

PROSPECTUS



Listing and admission to trading on Oslo Axess of 271,732,000 New Shares issued in the Private Placement and up to 54,346,000 Offer Shares to be issued in connection with the Subsequent Repair Offering; and offering of up to 54,346,000 Offer Shares and up to 27,173,000 Options to be issued in connection with the Subsequent Repair Offering

The information contained in this prospectus (the "Prospectus") relates to (a) the listing and admission to trading of (i) the new shares issued in connection with the Private Placement (as defined below) (the "New Shares") and (ii) the shares to be issued in connection with the Subsequent Repair Offering (as defined below) (the "Offer Shares") in African Petroleum Corporation Limited (the "Company" or "African Petroleum") on Oslo Axess (the "Listing"), and (b) the Subsequent Repair Offering of up to 54,346,000 Offer Shares and 27,173,000 Options (the "Subsequent Repair Offering").

The Subsequent Repair Offering consists of an offering of up to 54,346,000 Offer Shares at an offer price of NOK 0.35, raising up to NOK 19,021,100 in gross proceeds. Allocation rights will be issued to Eligible Shareholders (as defined below) as of 10 February 2015, as registered in the Norwegian Central Securities Depository (the "VPS") on 12 February 2015 (the "Record Date"), who were not invited to participate in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar (the "Eligible Shareholders"). Each Eligible Shareholder will be granted 0.2917 non-transferrable Allocation Rights for each existing Share registered as held by such Eligible Shareholders as of the Record Date. The number of Allocation Rights granted to each Eligible Shareholder will be rounded down to the nearest whole Allocation Right. Each Allocation Right gives the right to subscribe for, and be allocated, one Offer Share in the Subsequent Repair Offering. Application without Allocation Rights is permitted. In addition, each applicant in the Subsequent Repair Offering will be allocated one Option for every two Offer Shares allocated in the Subsequent Repair Offering (the "Options"). Each Option gives the holder the right to subscribe for one Share, at an exercise price of NOK 0.75. The Company's shares (the "Shares") are listed on Oslo Axess under the ticker code "APCL" and on the NSX under ticker code "AOQ".

Allocation Rights that are not used to subscribe for Offer Shares before the expiry of the Application Period will have no value and will lapse without compensation to the holder.

The application period for the Subsequent Repair Offering (the "Application Period") is expected to take place from and including 09:00 a.m. (CET) on 17 March 2015 to and including 12:00 p.m. (CET) on 27 March 2015. The Application Period may be extended at the Company's own discretion, but will in no event be extended beyond 17 April 2015 at 4:30 p.m. (CET).

Investing in the Company involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, Section 2 "Risk Factors" beginning on page 14, when considering an investment in the Company.

The Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933 or any securities laws of any state of the United States of America, and may not be offered or sold except: (i) within the United States to institutional investors that are qualified institutional buyers (QIBs) under Rule 144A and pursuant to an applicable exemption from the registration requirements under the U.S. Securities Act of 1933; or (ii) to non-U.S. persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in each case, in accordance with any applicable securities laws of any state or territory of the United States of America or any other jurisdiction. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States of America will be required to make certain acknowledgements, representations and agreements, as described under Section 8.2 "Transfer restrictions".

Joint Lead Managers for the Private Placement

FirstEnergy Capital LLP and Mirabaud Securities LLP

Manager for the Subsequent Repair Offering

Pareto Securities

Pareto Securities AS

The date of this Prospectus is 16 March 2015

Important information

This Prospectus has been prepared by the Company in connection with the Listing of the New Shares and the Offer Shares on Oslo Axess and the Subsequent Repair Offering.

For the definitions of terms used throughout this Prospectus, see Section 21 "Definitions and Glossary of Terms" of this Prospectus.

The Company has furnished the information in this Prospectus. This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "Norwegian Securities Trading Act") and related secondary legislation, including the Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses (the "Prospectus Directive") as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements ("EC Regulation 809/2004"). The Financial Supervisory Authority of Norway (the "Norwegian FSA") has reviewed and approved this Prospectus in accordance with the Norwegian Securities Trading Act Sections 7-7 and 7-8. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described, or referred to, in this Prospectus. The Prospectus has been published in an English version only.

The Company has engaged Pareto Securities AS as manager for the Subsequent Repair Offering (the "Manager").

All inquiries relating to this Prospectus should be directed to the Company or the Manager. No other person has been authorised to give any information, or make any representation on behalf of the Company in connection with the Listing and the Subsequent Repair Offering and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Manager.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company or its subsidiaries (together the "Group") subsequent to the date of this Prospectus. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Prospectus and before the Shares are listed on Oslo Axess, will be published and announced promptly as a supplement to this Prospectus in accordance with section 7-15 of the Norwegian Securities Trading Act. Neither the delivery of this Prospectus nor the completion of the Listing and the Subsequent Repair Offering at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The distribution of this Prospectus and the Subsequent Repair Offering and sale of the Offer Shares in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering of the Shares to occur outside of Norway. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Manager require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions.

The Offer Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors

should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. For further information on the manner of distribution of the Offer Shares and the selling and transfer restrictions to which they are subject, see Section 8 "Selling and Transfer Restrictions".

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each reader of this Prospectus should consult with its own legal, business or tax advisor as to legal, business or tax aspects of an investment in the Offer Shares. If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The Manager makes no representation or warranty, whether express or implied, as to the accuracy, completeness or verification of the information in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Manager, whether as to the past or the future. The Manager assumes no responsibility for the accuracy or completeness or the verification of this Prospectus and accordingly disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this Prospectus or any such statement.

Neither the Company nor the Manager, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares.

In the ordinary course of its businesses, the Manager and certain of its respective affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Company and its subsidiaries.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE UNIFORM SECURITIES ACT ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENCED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN THE UNITED STATES

The Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. We do not intend to, and have no obligation to, register the Offer Shares under the U.S. Securities Act of 1933, as amended, or any other securities laws of any jurisdiction within the United States. Therefore, U.S. investors should proceed on the assumption that they must bear the economic risk of any investment in the Offer Shares for an indefinite period of time. This prospectus does not constitute an offer or solicitation in any state or in any other jurisdiction in which such an offer or solicitation is contrary to law.

Accordingly, the Offer Shares will not be offered or sold within the United States, except to QIBs in reliance on an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended. The Offer Shares will be offered outside the United States to non-U.S. persons in compliance with Regulation S. **Prospective purchasers are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act.** See Section 8.2 "Transfer Restrictions".

Any Shares offered or sold in the United States will be subject to certain transfer restrictions as set forth under Section 8.2 "Transfer Restrictions".

The securities offered hereby have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Subsequent Repair Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Manager or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised and any disclosure of its contents, without prior written consent of the Company, is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire any Shares.

NOTICE TO UNITED KINGDOM INVESTORS

This Prospectus is only being distributed to and is only directed at persons who are outside the United Kingdom or in the United Kingdom only to persons to whom it may be delivered without contravening the financial promotion prohibition in Section 21 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"). Therefore, this Prospectus is only directed at Qualified Investors who are: (i) investment professionals whose ordinary activities involve them in acquiring, holding, managing and disposing of investments (as principal or agent) for the purposes of their business and who have professional experience in matters relating to investments falling within Section 19(5) of the Order; (ii) are persons who are "high net worth companies" and other persons who fall within Section 49(2)(a) to (d) of the Order; or (iii) persons who otherwise fall within an applicable exemption within the Order (or such persons together being referred to as "relevant persons"). The Offer Shares are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Offer Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

NOTICE TO INVESTORS IN THE EEA

In relation to each Member State of the European Economic Area ("EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any Offer Shares may not be made in that Relevant Member State, other than the offers contemplated by this Prospectus in Norway once this Prospectus has been approved by the Norwegian FSA and published in accordance with the Prospectus Directive as implemented in Norway, except that an offer to the public of any Offer Shares in a Relevant Member State may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in the Relevant Member State:

- (a) *to any legal entity which is a qualified investor as defined in the Prospectus Directive;*

- (b) *to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or*
- (c) *in any other circumstances falling within Article 3(2) of the Prospectus Directive,*

provided that no such offer of Shares shall result in a requirement for the publication by the Company or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes hereof, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Subsequent Repair Offering and the Offer Shares so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

NOTICE TO INVESTORS IN AUSTRALIA

This Prospectus has not been lodged with the Australian Securities and Investments Commission, and is not a disclosure document for the purposes of the *Corporations Act 2001 (Cth)* (the "Corporations Act"). This Prospectus does not constitute an offer in Australia to any person who is not a "sophisticated investor" or "professional investor" as defined in the Corporations Act. The distribution of this Prospectus (including electronically) to persons in Australia may be restricted by the Corporations Act, and any failure to comply with such restrictions may constitute a violation of applicable securities laws. If this Prospectus is released to NSX in accordance with the Company's continuous disclosure obligations then such action is for information purposes only and does not constitute an offer of securities.

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1. SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings

A.1 Introduction and warnings	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant European Union member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2 Consent to the use of the Prospectus by financial intermediaries	<p>Not applicable; no consent is granted by the Company to the use of the Prospectus for subsequent resale or final placement of the Shares.</p>

Section B – Issuer and any guarantor

B.1 Legal and commercial name	<p>African Petroleum Corporation Limited (the "Company" or "African Petroleum").</p>
B.2 Domicile/ Legal form/ Legislation/ Country of incorporation	<p>The Company is a public limited liability company validly incorporated and registered in Australia under the Australian Corporations Act 2001 with business organisation number ACN 125 419 730.</p>
B.3 Key factors of operations and principal activities	<p>The Group is an oil and gas exploration and development group focused on exploration offshore West Africa. The Group holds a total of ten licences offshore Côte d'Ivoire, The Gambia, Liberia, Senegal and Sierra Leone, giving the Company a total combined gross exploration licence acreage of 32,210 km².</p> <p>The Group's exploration activities have so far been financed by equity capital and the Company has raised a total of USD 567.8 million through the completion of five capital raisings in 2010, 2011, 2012</p>

and 2014. On 10 February 2015 the Company announced the Private Placement, raising a total of approximately NOK 95.5 million in gross proceeds. The Group has 3D seismic data available for all of its ten licences. The Senegal ROP Licence 3D seismic data was purchased from Petrosen and the Group acquired new 3D seismic surveys on the remaining nine licences as part of agreed minimum work commitments. In addition the Group has drilled three exploration and appraisal wells on its LB-09 licence offshore Liberia.

The Company has obtained a Competent Persons Report dated 22 April 2014 (the "CPR") and competent persons letters dated 23 January 2015 and 12 March 2015 to audit its work and clarify Prospective Resources. The CPR and the competent person letters have been prepared by ERC Equipose Ltd in compliance with the definitions set by the Petroleum Resources Management System at the request of the Company. The CPR and the competent person letters contain the following summary of licences:

- Liberia: The independent Mean estimate of prospective oil resources for the ten prospects in aggregate is 4,301 MMstb un-risked, net is 4,192 MMstb un-risked and 662 MMstb net risked.
- Côte d'Ivoire: The independent Mean estimate of prospective oil resources for the prospects is 2,491 MMstb un-risked, net is 2,130MMstb un-risked and 456 MMstb net risked.
- Sierra Leone: The independent Mean estimate of prospective oil resources for the Altair prospect in licence SL-03 is 434 MMstb (gross and net) un-risked and 79 MMstb net risked.
- Senegal: The independent Mean estimate of prospective oil resources for the ROP and SOSP licences is 2,060 MMstb un-risked, net is 1,779 MMstb un-risked and 325 MMstb net risked
- The Gambia: The independent Mean estimate of prospective oil resources for the prospect is 3,078 MMstb (gross and net) un-risked and 445 MMstb net risked.

