drilling activity on trend (Mauritania, Senegal, AGC)
- > Multiple plays -Cretaceous deep-water fan systems and platform margin carbonates
- > Extensive 3D seismic coverage with 2012 survey over SOSP
- > Oil accumulations and hydrocarbon shows in shelf areas along the margin
- > 1,500km² of 3D seismic over ROP is currently being reprocessed
- > FAR commenced drilling campaign on adjacent block – 2 wells planned; one in deepwater fans and the other in the platform carbonates

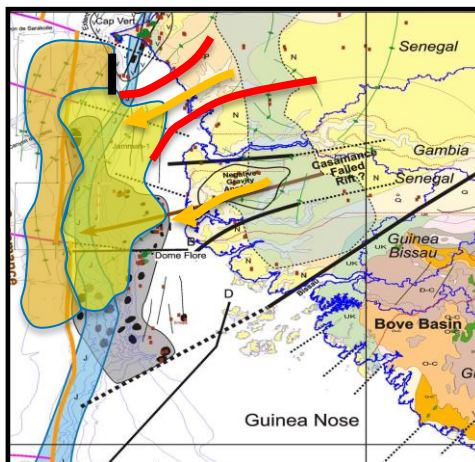
Licence	APCL WI	Date of Grant	Licence Period	Current Status	Remaining 1 st Exploration Period Work Commitments
ROP	81%	October 2011	4+2+2	1 st Expl. Period	Seismic obligations met, 1 well outstanding
SOSP	81%	October 2011	3+3+2.5	1 st Expl. Period	3D Seismic complete, Seismic Processing underway

NB: The Gambia: The Government of the Republic of the Gambia purported to terminate both licences over Blocks A1 and A4 by letters dated 3 January 2014. African Petroleum Gambia Limited (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.

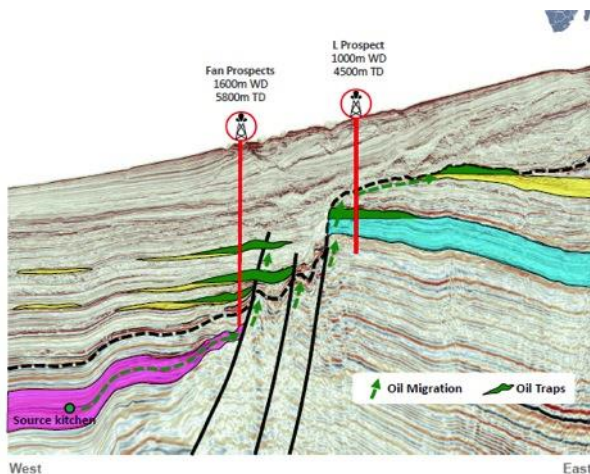


Senegal Sangomar Drilling Q1/Q2 2014

Clastic fan play and carbonate margin play



Modified from Daison (2005)



*FAR pre drill view



Overview of prospects from FAR*

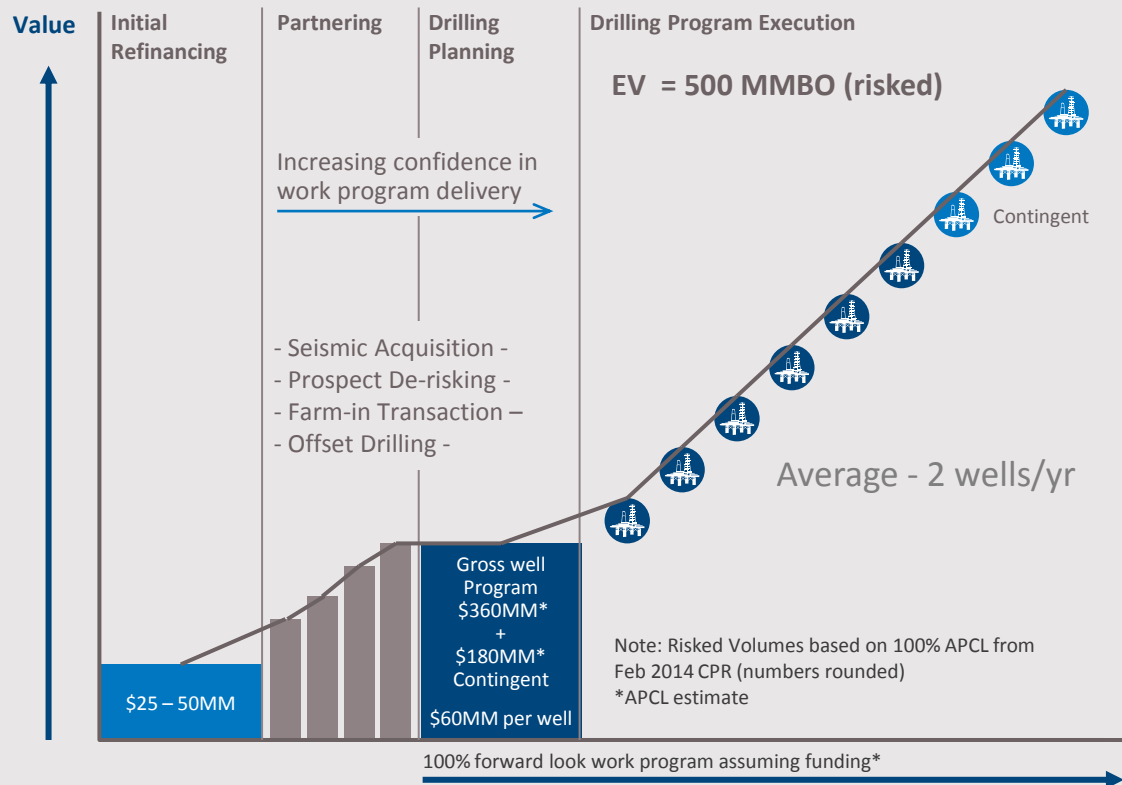


- > Two wells will be drilled in Q1/Q2 2014 in Sangomar by Cairn, ConocoPhillips and FAR partnership
- > Success here will have a positive de-risking impact on APCL Senegal Acreage

*Information taken FAR Investor Presentation 6/2/2014

Poised to Recommence Drilling

Value Growth through Partnering and Drilling Program Execution



Initial Refinancing

- > Private Placement (\$20m Feb 2014) and additional fundraise
- > Public Listing on new exchange
- > Continued data room support
- > More time to secure farm-in partner
- > Further technical maturation of portfolio
- > Offset wells by third parties to de-risk prospects

Partnering

- > Reduce capital exposure through risk sharing
- > Recover back costs to forward work program
- > Potential promote on well program

Drilling Execution

- > Assuming fully funded drilling program
- > Share technical expertise with partner
- > Potential value growth of Expected Value (EV) ~500MMBO in 3 years

Programme order subject to ongoing negotiations with third parties

Corporate Social Responsibility, examples in action



Sightsavers

- > APCL sponsored trainees will deliver preventative eye care to a population of over 1.6 million
- > Providing funding and equipment to rural eye-care clinics