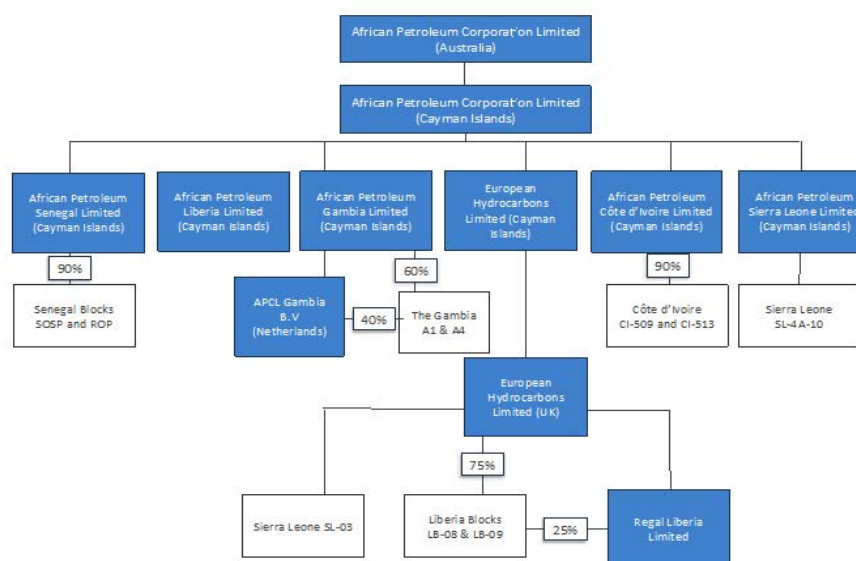
No material changes have occurred since the date of the CPR or the date of the competent person letters.

B.4a Significant recent trends affecting the Issuer and the industry in which it operates

The Group has not experienced any changes or trends outside the ordinary course of business that are significant to the Group between 31 December 2014 and the date of this Prospectus, other than those described elsewhere in this Prospectus. The Company is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.

B.5 Description of group

The Company is the ultimate parent company of the Group. In addition, the Group consists of 17 subsidiaries. The majority of the Group's subsidiaries are incorporated on the Cayman Islands, except for certain companies incorporated in the countries where the Group conducts its activities through its licences as well as five subsidiaries incorporated in the UK, including the management company African Petroleum Corporation (Services) Limited.

Figure 1.1: African Petroleum Corporation Limited: Corporate structure

Source: The Company

B.6 Notifiable voting rights

As of the date of this Prospectus, and subject to issuance of the New Shares allocated in the Private Placement (as resolved by the Shareholders General Meeting on 16 March 2015), the following registered shareholders have holdings in excess of the statutory thresholds for disclosure requirements:

Shareholder	Number of shares	%
Sarella Investments Limited	252,846,329	26.4
M&G Investment Mgt	126,451,178	13.2
Capital Research Group	66,428,341	6.9
Henderson Global Investors	63,314,498	6.6

Different voting rights

The Shares are equal in all respects and there are no differences in voting rights. However, a shareholder is not allowed to vote for his Shares in the Company in connection with a shareholder resolution that relates to his or her Shares. Such a vote may however be permitted.

Control

The Company is not aware of any shareholder agreements or other similar understandings among its shareholders that may resolute in a change of control. To the best of the Company's knowledge, no shareholder, or group of shareholders, controls the Company, directly or indirectly.

B.7 Selected historical key financial information

The selected financial information set forth in this Prospectus should be read in conjunction with the relevant financial statements and the notes to those statements which can be found on the Company's webpage, www.africanpetroleum.com.au.

The selected financial data presented in this Prospectus has been derived from the audited consolidated financial statements of the Group for the year ended 31 December 2014 and 2013, prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board and have been audited by Ernst & Young. Compliance with Australian Accounting Standards results in compliance with IFRS.

On 10 February 2015 the Company announced the allocation of the Private Placement raising approximately NOK 95.1 million in gross proceeds. Furthermore, on 29 January 2015, the Company announced that it had agreed to extend the date by which completion of the farm-out transaction in relation to the Liberian licence LB-08 must be satisfied or waived to 20 March 2015.

Except as mentioned above, there have been no significant changes in the financial trading position of the Group since 31 December 2014.

Table 1.1: Selected Statement of Comprehensive Income Information

USD '000	Year ended	
	31/12/2014 Audited	31/12/2013 Audited
Continuing operations		
Revenue	5,623	2,794
Aircraft expenses	-4,851	-3,748
Depreciation expense	-1,016	-1,699
Impairment of exploration and evaluation expenditure	-22,675	-31,221
Impairment of consumable spares	-	-3,841
Rig demobilisation/cancellation costs	-	-3,753
Gain/(loss) on disposal of consumable spares	44	-4,547
Impairment of aircraft	-	-1,708
Impairment of related party loans and deposits	-1,694	-12,919
Consulting expenses	-5,781	-7,622
Compliance and regulatory expenses	-831	-792
Administration expenses	-1,262	-3,044
Employee benefits	-7,645	-11,194
Occupancy costs	-1,013	-2,259
Travel expenses	-1,211	-1,838
Net foreign currency gains/(losses)	38	-555
Finance Costs	73	-284
Loss from continuing operations before income tax	-42,203	-88,230
Income tax expense	-	-
Loss for the period, from continuing operations	-42,203	-88,230
Other comprehensive gains/losses		
Foreign exchange gain / loss on translation of functional currency to presentation currency	-	-138
Other comprehensive losses for the period, net of tax	-	-138
Total comprehensive loss for the period	-42,203	-88,368
Loss for the period is attributable to:		
Non-controlling interest	-66	-126
Owners of the parent	-42,137	-88,103
Total	-42,203	-88,230
Loss per share attributable to members		
Basic/diluted loss per share (US cents)	-6.47	-15.59

Table 1.2: Selected Consolidated Statement of Financial Position Information

USD '000	31/12/2014 audited	31/12/2013 audited
ASSETS		
Current assets		
Cash and cash equivalents	3,869	7,914
Trade and other receivables	3,426	6,218
Restricted cash	12,070	12,074
Prepayments	736	1,266
Non-current assets held for sale	931	-

Total current assets	21,032	27,472
Non-Current assets		
Property, plant and equipment	1,407	3,158
Exploration and evaluation expenditure	396,327	403,273
Intangible Assets	170	352
Total non-current assets	397,904	406,783
Total assets	418,936	434,255
EQUITY AND LIABILITIES		
LIABILITIES		
Current liabilities		
Trade and other payables	32,876	30,893
Total current liabilities	32,876	30,893
Total Liabilities	32,876	30,893
Net Assets	386,059	403,362
Equity		
Issued capital	600,592	575,912
Reserves	17,502	17,282
Accumulated losses	-231,708	-189,571
Parent interest	386,386	403,623
Non controlling interest	-327	-261
Total Equity	386,059	403,362

Table 1.3: Selected Consolidated Cash Flow Statement Information

	Year ended	
	31/12/2014 audited	31/12/2013 audited
USD '000		
Cash flows from operating activities		
Payments to suppliers and employees	-18,140	-32,587
Rental income	3,533	1,442
Interest received	31	151
Finance costs	-137	-74
Net cash flows used in operating activities	-14,713	-31,068
Cash flows from investing activities		
Proceeds from sale of plant, equipment and aircraft	27	-
Payment for plant, equipment and aircraft	-	-276
Payment for exploration and evaluation activities	-15,061	-75,246
Cash received for sale of consumable spares	714	2,976
Payment of deposit to related party	-	-1,235
Loan to related parties	-363	-1,297
Loan repaid by related parties	939	1,060
Cash backing security returned	-	60,453
Acquisition of a subsidiary, net of cash acquired	-14	-
Net cash used in investing activities	-13,758	-13,565
Cash flows from financing activities		

Proceeds from issue of shares	26,175	-
Capital raising costs	-1,495	-
Net Cash from financing activities	24,680	-
Net decrease in cash and cash equivalents	-3,792	-44,633
Cash and cash equivalents at the beginning of the year	7,914	52,599
Net foreign exchange differences	-254	-52
Cash and cash equivalents at the end of year	3,869	7,914

Table 1.4: Selected Consolidated Statement of Changes in Equity

USD'000	Total
Balance at 1 January 2013	488,153
Loss for the year	-88,230
Foreign currency exchange differences arising on translation from functional currency to presentation currency	-138
Total comprehensive loss for the year	-88,368
Transactions with owners in their capacity as owners:	
Issue of capital - capital raising	-
Share-based payments	3,577
Balance at 31 December 2013	403,362
Balance at 1 January 2014	403,362
Loss for the year	-42,203
Foreign currency exchange differences arising on translation from functional currency to presentation currency	-
Total comprehensive loss for the year	-42,203
Transactions with owners in their capacity as owners:	
Issue of capital - capital raising	24,680
Share-based payments	220
Balance at 31 December 2014	386,059

B.8 Pro forma financial information

Not applicable. There is no pro forma financial information.

B.9 Profit forecast or estimate

Not applicable. No profit forecast or estimate is made.

B.10 Audit report qualifications

The audit reports do not include any qualifications. However, the following emphasis of matter paragraphs have been included in the 31 December 2014 auditors report:

Without qualifying our opinion, we draw attention to the following matters:

- *the conditions set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and*

therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

- *Note 13 Exploration and Evaluation Costs sets out the Directors' judgments which form the basis by which the consolidated entity's exploration and evaluation licenses are carried at \$396,326,784 in the Statement of Financial Position at 31 December 2014. The Directors have formed their judgment on the basis that active and significant operations in relation to these licenses are planned into the future. The active and significant operations to be undertaken are dependent on the on-going plan to seek license extensions from regulatory bodies, additional funding from farm-out partners and capital raisings. Without extensions to the licenses to allow further studies to be completed and/or additional funding via farm-out or capital raising to meet the consolidated entity's exploration and drilling obligations, the consolidated entity may be required to either relinquish or sell licenses and in such circumstances may not be able to realise the carrying value of the Exploration and Evaluation Costs as at 31 December 2014.*

The following emphasis of matter paragraph has been included in the 31 December 2013 auditors report:

"Without qualifying our opinion, we draw attention to Note 2 in the financial report. The conditions as set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business."

Section C – Securities

C.1	Type of securities and ISIN codes	<p>The Company's existing Shares are listed on the National Stock Exchange of Australia and on Oslo Axess under ISIN AU000000AOQ0. The Offer Shares will not be registered under a temporary ISIN code, but the Allocation Rights will be registered in VPS under ISIN AU000000AOQN8 and will be distributed to each Eligible Shareholders' VPS account on or about 17 March 2015.</p> <p>The Options will be registered in the VPS under ISIN AU000000AOQOZ6.</p>
C.2	Currency	Trading of the Offer Shares will be effected in NOK on Oslo Axess. The Offer Shares are denominated in USD.
C.3	Number of issued shares and par value	At the date of the Prospectus the Company has 648,478,636 Shares on issue. All the issued Shares are fully paid. The Shares do not have a par value.
C.4	Rights attached to the shares	The Offer Shares will in all respects rank pari passu with all other Shares already in issue, and will be eligible for any dividend that the Company may declare on the Shares after the Offer Shares have been issued in accordance with Australian law.
C.5	Restriction on the free transferability of the shares	<p>Generally, the Shares are freely transferable, subject to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Australian Corporations Act or applicable Listing Rules. The following restrictions may have an impact on the free transferability of the Shares:</p> <ul style="list-style-type: none"> • In connection with the IPO, the Manager entered into lock-up agreements with the Company, Sarella Investments Limited and the members of senior management and Directors of African Petroleum. Under such lock-up agreements, the Company has, subject to certain limitations, agreed for a period of 365 days calculated from the first day of the listing of the Company on Oslo Axess (e.g. 30 May 2015) not to issue new Shares. Furthermore, Sarella Investments Limited and members of senior management and Directors of the Company have agreed not to dispose of or sell the Shares held by them, for the periods described below, unless the Manager has granted prior written approval. As a result

of entering into the voluntary restriction arrangements with Sarella, senior management and Directors of African Petroleum, the Manager will be technically acquiring a relevant interest in the Shares which are subject of the voluntary restrictions and this interest will exceed the 20 per cent relevant interest threshold permitted under the Australian Corporations Act. For this reason, the voluntary restriction arrangements apply unconditionally in relation to the first 19.9 per cent of the issued Shares which are held by Sarella for 12 months from the date of the agreements, and for 3 months in relation to the balance of the Shares which are subject to the voluntary restriction arrangements. The restrictions will extend for the full 12 months from the date of the agreements if, within that 3 month period, the Australian Securities and Investments Commission grants relief to the Manager in relation to the 20 per cent limit. This relief has been obtained;

- Prior approval by FIRB is 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);
- NSX listing rules may impose restrictions on the free transferability of Shares issued to certain persons where shares have been issued as consideration for services, to related parties under an employee incentive scheme and in certain other situations.