Gbowee Peace Foundation

- > Worked with Nobel laureate to design after school program
- > Teaching leadership skills and reproductive health to school girls



University of Liberia Computer Lab

- > Increased capacity for G&G related educational training
- > Provided software licenses and equipment for geo-sciences program



Student Sponsorship

- > G&G scholarship, opportunity to study at top universities in the UK

Commitment to build capacity, transfer knowledge and encourage local commercial participation across areas of operation

ENTERING A NEW PHASE: Primed for Growth

Volume Potential

- > >5.2 billion barrels net un-risked mean prospective resources over a diversified portfolio
- > Multi billion barrel resources discovered in the region

Operating Environment

- > Strong industry exploration track record in the region
- > Strong relationships with host governments and in country support

Value

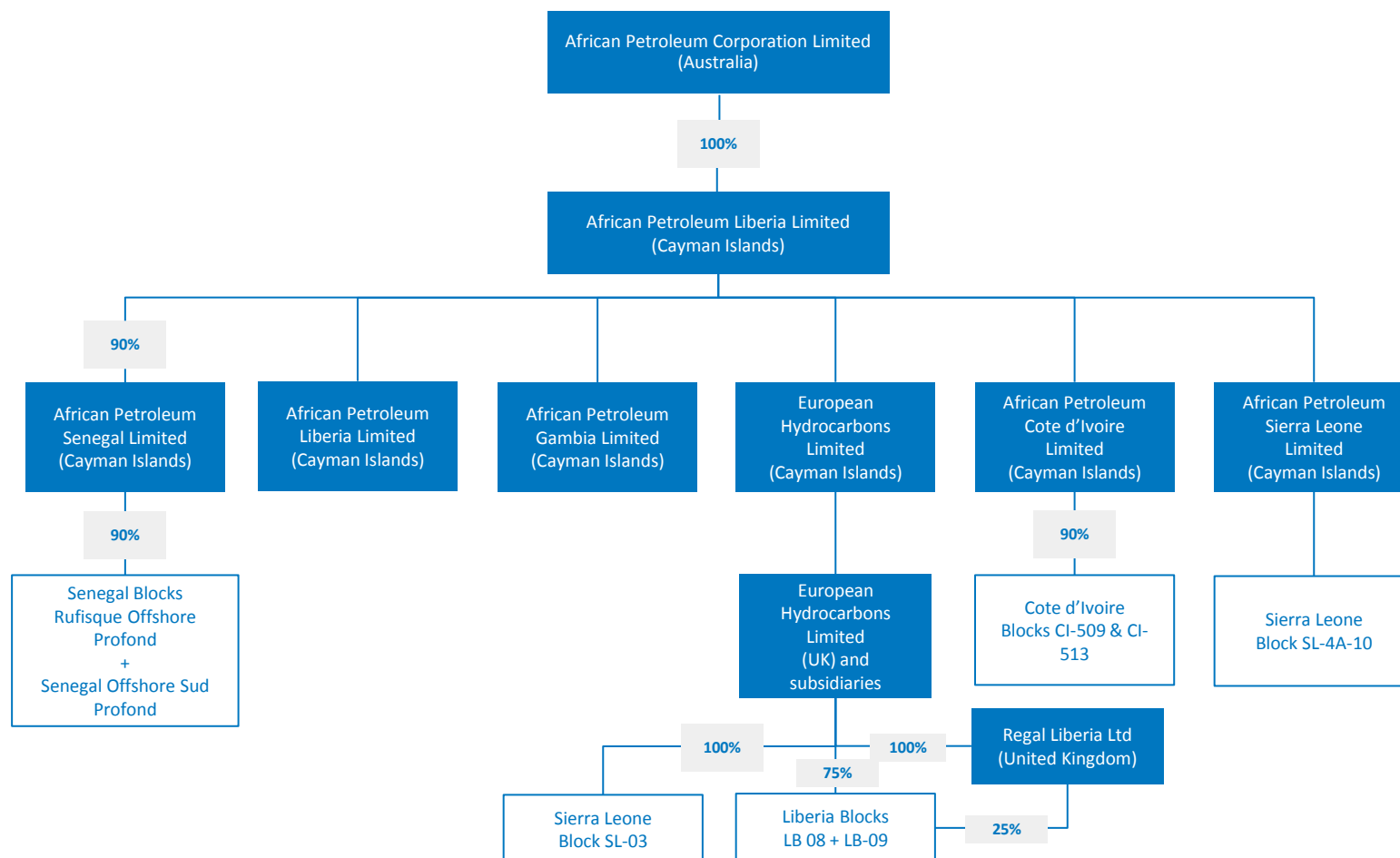
- > We are seeking partners to share the value and rewards
- > “Liquid rich” environment with excellent terms

New Wave of Exploration

- > Numerous exploration and appraisal wells in neighbouring blocks throughout 2014
- > Licence extensions provide opportunity to leverage knowledge and find partners

Q&A

Appendix: Corporate Structure



Appendix: Board of Directors

Charles Matthews, OBE Non-Executive Chairman

BSc in Geography and Oceanography, MBA, Strategic Marketing
Harvard Business School

- 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.
- 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.

Gibril Bangura Non-Executive Director

Arts and Business Management, Junior College Atlanta

- Executive Director of London listed African Minerals Limited and General Manager of all African Minerals Limited's Sierra Leone subsidiaries
- Former Financial Controller of Regent Star International, and Deputy General Manager and Director of Bond Tak Mining Company

James Smith Non-Executive Director

MSc in Petroleum Geology, BSc in Geological Geophysics

- Over 20 years experience in oil and gas industry, predominantly in Africa and Middle East exploration and is currently VP Exploration of Orca Exploration
- Previously served as New Venture and Project Leader for Chevron in Africa and Middle East
- Instrumental in the rapid development of Pan-Ocean portfolio of onshore and offshore assets in Gabon

Dr. Stuart Lake CEO and Executive Director

BSc Hons in Geology, PhD in Geology and sits on the Advisory Board of the Energy and Geoscience Institute (E.G.I) at the University of Utah

- Over 27 years of experience in a wide variety of roles including the Hess Corporation, four years at the Apache Corporation and over 19 years in Shell.
- In Hess as Vice President of Exploration he oversaw all the New Ventures work re-establishing a proactive basin master approach along the West African Transform Margin which led to significant strategic partnerships
- At Hess, he oversaw the highly successful exploration campaign in Ghana that resulted in seven consecutive hydrocarbon discoveries and the subsequent appraisal plan submission

Jeffrey Couch Non-Executive Director

Bachelor of Law

- Managing Director and Head of Investment & Corporate Banking Europe for BMO Capital Markets
- Previously, worked for Kleinwort Benson, Citigroup and Credit Suisse, he was Head of Business Development and M&A at Eurasian Natural Resources Plc
- Over 15 years investment banking and capital markets experience

Dr. David King Non-Executive Director

MSc in Geophysics, PhD in Seismology

- Over 30 years experience in natural resources
- Co-founded and held executive and non-executive board positions in a number of successful ASX listed companies
- Currently holds Non-Executive Chairman and Non-Executive Director of a number of ASX listed companies