Shares sold in the U.S. are subject to transfer restrictions.

C.6	Application for admission to trading on a regulated market	The New Shares and the Offer Shares will be admitted to trading on Oslo Axess without application. The Shares to be issued under the Options will also, when exercised, be admitted to listing and trading on Oslo Axess without application.
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C.7	Dividend policy	The Company has never declared or paid cash dividends on its Shares. The Group's principal activity is exploration for hydrocarbons and the licences held by the Group are still in an early stage of exploration and development. Consequently, the Group has insofar no expectation to be in a position to distribute dividends in the foreseeable future.
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Section D – Risks

D.1	Key risks relating to the issuer and its business	<ul style="list-style-type: none"> • The Group participates in oil and gas projects in West African countries with emerging economies. The Group's operations are subject to significant political, economic and social uncertainties that may have a material adverse effect on the Group. These risks include, but are not limited to, war, terrorism, expropriation, nationalisation, renegotiation or nullification of existing or future concessions and contracts; changes in crude oil or natural gas pricing policies, taxation policies; and the imposition of currency controls. Investments in developing countries is generally only suitable for sophisticated investors who fully appreciate the risks involved in, and are familiar with, investing in developing countries. There may be risks of international sanctions on the countries in which the Group operates. • Some jurisdictions in which the Group operates score low 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 thereof, may have a material adverse effect on the reputation, performance, financial condition, cash flow, prospects and/or results of the Group. • Oil and gas exploration and production is capital intensive and involves a high degree of risk and requires substantial capital expenditure for the acquisition, exploration, development and production activities. The Group's activity is conducted offshore, which involves an increased degree of risk relative to onshore, and may result in additional costs for technical difficulties of operating offshore.
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- All of the Group's licences are offshore exploration projects. These require co-ordination of activities including obtaining seismic and electromagnetic data, carrying out subsea surveys; obtaining partner approvals; securing rig capacity for drilling. The Company considers deep-water rig availability is favourable, but no assurance can be given the Company will be able to secure drilling rig capacity to perform drilling by the relevant due dates and/or on acceptable terms. If the Company fails to successfully co-ordinate the timely delivery or completion of these activities, it may miss out on exploration opportunities and/or it may be required to make additional expenditure. Drilling rigs contracts require significant financial commitment by the Group and its partners.
- 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. Completed wells may never produce oil or gas or sufficient quantities to be profitable or commercially viable. Moreover, drilling hazards or environmental damage could greatly increase the costs, and various field operating conditions may adversely affect production from successful wells.
- 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.
- 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.
- 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 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.
- 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.
- 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.
- 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.
- If any of the Group's exploration licences are not renewed or granted or authorisations not obtained, the Group would be required to cease operations. 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.
- The oil and gas industry is highly competitive. Competitors may have greater financial resources, staff and facilities. Due to this, the Group may be unable to acquire suitable properties or prospects on terms that are acceptable.

- The Group's operations are or will be subject to laws and regulations of general application governing exploration and production and processing of hydrocarbons, 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.
- The Group has entered into a number of production sharing contracts with governments in different countries. The sharing of production will affect profitability of the Group and/or the amount of profits. This could be affected further if governments utilise options they may have to increase their participation in the licences.
- Even if commercial quantities of hydrocarbons are discovered, there is a risk that the Group will not be able to produce and/or transport it at a reasonable cost or may not be able to sell it to customers at a rate which would cover operating and capital costs. Moreover, the Group may not receive the regulatory and environmental approvals necessary to convert its exploration permits into production concessions.
- 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 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 to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.
- Based on the Group's current cash balances, expected proceeds from the Private Placement and the Subsequent Repair Offering and budgeted spending in 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 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.
- 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.
- 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.
- The Group currently does not have any interest bearing debt arrangements. Should the Group enter into any future debt arrangements, there are interest rate risks, and risks that a financial instrument's value will fluctuate.
- 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.
- 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.

- 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.

The Company has no control of potential future changes to legislation and tax laws and future changes may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

D.3 Key risks relating to the Shares

- 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.
- 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).
- 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 VPS 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 (following first conversion to NOK). Accordingly, the investors are subject to adverse movements in AUD, NOK and/or USD against their local currency.
- 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 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.

Section E – Offer

E.1	Net proceeds and aggregate costs	<p>The gross proceeds of the Private Placement and the Subsequent Repair Offering is expected to be between NOK 95.1 million and NOK 114 million.</p> <p>The Company estimates that the net proceeds from the Private Placement and the Subsequent Repair Offering after deduction of the estimated commissions and expenses to the Joint lead Managers for the Private Placement and the Manager for the Subsequent Repair Offering and other advisors, as well as other costs associated with the Private Placement and the Subsequent Repair Offering will be in the range of approximately NOK 88 – 106 million.</p>
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E.2a	Reasons for the Offering and use of proceeds	<p>The purpose of the Private Placement and the Subsequent Repair Offering is 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. Furthermore, the purpose of the Subsequent Repair Offering is further to enable the Eligible Shareholders to participate in the offering of new Shares on the same terms as the investors in the Private Placement and to further enable the Eligible Shareholders to maintain their shareholding in the Company.</p>
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E.3

Terms and conditions of the Offering

The table below provides certain indicative key dates for the Subsequent Repair Offering, subject to change.

	Date
Last day of trading in the Shares including Allocation Rights.....	10 February 2015
Ex. rights trading in the Shares commenced on Oslo Axess	11 February 2015
Record Date	12 February 2015 ⁽¹⁾
Application Period commences.....	17 March 2015 at 09:00 a.m. CET
Application Period ends	27 March 2015 at 12:00 p.m. CET ⁽¹⁾
Allocation of Offer Shares	On or about 27 March 2015
Notification of allocation	On or about 27 March 2015
Payment Date.....	On or about 31 March 2015
Registration of the capital increase and issuance of the underlying Shares	On or about 10 April 2015
Registration of the Shares in the VPS and issuance of Depository Receipts	On or about 10 April 2015
Delivery of the Offer Shares	On or about 10 April 2015
Delivery of the Options.....	On or about 10 April 2015
Listing and commencement of trading in the Offer Shares on Oslo Axess	On or about 10 April 2015

⁽¹⁾ Subject to extension. To the extent the Application Period is extended, all other dates referred to in this table may be amended correspondingly.

The Subsequent Repair Offering comprises an offering of up to 54,346,000 Offer Shares, at an offer price of NOK 0.35 per Offer Share, corresponding to gross proceeds of up to approximately NOK 19 million. The offer price equals the offer price in the Private Placement. The Eligible Shareholders will be granted non-transferrable Allocation Rights that, subject to applicable laws, provide rights to apply for and be allocated Offer Shares in the Subsequent Repair Offering. Application without Allocation Rights is permitted.

In addition, each applicant in the Subsequent Repair Offering will be allocated one Option for every two Offer Shares allocated in the Subsequent Repair Offering, corresponding to a total allocation of up to 27,173,000 Options.

The Board of Directors reserves the right, in its sole discretion, to cancel the Subsequent Repair Offering, during or after the Application Period but before allocation, in the event that the market price of the Shares on Oslo Axess has been trading below the Offer Price during the Application Period.

Eligible Shareholders are the shareholders of the Company as of close on trading on 10 February 2015 as registered in the VPS on 12 February 2015, except for (i) shareholders who were invited or offered to participate in the Private Placement and (ii) shareholders who are resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration of similar action. Shareholders who were

invited or offered to participate in the Private Placement will not be granted Allocation Rights in the Subsequent Repair Offering in order to ensure equal treatment of the Shareholders. The restriction of the Shareholders who participated in the Private Placement, from being given Allocation Rights in the contemplated Subsequent Repair Offering will benefit the Shareholders who were not invited to participate in the Private Placement.

The Company will issue Allocation Rights to the Eligible Shareholders in the Company as of 10 February 2015, as registered in VPS on the Record Date. Each Eligible Shareholder will, subject to applicable securities laws, be granted 0.2917 Allocation Rights per Share owned as of 10 February 2015 as registered on the Record Date. The number of Allocation Rights granted to each Eligible Shareholder will be rounded down to the nearest whole Allocation Right. The Allocation Rights will be distributed free of charge, and the recipient of Allocation Rights will not be debited any cost.

The Application Period in the Subsequent Repair Offering will commence on 17 March 2015 at 09:00 hours (CET) and expire on 27 March 2015 at 12:00 hours (CET). The Application Period may be extended at the Company's own discretion, but will in no event be extended beyond 17 April 2015. Any extension of the Application Period will be announced through the electronic information system of Oslo Børs on or before 9:00 a.m. (CET) on the day following the last day of the (then prevailing) Application Period. In the event of an extension of the Application Period, the allocation date, the Payment Date and the date of delivery of Offer Shares may be changed accordingly.

The Offer Price for one (1) Offer Share is NOK 0.35, which equals the subscription price per New Share in the Private Placement. There is no minimum order size and the Applicants will not incur any costs related to the application for, or allotment of, the Offer Shares. The Options are allocated free of charge at the ratio of one for each two Offer Shares allocated.

Norwegian Applicants in the Subsequent Repair Offering who are residents of Norway with a Norwegian personal identification number are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on www.paretosec.com (such application are hereinafter referred to as "Online Application"). Applicants in the Subsequent Repair Offering not having access to the VPS online application system must apply using the Application Form in the form attached to this Prospectus as Appendix 3. Application forms, together with this Prospectus, are available at www.africanpetroleum.com.au and www.paretosec.com, and at the offices of African Petroleum and Pareto Securities AS.

In completing the Application Form, each Applicant in the Subsequent Repair Offering will irrevocably authorise the Manager to debit the Applicant's Norwegian bank account for the total amount due for the subscribed and allocated Offer Shares on or about 31 March 2015 (Payment Date) and there must be sufficient funds in the stated bank account from and including 29 March 2015. The Applicant's bank account number must be stated on the Application Form. The Manager reserves the right to (but has no obligation) to make up to three debit attempts before 10 April 2015, if there are insufficient funds on the account on the first debiting date.

Allocation of the Offer Shares is expected to take place on or about 27 March 2015. The following allocation criteria will be used for the allocation of Offer Shares in the Subsequent Repair Offering:

1. Offer Shares shall be allocated on the basis of exercised Allocation Rights;
2. In the event that not all Allocation Rights are used and the Subsequent Repair Offering is over-subscribed by Eligible Shareholders, the Offer Shares not allocated based on exercised Allocation Rights will be allocated to Eligible Shareholders based on the standard VPS allocation (based on number of Allocation Rights); and
3. In the event that not all Allocation Rights are used and the Subsequent Repair Offering is not over-subscribed by Eligible Shareholders, applicants who have applied for shares without Allocation Rights (not being Eligible Shareholders) will be allocated Offer Shares at the discretion of the Board.