Mark Ashurst Executive Director

BA (Hons) Law, Barrister, Chartered Accountant

- Over 20 years experience, previously employed as a senior investment banker with a broad range of corporate finance and broking skills
- Worked for institutions including BZW, Hoare Govett, Canaccord Adams
- Significant experience in IPO's, fund raising and mergers and acquisitions

Timothy Turner Non-Executive Director

B.Bus, FCPA, FTIA, Registered Company Auditor

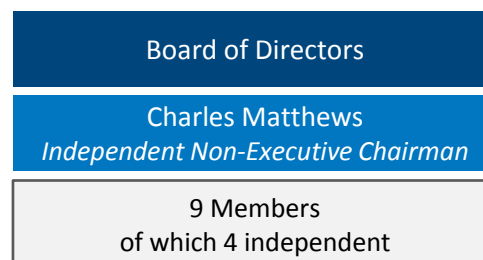
- Senior Partner at Australian accounting firm Hewitt Turner & Gelevitis
- Specialises in domestic business structuring, corporate tax planning and issuing of audit opinions
- Over 21 years experience in new ventures, capital raisings and general business consultancy
- Currently, Non-Executive Director of ASX listed Cape Lambert Resources Ltd and Legacy Iron Limited

Anthony Wilson Non-Executive Director

Chartered Accountant and Fellow of the Chartered Institute of Securities and Investment

- Long career in a number of senior financial positions
- Having qualified as a Chartered Accountant, he initially became a partner in general practice before moving into the investment banking sector with Wedd Durlacher Mordaunt & Co, BZW and Barclays
- Held various senior management roles as a director for DAKS Simpson Group Plc and Panceltica Holdings

Appendix: Board composition and committees



Nomination Committee*	Audit Committee	Remuneration Committee	Continuous Disclosure Committee
Members: <ul style="list-style-type: none"> Charles Matthews (Chair, ind.) Jeffrey Couch (Ind.) Anthony Wilson 	Members: <ul style="list-style-type: none"> Anthony Wilson (Chair) Jeffrey Couch (Ind.) Charles Matthews (to be nom, ind.) 	Members*: <ul style="list-style-type: none"> Mark Ashurst (Chair) Jeffrey Couch (Ind.) James Smith (Ind.) 	Members*: <ul style="list-style-type: none"> Dr. David King (Ind., Chair) Mark Ashurst Jeffrey Couch (Ind.) James Smith (Ind.) Anthony Wilson
Purpose: <ul style="list-style-type: none"> Support and advise to maintain a Board that has an appropriate mix of skills and experience to be an effective decision-making body Ensuring that the Board is comprised of directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance. <p><i>*Will be appointed with effect from the listing</i></p>	Purpose: <p>Assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:</p> <ul style="list-style-type: none"> Quality, integrity of financial statements, accounting policies, financial reporting and disclosure practices; compliance with all applicable laws, regulations and company policy; the effectiveness and adequacy of internal control processes; the performance of the Company's external auditors and their appointment and removal; the independence of the external auditor and the rotation of the lead engagement partner; and the identification and management of business risks 	Purpose: <ul style="list-style-type: none"> Review and approve the executive remuneration policy Recommend to the Board the remuneration of executive directors Rewarding executives Review the Company's recruitment, retention and termination policies and procedures for senior management Review and approve the remuneration of the CEO, and as appropriate other senior executives Review and approve any equity based plans and other incentive schemes. <p><i>*Members to be changed at Listing. See prospectus for further details.</i></p>	Purpose: <ul style="list-style-type: none"> Responsible for development and oversight of the policy and procedures applicable to the Company's continuous disclosure obligations. In particular, the responsibility of ensuring that any exchange announcement concerning operational or geological activities, updates, results or statements of similar nature are reviewed and signed by an appropriately qualified person from the senior management of the Company who is independent from the Company's larger shareholders, or an appointed independent adviser <p><i>*Members to be changed at Listing. See prospectus for further details.</i></p>

APCL corporate overview



Funding

- > AUD 20m equity issue completed February 2014
- > Q1 '14 cash of USD 18.8m (adjusted for tranche 2¹)
- > Future drilling contingent on farm-outs – seeking partners
- > No debt

Market capitalization AUD 175m²

- > NSX share price: AUD 0.27²
- > 648.5m shares
- > 20.9m options

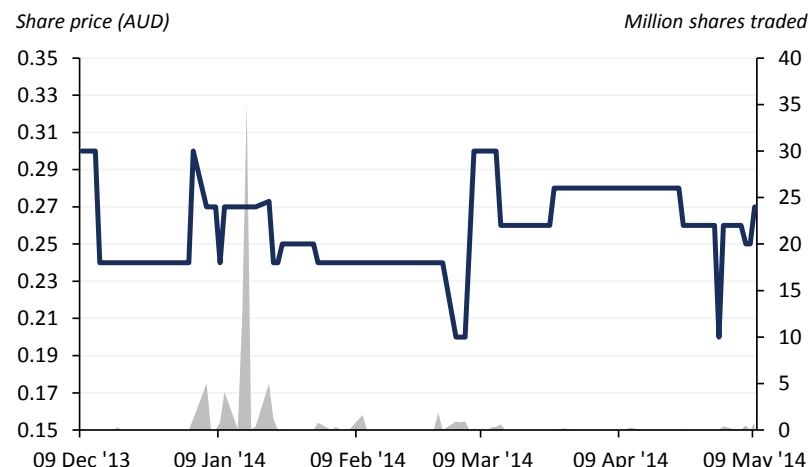
Shareholders

- > Blue chip investor base
- > Founding shareholder Sarella Investments holds 39%

Top 10 shareholders (as of Apr 14)

Sarella Investments (Frank Timis)
M&G Investment Mgt
Capital Research Global Investors
Banque Heritage
1832 Asset Mgt (GCIC)
Dundee Securities
RBC Dominion Securities
G. Lambriandes & A. Panayi
Goldman Sachs Investment Partners
Auctus Investments

Share price last 6 months*



*Adjusted for 3:1 consolidation completed 22 January 2014

¹ Second tranche of private placement of US\$10.9m received in April 2014

² As of 9 May, 2014

Appendix: Blue Chip Shareholder Base

Australia

- > Colonial First State

UK

- > Amiya Capital
- > BlackRock Investment Mgt
- > Charlemagne Capital
- > Cheyne Capital
- > Esemplia
- > Elliott
- > Eton Park
- > Fulcrum Asset Mgt
- > Front Street Capital
- > Henderson Global Investors
- > ING Bank
- > Investec Wealth & Investment
- > JP Morgan Asset Mgt
- > Jupiter Asset Mgt
- > Levine Capital
- > Lombard Odier
- > M&G Investment Mgt
- > Meridian Capital
- > North of South Capital
- > RAB Capital
- > Rathbone Investment Mgt
- > RBC Asset Mgt UK
- > TT International
- > UBS Wealth Mgt