Subject to timely payment by the Applicant, Offer Shares allocated to Applicants in the Subsequent Repair Offering are expected to be delivered in the form of Depository Receipts to the Applicants' VPS accounts and be available for the Applicant on or about 10 April 2015.

An Applicant will not under any circumstances be entitled to sell or transfer its Offer Shares allocated in the Subsequent Repair Offering until the Offer Shares have been paid in full by the Applicant and the Offer Shares have been issued to the Applicant in the VPS.

The Offer Shares will be listed on Oslo Axess as soon as the Offer Shares have been registered in the VPS.

E.4	Interests material to the offer	<p>The Manager or its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Further, a portion of the commissions that are to be paid for the services of the Manager in respect of the Subsequent Repair Offering are calculated on the basis of the gross proceeds of the Subsequent Repair Offering.</p> <p>The Company will receive the proceeds of the Subsequent Repair Offering.</p> <p>Other than as set out above, the Company is not aware of any interest of any natural and legal persons involved in the Subsequent Repair Offering that is material to the Subsequent Repair Offering.</p>
E.5	Selling entity and lock-up agreements	<p>The Offer Shares will be issued by African Petroleum.</p> <p>None of the Company's existing shareholders will sell any shares in connection with the Subsequent Repair Offering.</p>
E.6	Dilution	<p>Assuming full subscription of the Subsequent Repair Offering, the Subsequent Repair Offering will result in a dilution of approximately 5.4 per cent% for shareholders who do not participate in the Subsequent Repair Offering.</p>
E.7	Expenses charged to the investor	<p>Not applicable. The expenses related to the Subsequent Repair Offering will be paid by the Company.</p>

2. RISK FACTORS

2.1 GENERAL

Investing in the Company involves inherent risks. This Section 2 "Risk Factors" contains an overview of the risk factors that are known to the Company and considered material. Prospective investors should consider, among other things, the risk factors set out in this 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.

An investment in the Shares 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 part of the investment.

If any of the following risks actually occur, individually or together with other circumstances, the Company's business, financial position, cash flow and operating results could be materially and adversely affected, which may cause a decline in the value and trading price for the Shares that could result in a loss of all or part of any investment in the Shares.

The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

2.2 RISKS RELATED TO THE COUNTRIES IN WHICH THE GROUP OPERATES

2.2.1 The Group operates in developing countries facing political, economic and social uncertainties

African Petroleum and its subsidiaries (together the "Group") participates or expects to participate in oil and gas projects in countries in West Africa with emerging economies, including but not limited to Côte d'Ivoire, Liberia, Senegal, Sierra Leone and The Gambia. Oil and gas exploration, development and production activities in such emerging markets are subject to significant political and economic uncertainties that may have a material adverse effect on the Group. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, nationalization, renegotiation or nullification of existing or future licences and contracts, changes in crude oil or natural gas pricing policies, changes in taxation policies, and the imposition of currency controls.

Investment 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. Investors should also note that developing countries are subject to rapid change and that the information set forth in this Prospectus may become outdated relatively quickly. Moreover, financial turmoil in developing countries tend to adversely affect prices in equity markets of other developing countries as investors move their money to more stable, developed markets. Thus, financial turmoil in any developing countries in which the Group operates could adversely affect the Group's business, financial condition, results of operations and prospects as well as result in a decrease in the price of the Shares.

There may also be uncertainties related to the imposition of international sanctions in the countries in which the Group operates. Côte d'Ivoire is listed *inter alia* on the United States' OFAC SDN List, certain EU lists relating to asset freeze and travel ban and is also subject to the Norwegian Regulation FOR-2004-12-10-1617 regarding sanctions and certain measures against Côte d'Ivoire. As regards Sierra Leone, the country is placed on certain Swiss sanction lists relating to travel ban and is also subject to the United Nations resolution 1132 (1997) and the Norwegian Regulation FOR-1997.10-23-1116. In addition, Liberia is listed *inter alia* on the United States' OFAC SDN List, certain EU lists relating to asset freeze, certain Swiss sanction lists relating to asset freeze and travel ban and is also subject to the Norwegian Regulation FOR-1992-11-27-879 regarding sanctions against Liberia.

The uncertainties listed above, all of which are beyond the Group's control, could have a material adverse effect on the Group's business, prospects, financial position and/or results of operations.

2.2.2 The Group operates in countries with a high risk of corrupt practices

Certain jurisdictions in which the Group has operations have a low score on Transparency International's Corruption Perception Index which implies that these countries are perceived as jurisdictions where there is a higher risk of corruption. The Group's core assets are located in Côte d'Ivoire, Liberia, Senegal, Sierra Leone and The Gambia. The production sharing contracts in such jurisdictions provide for payments to the Governments (training budgets, equipment budgets, etc.). Furthermore, the Group has a number of consultants working for it in the area. Although the Group believes all its consultancy agreements are entered into on market

terms, there is a risk that agents or other persons acting on behalf of the Group may engage in corrupt activities without the knowledge of the Group.

The Group has put in place internal regulations and contractual commitments to remain compliant with all applicable corruption compliance regulations. The Group maintains a zero tolerance policy towards bribery by any of its employees and agents. The Group is also subject to the provisions of the UK Bribery Act, and external audits and controls carried out by representatives of its contracting parties to this effect. 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.

2.2.3 The Group operates in areas where there is a risk of war, social and civil unrest, armed conflicts, piracy and/or terrorist attacks

The Group operates in certain countries with recent history of political instability, and strong political tension, turmoil and factional fighting. Although the political situation in the countries in which the Group operates currently is relatively stable, there can be no assurance that the Group and its operations will not be materially negatively impacted by instability in the future.

War, social and civil unrest, conflicts, military tension and/or terrorist attacks may cause instability in the areas in which the Group is operating, or may cause instability in the world's financial and commercial markets. Political and economic instability may occur in some of the geographic areas in which the Group operates (or may operate in the future) and may contribute to disruptions of operations, loss or seizure of vessels, kidnapping of marine crew or onshore employees, piracy and other adverse effects including increased operating costs.

In addition, acts of terrorism and threats of armed conflicts in or around various areas in which the Group operates (or may operate in the future) could limit or disrupt the Group's operations, including disruptions from evacuation of personnel, cancellation of contracts or the loss or injury of personnel or loss or damage to its assets. Armed conflicts, terrorism and their effects on the Group or its markets may have a significant adverse effect on the Group's business, financial condition, cash flow, prospects and/or results of operations in the future.

2.2.4 The Group operates in areas with different legal systems and litigation

The Group's activities are located in countries with legal systems that in various degrees differ from those of Australia and Norway. Rules, regulations and legal principles may differ both relating to matters of substantive law and in respect of matters such as court procedure and enforcement. Almost all material production and 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. This means that 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. The Group's operations are, to a large extent, subject to several complex laws and regulations as well as detailed provisions in concessions, licences and agreements that often involve several parties. If the Group fails to obtain legal protection of its rights or to enforce its rights under the different applicable legal systems, this could have a material adverse effect on the Group, its financial condition, cash flow, prospects and/or operations.

2.3 RISKS RELATED TO THE BUSINESS OF THE GROUP

2.3.1 Offshore exploration is by its nature highly speculative

The Group's offshore acreage is located in largely unexplored sections of the West African deep water margin. The Group has drilled three wells on Licence Block LB-09, offshore Liberia, and although all three wells were deemed to have discovered hydrocarbons, the Company has not announced a discovery that is estimated to be possible to develop commercially.

All of the Group's projects are in an early exploration stage, and there is a risk that any future exploration programs on these and any licences the Group may acquire in the future may be unsuccessful and may not discover commercial quantities of hydrocarbons.

Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable reserves;
- access to adequate capital for project development;

- design and construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to interests;
- obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

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. In particular, 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.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

There is no assurance that any exploration of current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs, as there is no guarantee that the wells that are productive will produce sufficient net revenues to cover any such costs.

In addition, 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. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In the event of a commercial discovery, the development of hydrocarbon reserves, particularly in the offshore arena where the Group primarily operates, depends on a number of factors such as the type and size of the reservoir, the proximity to existing infrastructure with adequate capacity for new production, and available markets for any production. In addition, the Group is exposed to risks such as weather and other factors that can often result in delays and unanticipated cost overruns.

All of these risks may have a material adverse effect on the Group, its financial condition, cash flow, prospects and/or operations.

2.3.2 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. Please see section 2.5 for a description of the financial risks of the Group and section 14.3.2 for an overview of future investments. Such capital expenditures could be covered by future revenues, divestment of assets/farm-outs, carry arrangements, new equity or by obtaining new debt financing. If the Group in the future fails to generate sufficient revenue, or if the Group is unable to attract investors to increase the Group's equity, or if sufficient new debt arrangements, asset divestment arrangements/farm-outs and/or capital expenditure financings are not accessible, or only accessible on unattractive commercial terms, the Group will have a limited ability to undertake or complete future exploration programs, maintenance of existing assets, development investments and acquisitions.

Limited available capital will also impact the Group's ability to maintain existing assets and undertake exploration and development initiatives. The Group's inability to access sufficient capital for its operations could lead to licences being revoked or relinquished or default by the Group under commercial arrangements, including joint venture agreements, or otherwise have a material adverse effect on the Group's financial conditions, results of operations, cash flow and/or prospects in general.

There is no assurance that expenditures made on future exploration by the Group will result in new discoveries of oil or gas in commercial quantities. It is difficult to estimate the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over-pressured zones, tools lost in the well bore and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. If exploration activities prove unsuccessful over a prolonged period of time, the Group' may not have sufficient working capital to continue to meet its obligations and its ability to obtain additional financing necessary to continue operations may also be adversely affected.

All of these risks may have a material adverse effect on the Group, its financial condition, cash flow, prospects and/or its operations.

2.3.3 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. 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 will be able to secure drilling rig capacity to perform the well commitments as further listed in section 14.3.2 by the relevant due dates. If the Company fails to successfully co-ordinate the timely delivery or completion of these 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 and investment. Due to recent market trends, the Group is currently estimating total drilling costs of approximately USD 40 million per well to be drilled by the Group (depending on specific factors such as water depth and rig availability for each well). The Company has made its estimates on the assumptions of a daily rate of approximately USD 350,000 for each drilling rig, but there can be no assurance that the Company or the Group is able to secure rigs on such terms or on commercially acceptable terms. Furthermore, as set out in section 2.5.3, the Company is dependent on a farm-out of one or more of its licences and/or on raising additional equity in order to be able to meet minimum investment work program requirements in the current exploration periods in certain of its licences, including but not limited to the drilling of three wells and one contingent well. If such requirements are not met, the Group would be at risk of making aggregate payments of up to USD 3,989,089 under corporate guarantees and be at risk of forfeiting up to USD 12 million held in escrow accounts as further described in sections 2.5.2 and 9.9.4. The Group will further be at risk of having the affected licences terminated.

The Group has not currently secured any drilling rig capacity, and as further explained above, the failure to secure such rig capacity could have a material adverse effect on its business, financial condition, results of operations and/or cash flows.

Furthermore, the Group is dependent on available and functioning infrastructure and support functions relating to the properties on which it operates such as, supply bases, support vessels and other logistical services. If any infrastructure or system failures occur or do not meet the requirements of the Group, the Group's operations may be significantly hampered which could result in delayed, postponed or cancelled petroleum operations and/or higher costs. This could have a material adverse effect on the Group's financial condition, results of operations and/or cash flows. In most of the areas in which the Group operates, very little infrastructure and support functions of any sort that are commonly associated with petroleum operations are in existence.