- > Walker Crips Stockbrokers
- > WMG Capital

Europe

- > Bank Julius Baer
- > Banque de Luxembourg
- > Banque Heritage
- > BSI Credit Foncier de Monaco
- > Credit Suisse Private Banking
- > Deutsche Asset & Wealth Mgt Investment
- > Deutsche Bank (Suisse)
- > Lombard Odier Darier Hentsch & Cie
- > Pictet & Cie Rahn & Bodmer Banquiers
- > Robeco
- > UBS Wolfgang Mayr Asset Mgt

North America

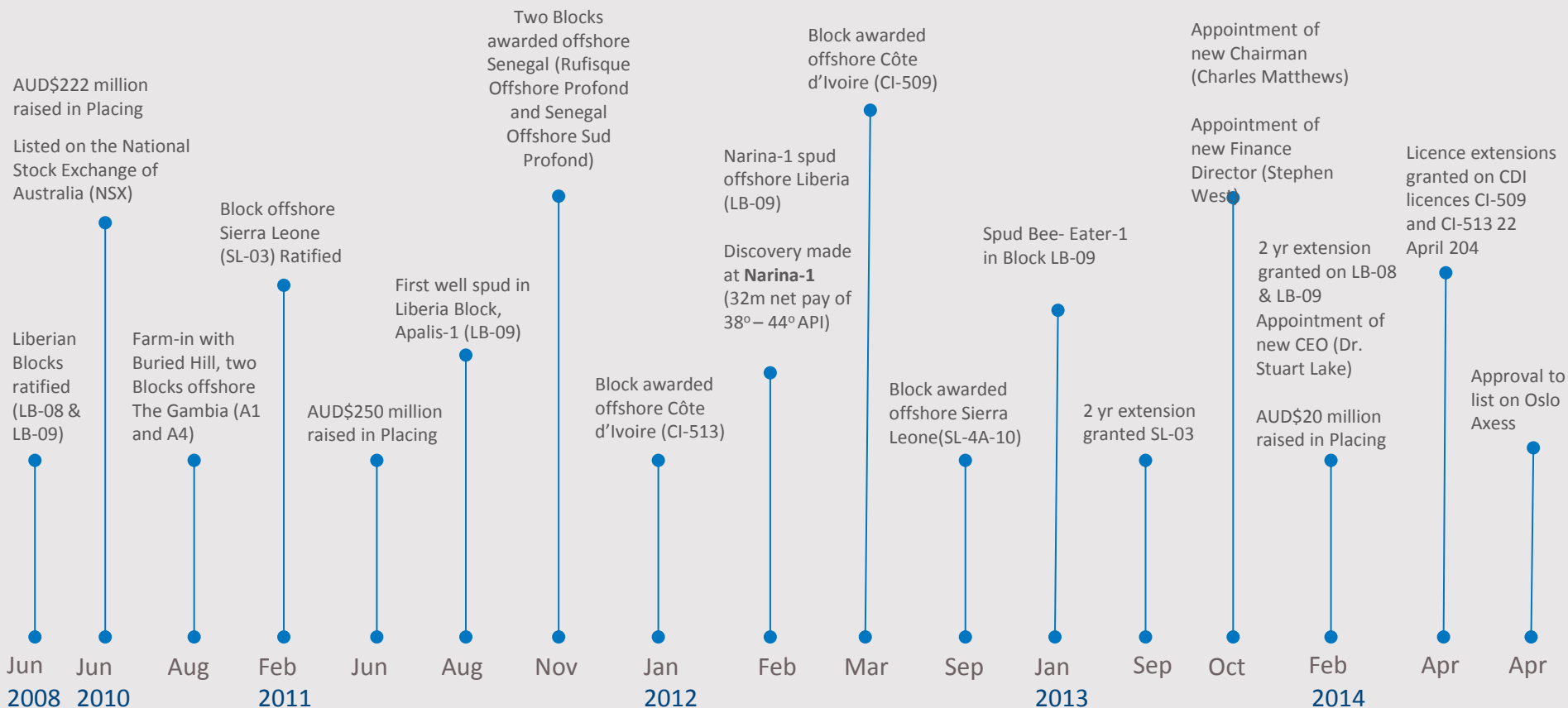
- > Alliance Bernstein
- > Balantrove
- > Blackrock Investment
- > Capital Research Global Investors
- > Dundee Corporation
- > Edgehill Capital Partners
- > Elliott Associates
- > Eton Park Capital
- > Goodman & Company

- > Knighthead Capital Mgt
- > Lighthouse Partners
- > Marquest Asset Mgt
- > Perella Weinberg Partners
- > RBC Asset Mgt
- > Rima
- > Salida Capital
- > TD Waterhouse Canada
- > Barclays Bank
- > BlackRock Investment Mgt
- > Deutsche Bank
- > First State Investments
- > Value Partners
- > Winnington Capital

Asia

- > Barclays Bank
- > BlackRock Investment Mgt
- > Deutsche Bank
- > First State Investments
- > Value Partners
- > Winnington Capital

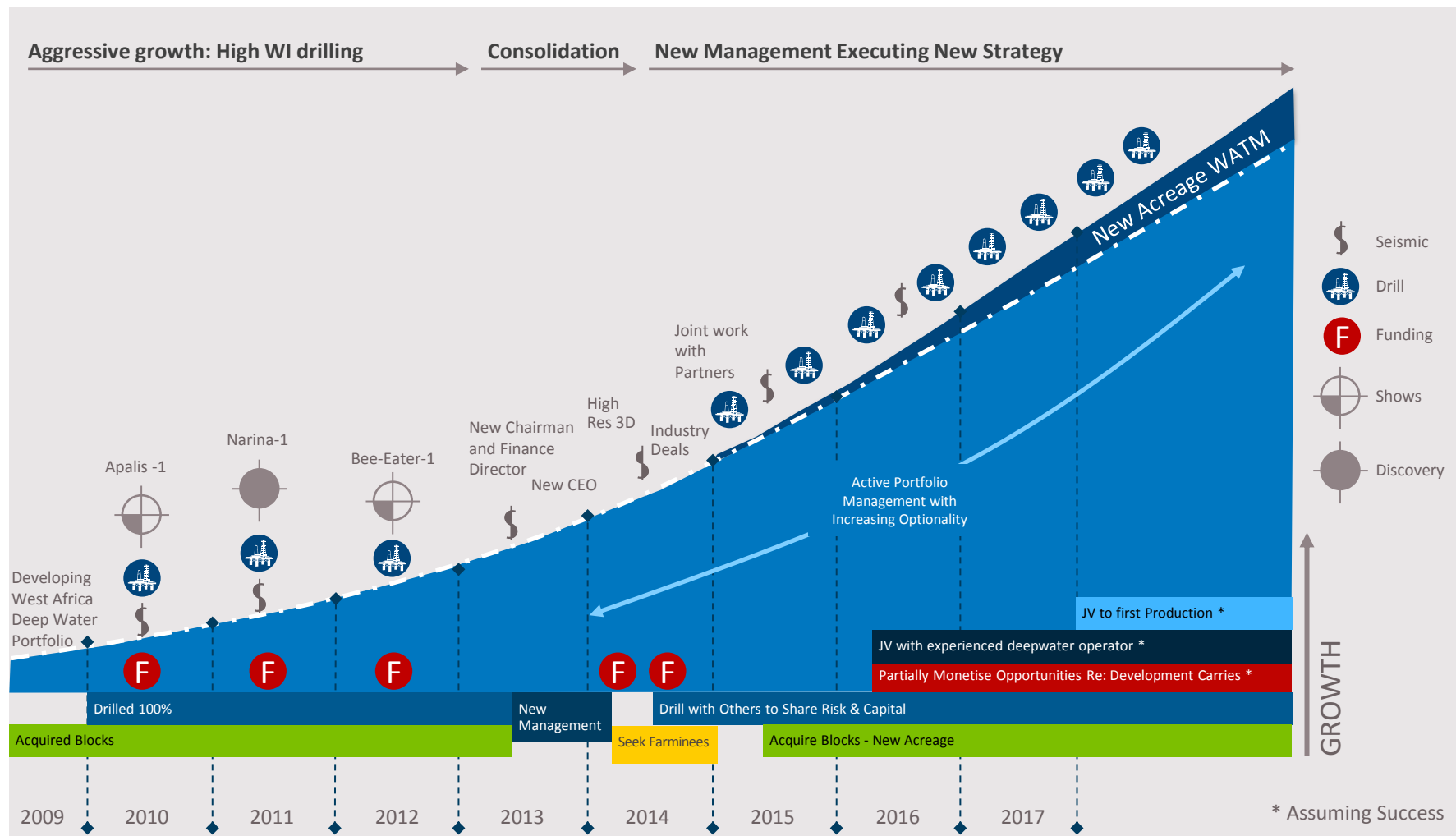
Appendix: Achievements to Date



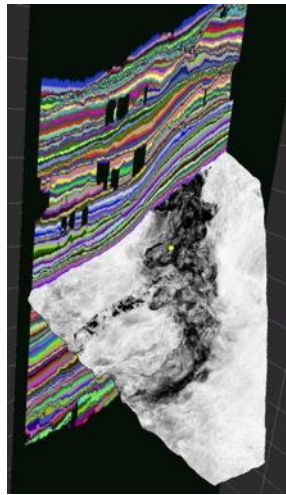
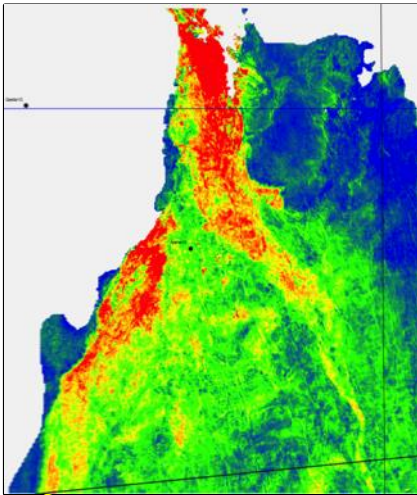
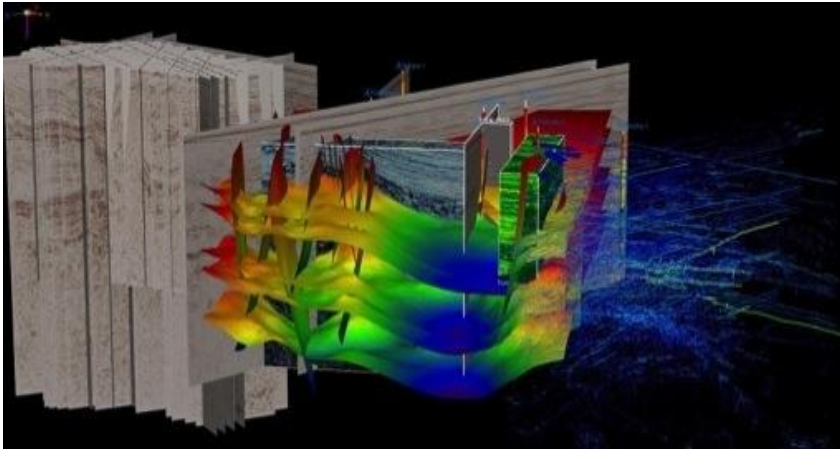
Appendix: Activities & Licence Terms of Assets

	Block(s)	Contract Type	Interest in PSC	Activities to Date
Côte d'Ivoire	CI-509 and CI-513	Production Sharing Contract (PSC)	90% (10% PETROCI)	<ul style="list-style-type: none"> > APCL was awarded block CI-509 in March 2012 & CI-513 in December 2011 covering 2,537 km² > Acquired 4,200km² 3D seismic data, delivered June 2013 > 3D seismic data has confirmed presence of major turbidite fan systems > Tender for an Environmental Impact Assessment has been launched & a rig search has been initiated > Licence extension awarded
Liberia	LB-08 and LB-09	PSC First 10 Years Tax Free Holiday	100%	<ul style="list-style-type: none"> > APCL was awarded Blocks LB-08 and LB-09 in 2005 > PSC ratified in 2008 > Acquired 5,351 km² of 3D seismic data on both Blocks > APCL drilled Apalis-1, Narina-1 and Bee Eater-1 Wells on LB-09 > Discovery made at Narina-1, post well studies are being performed > Reprocessed seismic data received September 2013 > License Extension awarded
Senegal	Rufisque Offshore Profond and Senegal Offshore Sud Profond	PSC	81% (10% PetroSen) (9% Prestamex)	<ul style="list-style-type: none"> > APCL was awarded "Rufisque Offshore Profond & Senegal Offshore Sud Profond" blocks in November 2011 > In May 2012 APCL acquired over 3,600 km² of 3D seismic data > Final 3D seismic was delivered in June 2013 > Currently interpreting data and awaiting 1,500km² data over ROP Block which is currently being reprocessed
Sierra Leone	SL-03 and SL-04A	Petroleum Agreement with Royalty	100%	<ul style="list-style-type: none"> > SL-03 was ratified by the Sierra Leone Parliament in February 2011 > SL-04A was ratified by the Sierra Leone Parliament in September 2012 > APCL acquired 2,500 km² of 3D seismic on block SL-03 in September 2011 > Currently interpreting 3D seismic data on block SL-03 > License extension awarded

Operational Timeline in West Africa: History and Outlook



Appendix: Applying Industry Leading Technology



Seismic Acquisition and Processing

- > High quality 3D seismic data acquisition from leading contractors (high resolution 3D planned)
- > PSDM volumes executed for Liberia and Côte d'Ivoire and planned for Senegal
- > Reprocessing underway to further optimise 3D seismic data

Geological and Geophysical Interpretation

- > State-of-the-art stratigraphic analyses & workflows utilising Paradigm tools and Paleoscan
- > Rock physics, forward modelling and attributes using IKON and RSI integrating latest well results
- > Section balancing and 3D hydrocarbon migration modelling