2.3.4 Risk regarding Prospective Resources

"Prospective Resources" is defined in the Petroleum Resources Management System as those quantities of petroleum estimated, as of a given date, to be potentially recoverable undiscovered accumulations (future projects). Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analogue developments in the earlier phases of exploration.

The Group's Prospective Resources estimates are estimates only and the actual results may be greater than or less than the estimates provided in this Prospectus, the CPR and the CPR letters. There is no certainty that it will be commercially viable or technically feasible to produce any portion of the resources.

The range of uncertainty of the recoverable and/or potentially recoverable volumes may be represented by either deterministic scenarios or by probability distribution. When the range of uncertainty is represented by probability distribution, P90, P50 and P10 refer to the low estimate, best estimate, and high estimate, respectively.

With respect to the Group's Prospective Resources estimates set forth in this Prospectus, the figures are derived from the competent persons report (CPR) dated 22 April 2014 and the competent person letters dated 23 January 2015 and 12 March 2015, prepared by ERC Equipoise Ltd. ("ERC Equipoise"), an independent qualified resources evaluator, evaluating the Prospective Resources of the Group as of 31 December 2013 and 10 January 2015 respectively, based on the Group's current working interest in its Licences. There is no certainty that any portion of the undiscovered prospective resources will be discovered. If a discovery is made, there is no certainty that it will be commercially viable to produce any portion of the resources. The uncertainty associated with the Group's Prospective Resources may have a material adverse impact on the operations, financial situation, cash flow, prospects and/or results of the Group.

2.3.5 Approvals, permits and licences

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

If any of these exploration and production licences are not renewed or granted or exclusive exploitation authorisations are not obtained, the 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.

2.3.6 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. 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. Even if the Group would ultimately prevail (which cannot be assured), such disputes and litigation may have a substantially negative effect on the Group, its financial condition, cash flow, prospects and/or its operations.

The occurrence of any such event could have a material adverse effect on the Group's business, prospects, financial position and/or results of operations.

2.3.7 Reinstatement of the licences from the purported termination of the Gambian Licences

On 3 January 2014 the Government of the Republic of the Gambia (the "Gambian Government") purported to terminate licences A1 and A4 in the Gambia (the "Gambian Licences") in which the Group held a 60 per cent working interest through a farm-in agreement with Buried Hill Gambia B.V ("Buried Hill"). African Petroleum Gambia disputed the purported termination and a claim under arbitration was registered by ICSID on 21 March 2014. African Petroleum and the Gambian Government subsequently settled the arbitration by way of a settlement agreement dated 27 November 2014 and the Gambian Government revoked and cancelled its termination of the Gambian Licences and by way of a reinstatement and amendment agreement, reinstated both Gambian Licences with effect from 27 November 2014. Following the purported termination of the Gambian Licences in January 2014, Buried Hill claimed that it had suffered loss as a result of African Petroleum Gambia Limited's breach of the 2010 farm-in agreement. The alleged claim was settled between African Petroleum Gambia Limited and Buried Hill by a 'settlement deed' in July 2014, which included a sale and purchase agreement in respect of Buried Hill's Gambian subsidiary. With the re-instatement of the Gambian Licences in November 2014, African Petroleum Gambia Limited became 100% owner and designated operator.

The disputes under the Gambian Licences and the settlement and reinstatement and amendment agreement are subject to confidentiality obligations.

There can be no assurance that further disputes in connection with the Gambian Licences will not reoccur, and if so, such a dispute may have a material adverse effect on the Group.

2.3.8 Risk of joint and several liabilities with its licence partners

Under each licence, the Group is liable on a joint and several basis together with its licence partners for the liabilities of the licence group (including but not limited to decommissioning liabilities). Whilst such joint and several liability is regulated among the licence group through the joint operating agreement ("JOA"), ultimately failure by a licence partner to satisfy its obligations may result in the other licence partners (including the Group) being liable for such failure and therefore increase the Group's exposure related to the licence in question. As a consequence of joint and several liabilities, any failure by a licence partner to satisfy any significant obligations may have a material adverse effect on the Group's business, financial condition, operating results and/or cash flow.

2.3.9 Risks relating to the price of oil and gas

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. Historically, oil prices have fluctuated widely for many reasons, including global and regional supply and demand, and expectations regarding future supply and demand for oil and petroleum products; geopolitical uncertainty; access to pipelines, tanker ships and other means of transporting oil, gas and petroleum products; prices, availability and government subsidies of alternative fuels; prices; availability of new technologies; the ability of the members of the Organization of Petroleum Exporting Countries ("OPEC") and other oil-producing nations to set and maintain specified levels of production and prices; political, economic and military developments in oil producing regions, particularly the Middle East; domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalizations; global and regional economic conditions; and weather conditions and natural disasters. It is impossible to predict accurately future oil and gas price movements. The economics of production from some of the Group's assets may change as a result of lower prices, which could result in a significant reduction in the volumes of the Group's estimated resources if some are no longer economically viable to develop. Such fluctuations could materially affect the Group's financial condition, business, prospects, cash flow and/or results.

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

2.3.10 The Group is dependent on senior executives, key personnel and local content

The Group's development and prospects depend on the continued services and performance of its senior management and other key personnel. The loss of the services of any of the senior management or key personnel may have a material adverse impact on the Group. Due to the risks of the areas where the Group operates, key personnel may sometimes only be obtained or retained at a high cost to the Group.

The loss of any member of senior management may result in a loss of organizational focus, poor operating execution or an inability to identify and execute potential strategic initiatives such as international expansion. The Group is subject to laws and regulations regarding local content for its operations in West Africa. The availability of skilled local manpower may be limited and may restrict the Group's ability to retain the necessary local capability, increase the cost of personnel or cause the Group to be unable to win contracts which are dependent on high levels of local content.

The inability of the Group to recruit and/or retain key personnel and/or local content could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.3.11 Health, safety and environmental risks

All phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to numerous international conventions and EU and state and municipal laws and regulations, concerning health, safety and environmental ("HSE") matters including, but not limited to, those relating to the health and safety of employees, discharges of hazardous substances into the environment and the handling and disposal of waste. The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. The failure to comply with applicable HSE laws and regulations may result in regulatory action, the imposition of fines or the payment of compensation to third parties which each in turn could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

The Group's exploration activities and potential operations in the countries where the Group operates are regulated by laws with respect to environmental issues (such as water quality, air quality, dust impact, water bed, and fauna impact) and planning issues (such as approval to lay a pipeline). Some of these countries' governments require petroleum companies to post cash deposits or give other security on the area which is being used for exploration and production, with those cash deposits being returned or security released after satisfactory reclamation is completed.

Many of the activities and operations of the Group are environmentally sensitive and cannot be carried out without prior approval from all relevant authorities. The Group intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Group may be liable for environmental rehabilitation, damage control and losses due to risks inherent in its activities, such as accidental spills, leakages or other unforeseen circumstances. If environmental laws are breached these could result in substantial fines and/or closure of the Group's operations.

The licences entered into by the Group with governments contain obligations on the Group to provide effective and safe system for disposal of water and waste oil, oil base mud and cuttings, to control the flow and prevent the escape of avoidable waste, to prevent damage to onshore lands and to trees, crops, buildings or other structures, to prevent damage to marine life and fishing activities.

There is also a risk that the environmental laws and regulations may become even more onerous, increasing the Group's operating costs.

Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of substantial fines and penalties. Environmental legislation, moreover, is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to material liabilities and foreign governments or third parties may require the Group to incur costs to remedy such discharges. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.3.12 Operating risks

The operations of the Group may be materially affected by various factors, including failure to locate or identify hydrocarbon 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. All of such factors may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.3.13 Potential acquisitions

The Company may in the future make acquisitions of, or significant investments in, complementary companies or prospects and additional licences. Any such acquisitions and/or other investments will be accompanied by risks commonly encountered in making such acquisitions.

2.3.14 The Group may not be able to discover or acquire commercially exploitable reserves

The Group's future oil and gas reserves, production, and cash flows are highly dependent on the Group successfully acquiring resources or making new discoveries. 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 commercial discoveries, it may not generate revenues.

2.3.15 Third party contractors

The Group is highly dependent on third party contractors and is, *inter alia* unable to predict the risk of:

- financial failure or default by a participant in any joint venture to which the Group may become a party; or
- 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.

2.3.16 Insurance

Oil and natural gas exploration, development, and production operations are subject to associated risks and hazards, such as fire, explosion, blowouts, and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property, and the environment or personal injury. Insurance against all risks associated with oil and gas production is not available or affordable. The Group will maintain insurance where it is considered appropriate for its needs, however, it will not be insured against all risks either because appropriate cover is not available or because the Group considers the required premiums to be excessive having regard to the assumed benefits that would accrue. 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.

2.4 RISKS RELATED TO THE INDUSTRY

2.4.1 The industry in which the Group operates is highly competitive

The oil and gas industry is highly competitive in all its phases. There is strong competition for the discovery and acquisition of properties considered to have commercial potential. The Group competes with other exploration and production companies, many of which include major international oil and gas companies which may have greater financial resources, staff and facilities than those of the Group. These companies have strong market power as a result of several factors, such as the diversification and reduction of risk, including geological, price and currency risks; better financial strength facilitating major capital expenditures; greater integration and the exploitation of economies of scale in technology and organization; stronger technical experience; better infrastructure and reserves; and stronger brand recognition. Due to this competitive environment, the Group may be unable to acquire attractive suitable properties or prospects on terms that it considers acceptable. As a result, the Group's revenues may decline over time, thereby materially and adversely affecting its financial condition, business, cash flow, prospects and/or results.

2.4.2 Regulation of the oil industry

The Group's operations in the countries in which it operates, are or will be subject to laws and regulations of general application governing exploration 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.

2.4.3 Production sharing contracts (PSCs)

PSCs are common contracts signed between a government and a resource extraction company. The Group has entered into a number of PSCs with the respective governments in the different countries where the Group operates. Accordingly, the production resulting from oil operations must be shared between the Group and the governments or the governments may have the option to acquire a participating interest in the PSCs and increase share of production. In some of the countries where the Group operates, the governments also have an option to increase their participation in the licences.

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 some governments decide to increase their participation or the size of their share.

2.4.4 Commercialisation risks

Even if the Company discovers commercial quantities of oil, there is a risk that the Group will not achieve a commercial return. The Group may 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. The Group has

to receive regulatory and environmental approval to convert its exploration permits into production concessions. There is a risk that these approvals may not be obtained.

All of these risks may have a material adverse effect on the Group, its financial condition, cash flow, prospects and/or operations.

2.5 FINANCIAL RISKS

2.5.1 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does, at the date of this Prospectus, not have any external borrowings.

Notwithstanding the Group's efforts to manage the 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 that the Group is not able to continue as a going concern, there can be no assurance that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report.

2.5.2 Future funding requirement and risk of not meeting work commitments

The Group is dependent on further funding transactions and/or farm-out transactions in order to fund its operations. Based on the Group's current cash balances and expected proceeds from the Private Placement and the Subsequent Repair Offering, the Group is not in a position to finance its operations and planned investments in 2015 without completing one or more farm-out transactions or other significant funding in the period.

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

Based on the Group's current cash balances, expected proceeds from the Private Placement and the Subsequent Offering and budgeted spending in 2015, the Group will not be in a position to finance its participation in a material portion of the minimum investment requirements under the Licences (as further described in this section and in section 14.3.2 below), without completing one or more farm-out transactions or other significant funding during 2015.