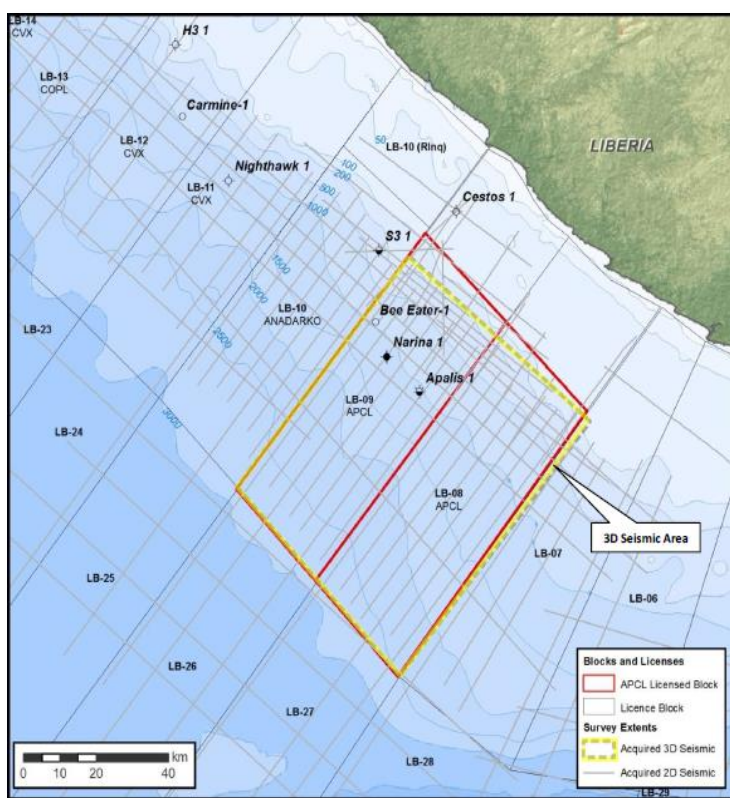
Technologies Utilised During Drilling Operations

- > In extreme water depths and remote locations, data is reliably obtained and transmitted to the drilling and G&G teams to facilitate rapid decision making
- > 5th & 6th generation semisubmersible rigs and drill ships
- > Precise well design and rigorous execution

Advanced Wireline Technologies

- > Schlumbergers Quicksilver advanced sampling probe allows focused fluid extraction with minimal fluid contamination

Previous drilling proved hydrocarbon system in Liberia



- > Significant work completed to date on African Petroleum's Liberia blocks LB-08 and LB-09
 - Acquired 5,100 km² of 3D seismic over both blocks in 2010
 - Drilled **Apalis-1** September 2011: Oil shows in several units however lack of reservoir at main Turonian objective
 - Drilled **Narina-1** January 2012: 31 metre net oil pay in Turonian and Albion reservoirs
 - Drilled **Bee Eater-1** January 2013: Tight sandstones with shows and proven source rock
 - Reprocessing of 3D seismic completed September 2013 and high resolution 3D seismic scheduled for 2014

- > Wells to date have proved a working hydrocarbon system
- > Potential for good reservoir in down dip section of prospects, which will be the target of upcoming drilling
 - Evaluating acquisition of new 3D over Narina West and Night Heron prospects
- > Narina-1 appraisal opportunities being assessed

Appendix: High potential portfolio with multiple triggers ahead

Liberia

Plan

- > New high resolution 3D seismic planned for 2014
- > Focus on securing partners
- > Exploration/Appraisal well planned Q4 2015

Industry Activity

- > Proven hydrocarbon system
- > At least 4 wells drilling adjacent acreage during 2014 including two wells be Anadarko and partners in Block 10

Côte d'Ivoire

Plan

- > Focus on securing partners
- > Exploration wells planned from Q4 2015 onwards

Industry Activity

- > Total announced oil discovery (Saphir 1XB) in adjacent block (40m net oil pay, 34 API), first discovery in San Pedro Basin
- > Two further wells planned by Anadarko and partners in adjacent acreage during 2014

Sierra Leone

Plan

- > Acquire 3D Seismic over Block SL-04A during 2014
- > Focus on securing partners
- > Exploration wells planned 2016/17

Industry Activity

- > Four oil discoveries on nearby licences (blocks SL-05, SL-07), some yet to be appraised

Senegal

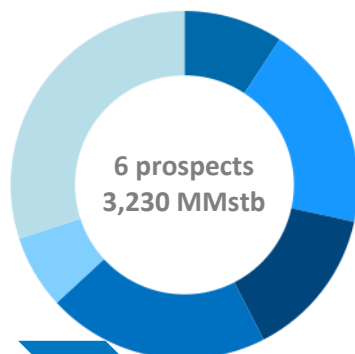
Plan

- > Focus on securing partners
- > Exploration well/s planned

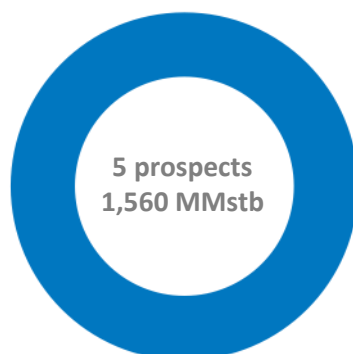
Industry Activity

- > Frontier Hydrocarbon Basin – with upcoming activity in adjacent blocks
- > Cairn (with CoP & FAR) commenced two well drilling campaign offshore Senegal on April 2014

Proven basin, block discoveries



Proven basin, frontier region



Proven basin



Frontier basin

Interpreting 3D seismic data, many future prospects identified

1,500km² of 3D data over one licence block is currently being reprocessed

Appendix: Our Approach Towards a New Strategic Focus



2007 - 2013

- A** Acquisition led early regional acreage capture
- C** Collaborate with host Governments in delivery
- Q** Quick movers; agile decision making
- U** Unrelenting; focus on lean drill operations
- I** Integrated knowledge & lessons learned from past campaigns
- R** Relationships developed with NOC partners
- E** Extended & diversified portfolio

2014 - onwards

- E** Exploration led, strategy focused on high impact plays in low-cost environments. First oil discovery in 2012
- X** X-ray focus on sustainable value growth & shareholder returns with blue chip investors
- P** Partnering with host Governments and diversify high equity with new strategic partners
- L** Leveraging technology and its application to de-risk
- O** Optimise the financials through timely monetisation and low-cost operations
- R** Risk management through portfolio diversity (geological, political and fiscal risks)
- E** Execute safely, with a credible & robust plan and minimise environmental impact

Risk factors (1/4)

For a more detailed description of the Risk Factors associated with the Company and an investment in its shares reference is made to the Prospectus.