As described in sections 10.1.6, 10.2.6, 10.3.6, 10.4.6 and 10.5.6 the Group has minimum investment requirements in relation to the current phases of its licences, with gross aggregate minimum investment requirements totaling USD 240 million. As further described in section 14.3.2, these commitments are to drill up to six wells in the current exploration phases of its licenses (with gross aggregate budgeted costs of USD 240 million), including but not limited to, one well on the ROP licence in Senegal by October 2015; one well on the CI-513 license in Côte d'Ivoire by December 2015; and one well on the CI-509 license in Côte d'Ivoire by March 2016. Should the Group not be able to meet any minimum investment work program requirements or be unable to renegotiate the minimum investment work program requirements, the Group faces a risk of termination or non-extension of its existing licence interests as well as the risk of having to make payments under the guarantees provided in respect of the relevant licences. As described in section 9.9.4 the Group would be at risk of making aggregate payments of up to USD 3,989,089 under corporate guarantees and be at risk of forfeiting up to USD 12 million held in escrow accounts should it not be able to meet minimum investment work program requirements. Inability to meet minimum investment work program requirements may further give rise to liability towards governments and licence partners. There can be no assurance that the Group will successfully obtain extensions on the terms of its licenses, or complete farm-outs, or that the Group will be able

to meet minimum investment work program requirements. The non-occurrence of any such event may have a material adverse effect on the Group's business, results of operation, prospects and liquidity.

Please also see section 2.5.3 below for further details on the Group's dependency on farm-outs and section 9 for further information regarding the licence terms, guarantees and expiry dates.

2.5.3 Dependency on farm-outs

To date the Group has acquired and maintained a high working interest in all of its licences, most of which are owned with 100 per cent working interest or as exclusive partner to domestic national oil companies. Going forward the Group seeks to fund a material portion of its operations through farm-outs of parts of its licence interests to industry partners. A key merit of the farm-out strategy is to introduce additional technical competence from industry partners in the evaluation and development of the Group's licence interests. In addition, the Group targets to reduce its cost of operations to preserve its cash balances and diversify its exploration risk. As further outlined in the table in section 14.3.2, the Group is depending on farm-outs of one or more of its licences and/or raising additional equity, in order to be able to meet its outstanding work commitments in the current exploration periods in certain of its licences. There can be no assurance that the Company will be able to obtain farm-outs in time or at all to meet the minimum work commitments on its Licences and this may in turn have a material adverse effect on the Group, its financial condition, cash flow, prospects and/or operations.

2.5.4 Additional requirements for capital

The Group's capital requirements depend on numerous factors. Depending on the Group's exploration success and completion of farm-out transactions, the Group 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. If the Group is unable to obtain additional financing as needed at all or on acceptable terms, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be, which again could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.5.5 Interest rate risk

The Group currently does not have any interest bearing debt arrangement. 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. Unless such exposure is mitigated, the Group could realise material losses in the future. 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.

2.5.6 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 risks and may as a result incur material losses.

As a result of the Company's functional currency being in Australian Dollars (AUD) and several subsidiaries' functional currency being USD, the Group's financial statements and financial condition can be significantly adversely affected by movements in the USD/AUD exchange rates.

2.5.7 Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and available-for-sale financial assets. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note).

The Company has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company does not have any significant credit risk exposure to any single counterparty.

- Cash and cash equivalents - The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.
- Trade and other receivables - Trade and other receivables as at the reporting date mainly comprise goods and services tax ("GST") and short term loans to be refunded to the Company. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Company has established an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet their obligations.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Notwithstanding the Group's efforts to manage the 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 that could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.5.8 No profit to date

The Group does not have a history of revenue producing operations. 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.

2.5.9 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.

2.6 RISK FACTORS RELATING TO THE SHARES

2.6.1 The major shareholder of the Company

At the date of this Prospectus and following issuance of the New Shares allocated in the Private Placement, approximately 26.4 per cent of the outstanding Shares are owned by Sarella Investments Limited, a company controlled by the Timis Trust of which Mr. Frank Timis is the principle beneficiary. Mr. Frank Timis, the founder of the Company, stepped down from the Board of Directors in October 2013 and is not employed by, or holds any board position, in the Company. However, as a major shareholder of the Company, Sarella Investments Limited will in its capacity as such have the ability to significantly influence the outcome of matters submitted for the vote of the Company's shareholders, including but not limited to election of Directors of the Board. The commercial goals and interests of Sarella Investments Limited as a shareholder and the commercial goals and interests of the Company and the other shareholders may not always be aligned.

2.6.2 The price of the Shares may fluctuate significantly

The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, significant contracts, acquisitions or strategic relationships, publicity about the Group, its services or its competitors, lawsuits against the Group, unforeseen liabilities, changes to the regulatory environment in which the Group operates or general market conditions.

In recent years, the stock markets have experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the same industry as the Company. Such changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore also fluctuate significantly based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of the Shares.

2.6.3 Future issuances of Shares or other securities may significantly dilute the holdings of shareholders and could materially affect the price of the Shares

The Company may in the future decide, or may be required, to offer additional Shares or other securities in order to finance its operations, participation in new capital-intensive projects, or in connection with unanticipated liabilities, losses or expenses or for any other purposes. There are no provisions in the Company's Constitution or the Australian Corporations Act which grants pre-emptive rights for share issues. Therefore, any additional offering could significantly reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share of the Company, and any offering by the Company could have a material adverse effect on the market price of the Shares.

2.6.4 Investors may not be able to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such Shares unless their ownership is re-registered in their names prior to the Company's general meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice of a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

2.6.5 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares have not been registered under the Securities Act or any US state securities laws or in any other jurisdiction outside of Australia and Norway and are not expected to be registered in any such jurisdiction in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and applicable securities laws. See Section 8.2 "Transfer Restrictions—United States". Investors in the United States should proceed on the assumption that they must bear the economic risk of any investment in the Shares for an indefinite period of time. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings in the Company.

2.6.6 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

The Company is a public limited liability company incorporated under the laws of Australia, and most of the Company's directors and executive officers are not residents of the United States and all of the Company's assets are located outside the United States. As a result, investors in the United States may be unable to effect service of process on the Company or its directors and executive officers or enforce judgments obtained in the United States courts against the Company or such persons in the United States, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters with Australia or Norway. See also "Enforcement of Civil Liabilities" described in section 4.3 below.

2.6.7 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 ("FIRB"). The regulation applies to all Australian incorporated companies valued in excess of AUD 252 million by either (i) market capitalisation and/or (ii) consolidated total assets on the balance sheet. The Company currently satisfies criteria (ii) which implies that prior approval by FIRB apply to certain foreign shareholdings in the Company. Prior approval is required for any foreign person, alone or together with its associates, acquiring a substantial interest, being 15 per cent or more of the Shares in the Company. While prior notification is not mandatory for holdings by a foreign person of less than a substantial interest (15 per cent or less) in the Company, the Australian Treasurer has the power to prohibit transactions, or order divestment where several foreign persons hold 40 per cent or more of the Shares, even where those foreign persons are not associated, and where the Australian Treasurer is satisfied the result would be contrary to the Australian national interest.

While the Treasurer has the ability to block proposals that are contrary to the national interest, require such a transaction to be unwound or apply conditions to the way such a proposal is implemented, in practice this power

is exercised only in limited circumstances. In determining if a proposal is contrary to the Australian national interest, the Treasurer takes into account a number of key factors, namely the impact of the proposal on Australian national security, impact on competition, impact on Australian government policies and impact on the Australian economy and community.

In addition, the Australian Treasurer has released a policy which states that all foreign government investors acquiring 10 per cent or more of the share capital (including investments which are purely commercial) should notify the proposed acquisition to FIRB. This also applies to *inter alia* government related investment funds and managed investment schemes, provided that a foreign government holds 15 per cent (or otherwise through a controlling group). If prior approval is required, the transaction cannot be completed until approval is received. FIRB has 30 days, with the option to extend for another 90 days to consider and make a decision and other parties can make enquiries to FIRB to confirm whether they will need to apply for approval.

There can be no assurance that foreign shareholders subject to approval by FIRB will be granted approval to acquire Shares, and if such approval is not granted any transactions entered into for such purpose will need to be reversed. The Company will not be liable for any loss or damage resulting from such denial of approval.

2.6.8 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 VPS 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 (following first conversion to NOK). Accordingly, the investors are subject to adverse movements in AUD, NOK and/or USD against their local currency.

2.6.9 Risks related to depository receipts and the registrar agreement

In connection with the Company's listing on Oslo Axess, the Company has established a facility for the registration of beneficial interests representing the shares of the Company in the Norwegian Central Securities Depository (the "VPS") (reflected in the form of Depositary Receipts and defined as "Shares" in this Prospectus). The Company has appointed DNB Bank ASA as its registrar in the VPS (the "VPS Registrar") in accordance with the Registrar Agreement. The VPS Registrar will be deemed a beneficial shareholder through a nominee arrangement with Citibank Melbourne (the "Australian Custodian") where the Australian Custodian is recorded as the shareholder in the Company's sub-register in Chess. The VPS Registrar will register the Offer Shares in the VPS in the form of Depositary Receipts which following such registration will reflect the beneficial shareholders, personally or through nominee registrations.

Shareholders must exercise voting rights through the VPS Registrar which in turn will instruct the Australian Custodian. Exercising of other shareholder rights through the VPS Registrar and the custodian arrangement is limited. In order to exercise full shareholder rights the shareholders must transfer their shareholding from the VPS to a registered holding on the Company's share register.

The Company cannot guarantee that the VPS Registrar will be able to execute its obligations under the Registrar Agreement. Any such failure may *inter alia* limit the access for, or prevent, shareholders to exercise the voting rights attached to the underlying shares of the Company. The VPS Registrar may terminate the Registrar Agreement by three months prior written notice. Furthermore, the VPS Registrar may terminate the Registrar Agreement with immediate effect if the Company does not fulfil its payment obligations to the VPS Registrar or commits any other material breach of the Registrar Agreement. In the event that the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted listing on Oslo Axess. There can be no assurance, however, that it would be possible to enter into such an agreement on substantially the same terms or at all. A termination of the Registrar Agreement could, therefore, materially and adversely affect the Company and the shareholders. The Registrar Agreement limits the VPS Registrar's liability for any loss suffered by the Company. The VPS Registrar disclaims any liability for any loss attributable to circumstances beyond the VPS Registrar's control, including, but not limited to, errors committed by others. The VPS Registrar is liable for direct losses incurred as a result of the VPS Registrar's negligence. Thus, the Company and the shareholders may not be able to recover its entire loss if the VPS Registrar does not perform its obligations under the Registrar Agreement.

2.6.10 The Company is incorporated in Australia and governed by Australian law

The Company is incorporated in Australia. As a result 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 established under statutes or judicial precedents in existence in 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.

3. RESPONSIBILITY FOR THE PROSPECTUS

The Board of Directors of African Petroleum Corporation Limited accepts responsibility for the information contained in this Prospectus. The Directors of the Board hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

16 March 2015

The Board of Directors of African Petroleum Corporation Limited

Charles Matthews, Chairman of the Board

Dr Stuart Lake, Director of the Board and CEO

Jeffrey Couch, Director of the Board

David King, Director of the Board

Bjarne Moe, Director of the Board

Timothy Turner, Director of the Board

Anthony Wilson, Director of the Board

Gibril Bangura, Director of the Board

Mark Ashurst, Director of the Board

4. GENERAL INFORMATION

4.1 CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking information and statements, including, but not limited to, certain statements set forth under Section 1 — "Summary", Section 2 — "Risk Factors", Section 15 — "Dividends and Dividend Policy" and Section 9 — "Presentation of the Company", and elsewhere in this Prospectus, that reflect the Company's current views with respect to future events and financial and operational performance. Such forward-looking information and statements are based on the current estimates and projections of the Company or assumptions based on the information currently available to the Company. Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions. The Company cannot give assurance as to the correctness of such information and statements. These forward-looking information and statements can generally be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements sometimes use terminology such as "targets", "believes", "expects", "aims", "assumes", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues", "estimate", "milestone" or other words of similar meaning and similar expressions or the negatives thereof. By their nature, forward-looking information and statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements that may be expressed or implied by the forward-looking information and statements in this Prospectus. Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition or results of operations could differ materially from that or those described herein as anticipated, believed, estimated or expected. Additional factors that could cause the Company's actual results, performance or achievements to differ materially include, but are not limited to, those discussed under Section 2 "Risk Factors".