- > **The Group operates in developing countries facing political, economic and social uncertainties.** The Group participates or expect to participate in oil and gas projects in West Africa with emerging economies and the Group's operations are subject to significant political, economic and social uncertainties that may have a material adverse effect on the Group. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, nationalisation, renegotiation or nullification of existing or future concessions and contracts, changes in crude oil or natural gas pricing policies, changes in taxation policies, and the imposition of currency controls. Further, investments in developing countries is generally only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in developing countries. In addition there may also be uncertainties related to existing and future imposition of international sanctions in the countries in which the Group operates.
- > **The Group operates in countries with a high risk of corrupt practices.** Certain jurisdictions in which the Group operates have a low score on Transparency International's Corruption Perception Index, implying a higher perceived risk of corruption. The Group has established internal regulations and contractual commitments to remain compliant with all applicable corruption compliance regulations. However, corrupt practices of third parties or anyone working for the Group, or allegations of such practices, may have a material adverse effect on the reputation, performance, financial condition, cash flow, prospects and/or results of the Group.
- > **The Group's operations are capital intensive and involve a high degree of risk.** Oil and gas exploration and production activities are capital intensive and involve a high degree of risk. The Group is required to make substantial capital expenditure for the acquisition, exploration, development and production of oil and gas reserves in the future. A significant portion of the Group's activity is conducted offshore, which involves an increased degree of risk relative to onshore activity, and may result in additional costs relating to the technical difficulties of operating offshore.
- > **Availability of drilling equipment, coordination of exploration and production activities and access restrictions.** All of the Group's licenses are offshore exploration projects. These projects require the co-ordination of a number of activities including obtaining seismic and electromagnetic data, carrying out subsea surveys, and where relevant; obtaining partner approvals and securing rig capacity for the necessary drilling activities. In the current high demand market environment, there are long lead times to arrange these activities. Although the Company currently considers the deep-water rig availability to be generally favourable for the Company and the Group, no assurance can be given that the Company or the Group will be able to secure drilling rig capacity to perform the well commitments as further listed in section 13.3.2 by the relevant due dates and/or on acceptable terms. If the Company fails to successfully co-ordinate the timely delivery or completion of the above-mentioned activities, it may miss out on exploration opportunities and/or it may be required to make additional expenditure. Furthermore, contracting drilling rigs requires significant financial commitment by the Group and its partners.
- > **Offshore exploration is by its nature highly speculative.** Drilling oil and gas wells is by its nature highly speculative, may be unprofitable and may result in a total loss of the investments made by the Group. Completed wells may never produce oil or gas or may not produce sufficient quantities or qualities of oil and gas to be profitable or commercially viable. Moreover, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells.
- > **Risks associated with legal disputes, different legal systems and litigation.** The Group is, and may from time to time be, involved in legal disputes and legal proceedings related to the Group's operations or otherwise. Given that almost all material exploration rights and related contracts of the Group are subject to the national or local laws and jurisdiction of the respective countries in which the licences are held, the Group's legal protection and ability to exercise or enforce its rights and obligations may differ between different countries and also from what would have been the case if such rights and obligations were subject to Australian or Norwegian law and jurisdiction. To the extent the Group becomes involved in legal disputes in order to defend or enforce any of its rights or obligations under its licences, agreements or otherwise, such disputes or related litigation may be costly, time consuming and the outcome may be highly uncertain. Furthermore, legal proceedings could be ruled against the Group and the Group could be required to, inter alia, pay damages, halt its operations, stop its expansion projects, etc. It is further a risk that the Group could become involved in legal disputes with uninsured third parties.
- > **Risk of potential liability in connection with the purported termination of the Gambian Licences.** On 3 January 2014 the Government of the Republic of the Gambia purported to terminate licences A1 and A4 in the Gambia in which the Group held a 60 per cent working interest through a farm-in agreement with Buried Hill Gambia B.V. African Petroleum Gambia Limited has disputed the purported termination, and the board of African Petroleum Gambia has resolved that the dispute will now be resolved by arbitration. Furthermore, African Petroleum Gambia has received unquantified claims from its farm-in partner Buried Hill in relation to the Gambian Government's purported termination of the Gambian Licences. Buried Hill has alleged that it has suffered loss as a result of African Petroleum Gambia's breach of the 2010 farm-in agreement. African Petroleum Gambia rejects Buried Hill's claims and if the dispute cannot be amicably resolved any remaining issues will be resolved by confidential ICC arbitration. There can be no assurance that any disputes in connection with the Gambian Licences will be resolved in favour of the Group and any negative outcome may have a material adverse effect on the Group.

Risk factors (2/4)

- > **Risk of joint and several liabilities with its licence partners.** As a consequence of joint and several liabilities, any failure by any of the Group's licence partners to satisfy any significant obligations in connection with the licences may have a material adverse effect on the Group's business, financial condition, operating results and/or cash flow.
- > **Risk regarding Prospective Resources.** The Group's Prospective Resources estimates included in the Prospectus and the CPR are estimates only and the actual results may be greater than or less than the estimates provided herein. There is no certainty that it will be commercially viable or technically feasible to produce any portion of the Group's resources.
- > **Risk regarding Prospective Resources.** The value of the Group's assets and the profitability of the Group's operations will depend on the market price of oil and gas, which fluctuates.
- > **The Group is dependent on senior executives, key personnel and local content.** The inability of the Group to recruit and/or retain key personnel and/or local manpower could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- > **Health, safety and environmental risks.** The Group's failure to comply with applicable health, safety and environmental laws and regulations may result in regulatory action, the imposition of fines or the payment of compensation to third parties, which in turn could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- > **Operating risks.** The Group faces significant operating risk factors, including failure to locate or identify oil reserves, failure to achieve predicted well production flow rates, operational and technical difficulties encountered in exploration or production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated reservoir problems which may affect field production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.
- > **Risks related to potential acquisitions.** The Company may in the future make acquisitions of, or significant investments in, complementary companies or prospects and additional licence blocks. Any such acquisitions and/or other investments will be accompanied by risks commonly encountered in making such acquisitions.
- > **The Group may not be able to discover or acquire commercially exploitable reserves.** There can be no assurance that the Group's future exploration and development efforts will result in the discovery and development of commercial accumulations of oil and gas. If the Group does not succeed in making discoveries, it may not generate revenues.
- > **Third party contractors.** The Group is highly dependent on third party contractors. The Group may not be able to predict or avoid the risk of financial failure or default by a participant in any joint venture to which the Group may become a party, insolvency or other managerial failure by any of the operators and contractors used by the Group, and/or insolvency or other managerial failure by any of the other service providers used by the Group for any activity.
- > **Risks related to approvals, permits and licences.** If any of the Group's exploration licences are not renewed or granted or if exclusive exploitation authorisations are not obtained, the Group would be required to cease operations of the affected well or production facility. The loss of some or all of the Group's licences may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- > **Risks related to insurance.** The Group may incur material uninsured losses or damages that may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- > **The oil and gas industry is highly competitive.** Competitors may have greater financial resources, staff and facilities than those of the Group. Due to this competitive environment, the Group may be unable to acquire attractive suitable properties or prospects on terms that it considers acceptable.
- > **Regulation of the oil industry.** The Group's operations are or will be subject to laws and regulations of general application governing exploration and production and processing of hydrocarbons, land tenure and use, environmental matters, including but not limited to site-specific environmental licences, permits and statutory authorisations, and laws and regulations regarding industry relations, work place health and safety, trade and export, competition, access to infrastructure and taxation. These regulations are implemented by various governments and authorities and could be costly or difficult to comply with and could hence have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- > **Production sharing arrangements (PSCs).** The Group has entered into a number of production sharing contracts with the respective governments in the different countries where the Group operates. The sharing of the production will naturally affect the profitability of the Group and/or the amount of profits from the project that will flow to the Company and its shareholders. This could be affected further if governments utilise options they may have to increase their participation in the licences.

Risk factors (3/4)

- > **Commercialisation risks.** Even if commercial quantities of oil are discovered, there is a risk that the Group will not be able to produce and/or transport the oil at a reasonable cost or may not be able to sell the oil to customers at a rate which would cover its operating and capital costs. Moreover, the Group may not receive the regulatory and environmental approvals necessary to convert its exploration permits into production concessions.
- > **Liquidity risk.** There can be no assurance that the Group will have, or be able to secure, sufficient funding to meet its financial obligations as they fall due and such failure could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results and may entail that the Group would not be able to continue as a going concern. In the event the Group is not able to continue as a going concern, there can be no assurance that the Group will be able realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.
- > **Risk of not meeting work commitments.** Based on the Group's current cash balances, expected proceeds from the Offering and budgeted spending in 2014 and 2015, the Group will not be in a position to finance its participation in a material portion of the minimum investment requirements without completing one or more farm out transactions during 2014 and/or 2015. Should the Group not be able to meet the minimum investment work program requirements or be unable to renegotiate such requirements, the Group faces a risk of termination or non-extension of its existing licence. Inability to meet work commitments may further give rise to liability towards governments and licence partners and the Group may lose escrow and guarantee amounts.
- > **Dependency on farm-outs.** Going forward, the Group seeks to fund a material portion of its operations through farm-outs of parts of its licences to industry partners. 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.
- > **Additional requirements for capital.** The Company's capital requirements depend on numerous factors. Depending on the Group's exploration success, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. Any required additional financing may not be available for the Group at all or may not be available on acceptable terms.
- > **Interest rate risk.** The Group currently does not have any interest bearing debt arrangements. However, should the Group enter into any future debt arrangements, the Group might be exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. Currently, the Group has no arrangements in place to mitigate such exposure, and there can be no assurance that the Group will be able to establish such arrangements in the future.
- > **Foreign currency risk.** The Group is exposed to currency risk on contracts that are denominated in a currency other than the respective functional currencies of the entities making up the Group, which is primarily the United States Dollar (USD). The Group has not entered into any derivative financial instrument to hedge such transactions and may as a result incur material losses.
- > **Credit risk.** There can be no assurance that the Group will not incur significant losses due to its counterparties' inability or unwillingness to honour its obligations and this could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- > **No profit to date.** The Group has incurred losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. Since the Group intends to continue investing in its exploration program, the Group anticipates making further losses in the foreseeable future.
- > **Risk of change in legislation and tax laws.** The Company has no control of potential future changes to applicable legislation and tax laws under which the Group operates. Future changes to such legislation and tax laws may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- > **Risks related to the majority shareholder of the Company.** The commercial goals and interests of the Company's largest shareholder and the commercial goals and interests of the Company and the other shareholders may not always be aligned. The Company's largest shareholder, Sarella Investments Limited, is controlled by the Timis Trust of which Mr. Frank Timis is the principle beneficiary. Mr. Frank Timis, who was the founder of the Company, stepped down from the Board of Directors in October 2013. Due to historical events related to other listed companies where he has been involved as described below, Mr. Timis will not be employed by the Company, hold Board positions or play any governance role going forward. Mr. Frank Timis has received a number of penalties and sanctions in Australia relating to various minor and largely driving related offences and two narcotic related offences, and a charge for failing to store explosives correctly. He has also been Executive Chairman and/or a director of two AIM listed companies which, during his term as Executive Chairman and/or director were sanctioned by the London Stock Exchange. The Toronto Stock Exchange (the "TSX") has also on two occasions determined Mr. Timis to be unsuitable to act as a director, officer or major or controlling shareholder of a TSX listed issuer. These determinations by TSX do not constitute a ban on Mr. Timis being a director of an unlisted company in this jurisdiction. Today, Mr. Timis serves as director of International Petroleum Limited, a company which is currently suspended from trading on the NSX.

Risk factors (4/4)

- > The price of the Shares may fluctuate significantly.
- > Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares.
- > Beneficial owners of the Shares that are registered in a nominee account may not be able to vote for such Shares.
- > The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions.
- > Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Australia and Norway.
- > **Foreign ownership restrictions apply under Australian law.** According to statutory Australian law, foreign ownership of substantial interests in Australian companies is subject to prior approval by the Australian Foreign Investment Review Board. The regulation applies to all Australian incorporated companies valued in excess of AUD 248 million by either (i) market capitalisation and/or (ii) by consolidated total assets on the balance sheet. The Company currently satisfy criteria (ii) which implies that prior approval by FIRB apply to certain foreign shareholdings in the Company. Prior approval is, inter alia, required for any foreign person acquiring 15 per cent or more of the shares or several foreign persons holding 40 per cent or more as well as all foreign government investors acquiring 10 per cent or more of the share capital (including investments which are purely commercial).
- > **Shareholders outside of Australia are subject to exchange rate risk.** The Offer Shares are priced in NOK, and the Shares will be priced in NOK on Oslo Axess and in AUD on NSX. The Company's accounting and cash balances will be kept in USD. Any future payments of dividends on the Shares may be declared by the Company in USD or AUD; however such dividends distributed by the Norwegian Registrar through the VPS to shareholders with an address in Norway or shareholders holding NOK bank accounts will be distributed in NOK. Shareholders registered in the VPS and whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will receive dividends by cheque in a local currency or in USD. Accordingly, the investors are subject to adverse movements in AUD, NOK and/or USD against their local currency (following first conversion to NOK).
- > **Risks related to depository receipts and the registrar agreement.** Risks related to Depository Receipts and the Registrar Agreement include, but are not limited to, the shareholders having limited power to exercise their shareholder rights as a result of the registration of the beneficial interest representing the Shares in the Company in the VPS in the form of Depository Receipts, the risk that the VPS Registrar will not be fulfilling its obligations under the Registrar Agreement and the risk of having the Registrar Agreement terminated.
- > **The Company is incorporated in Australia and governed by Australian law.** The rights of any person holding Shares will be governed by the laws of Australia and the Constitution of the Company. The laws of Australia differ from those of other jurisdictions. Such differences may result in the Company's minority shareholders having less protection than they would have under the laws of other jurisdictions.

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BROKERS

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EAS Advisors LLC

Mirabaud Securities Limited

Pareto Securities

SOLICITORS

Baker & McKenzie– Australia

Burnet Duckworth & Palmer LLP – Canada

Clyde & Co LLP – UK

AUDITORS

Ernst & Young

COMPETENT PERSON

ERC Equipoise Limited