Any forward-looking information or statements in this Prospectus speak only as at the date of this Prospectus. Except as required by applicable law, the Company does not intend, and expressly disclaims any obligation or undertaking, to publicly update, correct or revise any of the information included in this Prospectus, including forward-looking information and statements, whether to reflect changes in the Company's expectations with regard thereto or as a result of new information, future events, changes in conditions or circumstances or otherwise on which any statement in this Prospectus is based.

Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.

4.2 ENFORCEMENT OF CIVIL LIABILITIES

The United States

The Company is a public limited liability company incorporated under the laws of Australia. As a result, the rights of holders of the Shares will be governed by Australian law and the Constitution of the Company. The rights of shareholders under Australian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. Most of the Company's directors and executive officers are not residents of the United States and all of the Company's assets are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process on the Company or its non-US directors or executive officers in the United States or to enforce judgments obtained in U.S. courts against the Company or those non-US persons based on the civil liability provisions of the federal securities laws of the United States or other federal or state laws of the United States. Uncertainty exists as to whether courts in Australia and Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its directors or officers under the securities laws of those jurisdictions or entertain actions in Norway and Australia against the Company or its directors or officers under the securities laws of other jurisdictions. Neither Norway nor Australia currently have a treaty with the United States providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters, nor does such treaty currently exist between Norway and Australia.

Australia

There is doubt as to the enforceability in Australia in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated upon the civil liability provisions of the federal or state securities

laws of the United States. The *Foreign Judgments Act 1991* (Australia) enables enforceability in Australia of judgments from specific countries registrable under this Act. The U.S. is not registrable under the Act and therefore common law principles must be relied upon for enforcement of U.S. judgments in Australia. To be capable of enforcement in Australia, a U.S. judgment must be final and conclusive (and determinative on the rights and obligations of the parties), have the same parties as in the U.S. judgement, be a judgement for a fixed debt, have been obtained within the last 12 years and the U.S. court must have validly exercised its jurisdiction over the defendant and the defendant submitted to the foreign jurisdiction. Judgments of U.S. courts will not be enforceable in Australia in certain circumstances where such judgments contravene Australian law, including where an order is made under the *Australian Foreign Proceedings (Excess of Jurisdiction) Act 1984*.

4.3 AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will during any period in which it is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder, upon the request of such holder, beneficial owner or prospective owner, the information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act.

5. USE OF PROCEEDS; REASONS FOR THE PRIVATE PLACEMENT AND THE SUBSEQUENT REPAIR OFFERING

The gross proceeds from the Private Placement are NOK 95,106,200 and the gross proceeds from the Subsequent Repair Offering are expected to be up to NOK 19,021,100. In aggregate the gross proceeds from the Private Placement and the Subsequent Repair Offering will be up to approximately NOK 114 million.

The Company estimates that the net proceeds from the Private Placement and the Subsequent Repair Offering after deduction of the estimated commissions and expenses to the Joint lead Managers for the Private Placement and the Manager for the Subsequent Repair Offering and other advisors, as well as other costs associated with the Private Placement and the Subsequent Repair Offering will be in the range of approximately NOK 88 – 106 million. For further information on the costs related to the Subsequent Repair Offering see Section 7 below.

Table 5.1: Intended Use of Proceeds

Type of expenditure	NOK (million)
Expenses of the Private Placement and the Subsequent Repair Offering	8
3D Seismic – Sierra Leone	28
Licence fees – The Gambia	30
General corporate purposes	48
Total Use of Proceeds	114

Proceeds from the Private Placement 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 for working capital and for general corporate purposes. Under the licences, the Group has various commitments related to *inter alia* drilling and acquisition of seismic data. Such commitments are not currently fully funded and are not intended to be covered under the anticipated proceeds. In order to fulfil such commitments the Company will need to secure additional funds, either through raising further equity or through completing one or more farm-out transactions. Further details are provided in sections 9.5.1 and 14.3 of this Prospectus.

The purpose of the Subsequent Repair Offering is further to enable the Eligible Shareholders to participate in the offering of new Shares on the same terms as the investors in the Private Placement and to further enable the Eligible Shareholders to maintain their shareholding in the Company.

6. THE PRIVATE PLACEMENT

6.1.1 Overview of the Private Placement

On 10 February 2015, the Company raised NOK 95,106,200 in gross proceeds through a private placement of 271,732,000 New Shares at a subscription price of NOK 0.35 per New Share (the Private Placement).

The Private Placement, which represented approximately 39.6 per cent of the current outstanding share capital of the Company, was directed towards certain existing and new investors. The issuance of the New Shares allocated in the Private Placement was approved by the Company's Shareholders General Meeting on 16 March 2015, as included in section 7.1.2 below. The New Shares are expected to be issued on or about 18 March 2015.

In addition to the New Shares, the applicants in the Private Placement were allocated one Option for every two New Shares allocated in the Private Placement, corresponding to a total allocation of up to 135,866,000 Options. Each of the Options entitles the holder thereof to subscribe for one additional Share in the Company at a subscription price of NOK 0.75 per Share. The Options are transferable but will not be listed on any exchange. Please see section 7.1.5 for a further description of the Options. The issuance of the Options allocated in the Private placement was approved by the Company's Shareholders General Meeting on 16 March 2015. The Options are expected to be issued on or about 18 March 2015.

All New Shares to be issued in the Private Placement are fully paid ordinary Shares of the Company and are in all respects equal to the existing Shares of the Company. Please see Section 16 for a description of the rights attached to the Shares.

6.1.2 Private Placement - corporate resolutions

As further described in section 7.1.2 below, the Shareholders General Meeting held on 16 March 2015 approved the issuance of the New Shares and the Options. The Shares and the Options are expected to be issued in accordance with a power of attorney granted by the Shareholders General Meeting on or about 18 March 2015.

6.1.3 Share capital after the completion of the Private Placement

Prior to the Private Placement the Company has issued 685,857,456 Shares. 271,732,000 New Shares will be issued in the Private Placement and the Company will have 957,589,456 Shares on issue after the completion of the Private Placement.

6.1.4 Dilution

The percentage of immediate dilution resulting from the Private Placement for the Company's shareholders not participating in the Private Placement was approximately 39.6 per cent. If all Options issued in connection with the Private Placement are exercised the dilution will be approximately 14.2 per cent (not taking into consideration any Offer Shares to be issued in the Subsequent Repair Offering).

Table 6.1: Dilution following Private Placement

Total number of outstanding shares prior to Private Placement	New Shares issued in connection with the Private Placement	Total number of shares post Private Placement	Number of Options issued in connection with the Private Placement	Total number of shares if all Options issued in connection with the Private Placement are exercised
685,857,456	271,732,000	957,589,456	135,866,000	1,093,455,456
71.6%	28.4%	100.0%		

Source: African Petroleum

6.1.5 Subscription Price

The subscription price of NOK 0.35 was determined by the Company on the basis of pre-sounding discussions with potential investors in the Private Placement.

6.1.6 Allocation of Shares in the Private Placement

Allocation of Shares in the Private Placement was made by the Board of Directors on 10 February 2015, after consultation with the Joint Lead Managers for the Private Placement. Notice of allocation was sent to the investors on 10 February 2015.

6.1.7 The rights conferred by the Private Placement Shares

All Shares in the Company, including the New Shares, will rank in parity with one another and carry one vote per Share. The Company only has one class of Shares. See also section 16 for additional information on the rights conferred by the Shares.

6.1.8 VPS registration

The Underlying Shares

The New Shares will be issued in accordance with the laws of Australia and pursuant to the Australian Corporations Act. It is expected that the underlying Shares will be issued to the Australian Custodian on behalf of the VPS Registrar on or about 18 March 2015.

The New Shares will be issued in book-entry form and registered in the Company's sub-register in Chess, and thereafter registered with the VPS as Depository Receipts.

The underlying shares and the Depository Receipts will have ISIN AU000000AOQ0. The Company's share capital is nominated in AUD, but the Shares have no par value. The Company's share registrar in Australia is Computershare. The address of Computershare is:

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
Perth, Western Australia, 6000
Australia

Depository Receipts

In order to enable trading of the New Shares on Oslo Axess, the New Shares will be issued to the Applicants in the VPS in the form of Depository Receipts. The Depository Receipts will be issued under Norwegian law and will be registered in book entry form with the VPS. DNB Bank ASA, in its capacity as the VPS Registrar will be holding the New Shares in Chess through a nominee arrangement with the Australian Custodian who will be recorded as the legal holder of the New Shares. For further information about the VPS registration and the trading of Depository Receipts, please refer to section 17.3 "The VPS and transfer of shares" below. The currency of the Depository Receipts will be in NOK.

The Depository Receipts carry the same rights as the underlying Shares, provided however, that the exercise of voting rights and other shareholder rights by holders of the Depository Rights must be made indirectly through the VPS Registrar. Please refer to section 17.3 below for a description of the exercise of shareholder rights for the holders of the Depository Receipts.

It is expected that the Depository Receipts will be issued on or about 18 March 2015.

All references to New Shares in this Prospectus is a reference to the beneficial rights in the New Shares, unless otherwise indicated.

6.1.9 Managers

The Private Placement was managed by FirstEnergy Capital LLP and Mirabaud Securities LLP as Joint Lead Manager, and EAS Advisors, LLC, acting through Merriman Capital, Inc., a member of FINRA / SIPC has acted as US Sub-Agent for the Private Placement.

6.1.10 Legal advisor

Wikborg, Rein & Co Advokatfirma DA is acting as Norwegian legal counsel, Steinepreis Paganin is acting as Australian legal counsel and Andrews Kurth LLP is acting as US legal counsel, to the Company in connection with the Private Placement.

7. THE SUBSEQUENT REPAIR OFFERING

This Section sets out the terms and conditions pursuant to which all applications for Offer Shares in the Subsequent Repair Offering are made. Investing in the Offer Shares involves inherent risks. In making an investment decision, each investor must rely on their own examination, analysis of and enquiry into the Company and the terms of the Subsequent Repair Offering, including the merits and risks involved. None of the Company or the Manager, or any of their respective representatives or advisers, are making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares. You should read this Section in conjunction with the other parts of the Prospectus, in particular Section 2 "Risk Factors".

7.1 TERMS OF THE SUBSEQUENT REPAIR OFFERING

7.1.1 Overview

The Subsequent Repair Offering comprises an offering of up to 54,346,000 Offer Shares, at an offer price of NOK 0.35, corresponding to gross proceeds of up to NOK 19,021,100. The offer price equals the offer price in the Private Placement. The Eligible Shareholders will be granted non-transferrable Allocation Rights that, subject to applicable laws, provide preferential rights to apply for and be allocated Offer Shares in the Subsequent Repair Offering. Application without Allocation Rights is permitted.

In addition, each applicant in the Subsequent Repair Offering will be allocated one Option for every two Offer Shares allocated in the Subsequent Repair Offering, corresponding to a total allocation of up to 27,173,000 Options. The terms of the Options are further described in section 7.1.5 below.

The table below provides certain indicative key dates for the Subsequent Repair Offering, subject to change.

Table 7.1: Key dates for the Subsequent Repair Offering

	Date
Last day of trading in the Shares including Allocation Rights.....	10 February 2015
Ex. rights trading in the Shares commenced on Oslo Axess.....	11 February 2015
Record Date.....	12 February 2015 ⁽¹⁾
Application Period commences.....	17 March 2015 at 09:00 a.m. CET
Application Period ends.....	27 March 2015 at 12:00 p.m. CET ⁽¹⁾
Allocation of Offer Shares.....	On or about 27 March 2015
Notification of allocation.....	On or about 27 March 2015
Payment Date.....	On or about 31 March 2015
Registration of the capital increase and issuance of the underlying Shares.....	On or about 10 April 2015
Registration of the Shares in the VPS and issuance of Depository Receipts.....	On or about 10 April 2015
Delivery of the Offer Shares.....	On or about 10 April 2015
Delivery of the Options.....	On or about 10 April 2015
Listing and commencement of trading in the Offer Shares on Oslo Axess.....	On or about 10 April 2015

⁽¹⁾ Subject to extension. To the extent the Application Period is extended, all other dates referred to in this table may be amended correspondingly.

Source: African Petroleum

7.1.2 Resolution regarding the Subsequent Repair Offering

On 16 March 2015 the Shareholders General Meeting of the Company made the following resolution to grant the Board of Directors the right to issue the New Shares and the Offer Shares.

"That, for the purpose of NSX Listing Rule 6.25 and for all other purposes, approval is given for the Directors to issue up to 330,000,000 Shares in the Company on the terms and conditions set out in the Explanatory Statement."

The following information is provided in relation to the issue of up to 330,000,000 Shares:

- the maximum number of Shares to be issued is 330,000,000;
- the Shares will be issued no later than six months after the date of the Meeting and it is intended that issue of the Shares will occur on two dates in two separate tranches;
- the Shares will be issued at a NOK 0.35 (Issue Price);

- d. *the Shares will be issued to investors, none of whom will be related parties of the Company as defined by the Corporations Act and the NSX Listing Rules, except as otherwise set out in Resolution 12 of this Notice of Meeting;*
- e. *the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and*
- f. *the Company intends to use the net funds raised from the issue of the Shares for general corporate purposes and working capital.*

Furthermore, the Shareholders General Meeting of the Company also made the following resolution to grant the Board of Directors the right to issue the Options.

"That, for the purpose of NSX Listing Rule 6.25 and for all purposes, Shareholders approve the issue of up to 165,000,000 Options on the terms and conditions set out in the Explanatory Statement."

Please see section 7.1.5 for a description of the terms and conditions of the Options.

The Board is expected to resolve the issuance of the Offer Shares and the Options in accordance with the mandate of the General Meeting on or about 10 April 2015.

7.1.3 Conditions for completion of the Subsequent Repair Offering

The Board of Directors reserves the right, in its sole discretion, to cancel the Subsequent Repair Offering, during or after the Application Period but before allocation, in the event that the market price of the Shares on Oslo Axess has been trading below the Offer Price during the Application Period.

7.1.4 The Offer Shares

The Underlying Shares

The Offer Shares will be issued in accordance with the laws of Australia and pursuant to the Australian Corporations Act. It is expected that the underlying Shares will be issued to the Australian Custodian on behalf of the VPS Registrar on or about 10 April 2015. All Shares in the Company, including the Offer Shares, will rank in parity with one another and carry one vote per Share. The Company only has one class of Shares.

The Offer Shares will be issued in book-entry form and registered in the Company's sub-register in Chess, and thereafter registered with the VPS as Depository Receipts.

The underlying shares and the Depository Receipts will have ISIN AU000000AOQ0. The Company's share capital is nominated in AUD, but the Shares have no par value. The Company's share registrar in Australia is Computershare. The address of Computershare is:

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
Perth, Western Australia, 6000
Australia

Depository Receipts

In order to enable trading of the Offer Shares on Oslo Axess, the Offer Shares will be issued to the Applicants in the VPS in the form of Depository Receipts. The Depository Receipts will be issued under Norwegian law and will be registered in book entry form with the VPS. The address of the VPS is:

Fred. Olsens gate 1,
P.O Box 4,
0051 Oslo,
Norway

DNB Bank ASA, in its capacity as the VPS Registrar will be holding the Offer Shares in Chess through a nominee arrangement with the Australian Custodian who will be recorded as the legal holder of the Offer Shares. For further information about the VPS registration and the trading of Depository Receipts, please refer to section 17.3 "The VPS and transfer of shares" below. The currency of the Depository Receipts will be in NOK.

The Depository Receipts carry the same rights as the underlying Shares, provided however, that the exercise of voting rights and other shareholder rights by holders of the Depository Rights must be made indirectly through the VPS Registrar. Please refer to section 17.3 below for a description of the exercise of shareholder rights for the holders of the Depository Receipts.

It is expected that the Depository Receipts will be issued on or about 10 April 2015.

All references to Offer Shares in this Prospectus is a reference to the beneficial rights in the Offer Shares, unless otherwise indicated.

7.1.5 The Options

Each applicant in the Subsequent Repair Offering will be allocated one Option for every two Offer Shares allocated in the Subsequent Repair Offering (previously defined as the Options). Each Option gives the holder the right to subscribe for one Share. The Options will expire at 5:00 (WST) on 17 March 2017. The issuance of the Options to each of the applicants in the Subsequent Repair Offering is expected to take place on or about 10 April 2015.

The exercise price for each of the Options is NOK 0.75. The Options may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised in each occasion. The Options can be exercised at any time during until the date of expiration by notice to the Company in the form as set out in Appendix 3 hereto.

The Options will be registered in the VPS under ISIN AU0000AOQOZ6.

The Options are transferable but will not be listed on Oslo Axess or NSX. All Shares allotted pursuant to the exercise of Options will be admitted to listing on the Oslo Axess upon issuance of such Shares in the VPS. The terms of the Options are set out below:

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- a. Each Option gives the optionholder the right to subscribe for one Share.
- b. The Options will expire at 5:00 p.m. (WST) on 17 March 2017 (expiry date). Any Option not vested or exercised before the expiry date will automatically lapse on the expiry date.
- c. The amount payable upon exercise of each Option will be NOK 0.75 (exercise price).
- d. The Options held by each optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- e. An optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - i. a written notice of exercise of Options specifying the number of Options being exercised; and
 - ii. a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised; (exercise notice).
- f. An exercise notice is only effective when the Company has received the full amount of the exercise price in cleared funds.
- g. Within 10 business days of receipt of the exercise notice accompanied by the exercise price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the exercise notice.
- h. The Options are transferable.
- i. All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.
- j. The Company will not apply for quotation of the Options on the OAX or NSX. However, all Shares allotted pursuant to the exercise of Options will be admitted to listing on the OAX upon issuance of such Shares in the VPS.
- k. If at any time the issued capital of the Company is reconstructed, all rights of an optionholder are to be changed in a manner consistent with the Corporations Act, OAX Listing Rules and the NSX Listing Rules at the time of the reconstruction.
- l. There are no participating rights or entitlements inherent in the Options and optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

7.1.6 Eligible Shareholders

The Subsequent Repair Offering has been implemented to ensure that the Company's shareholders on Oslo Axess are treated in an equal manner. Therefore, Eligible Shareholders will be granted non-transferrable Allocation Rights that, subject to applicable laws, provide preferential rights to apply for and be allocated Offer Shares in the Subsequent Repair Offering.

Eligible Shareholders are the shareholders of the Company as of close on trading on 10 February 2015 as registered in the VPS on 12 February 2015, except for (i) shareholders who were invited or offered to participate in the Private Placement and (ii) shareholders who are resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration of similar action. Shareholders who were invited or offered to participate in the Private Placement will not be granted allocation rights in the Subsequent Repair Offering in order to ensure equal treatment of the Shareholders. The restriction of the Shareholders who participated in the Private Placement, from being given Allocation Rights in the contemplated Subsequent Repair Offering will benefit the Shareholders who were not invited to participate in the Private Placement.

7.1.7 Allocation Rights

The Company will issue Allocation Rights to the Eligible Shareholders in the Company as of 10 February 2015, as registered in VPS on the Record Date. Each Eligible Shareholder will, subject to applicable securities laws, be granted 0.2917 Allocation Rights per Share owned as of 10 February 2015 as registered on the Record Date. The number of Allocation Rights granted to each Eligible Shareholder will be rounded down to the nearest whole Allocation Right. The Allocation Rights will be distributed free of charge, and the recipient of Allocation Rights will not be debited any cost.

The Allocation Rights will be registered in VPS under ISIN AU00000AOQN8 and will be distributed to each Eligible Shareholders' VPS account on or about 17 March 2015.

Each Allocation Right will, subject to applicable securities laws, give a preferential right to apply for and be allocated one (1) Offer Share in the Subsequent Repair Offering, in accordance with the allocation criteria as set out in section 7.1.12 below. Over-subscription (i.e. application for more Offer Shares than the number of Allocation Rights held by the Applicant) is permitted. Multiple subscriptions (i.e. application on more than one Application Form) within the Application Period are permitted. Please note, however, that each Application Form will only be counted once (e.g. if the same Application Form is received by fax more than once, or if it is received by both fax and mail, it only counts as one application). Two separate Application Forms submitted by the same applicant with the same amount of Offer Shares applied for on both forms will only be counted once unless otherwise is explicitly stated on the Application Form.

The Allocation Rights must be used to apply for Offer Shares before the end of the Application Period. Allocation Rights that are not exercised before the end of the Application Period will have no value and will lapse without compensation to the holder. Holders of Allocation Rights should note that application for Offer Shares must be made in accordance with the procedures set out in this Prospectus and that the holding of Allocation Rights in itself does not represent an application for Offer Shares.

Allocation Rights of shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibit or otherwise restricts subscription for Offer Shares ("Ineligible Jurisdiction") will not receive Allocation Rights. Eligible Shareholders should be aware that the exercise of Allocation Rights by holders who are located in countries outside of Norway may be restricted or prohibited by applicable securities laws.

7.1.8 Record Date

The date for determining the Eligible Shareholders who receive Allocation Rights is 10 February 2015, as registered in the shareholders register in VPS at the end of the Record Date, i.e. on 12 February 2015.

7.1.9 Application Period

The Application Period in the Subsequent Repair Offering will commence on 17 March 2015 at 09:00 hours (CET) and expire on 27 March 2015 at 12:00 hours (CET). The Application Period may be extended at the

Company's own discretion, but will in no event be extended beyond 17 April 2015. Any extension of the Application Period will be announced through the electronic information system of Oslo Børs on or before 9:00 a.m. (CET) on the day following the last day of the (then prevailing) Application Period. In the event of an extension of the Application Period, the allocation date, the Payment Date and the date of delivery of Offer Shares may be changed accordingly.

7.1.10 Offer Price

The Offer Price for one (1) Offer Share is NOK 0.35, which equals the subscription price per New Share in the Private Placement. There is no minimum order size and the Applicants will not incur any costs related to the application for, or allotment of, the Offer Shares. The Options are allocated free of charge at the ratio of one for each two Offer Shares allocated.

The table below sets out the disparity between the Offer Price and the effective cash cost to members of the administrative, management and supervisory bodies or senior management during the past year:

Table 7.2:

Name	Volume	Price (NOK/share)	Date	Disparity (NOK/Share)	Disparity %
Mr. Charles Matthews	100,000	1.07	02.06.2014	0.72	205.7
Dr. Stuart Lake	150,000	0.8254	02.09.2014	0.4754	135.8
Dr. Stuart Lake	100,000	0.691	17.09.2014	0.341	97.4
Dr. David King	150,000	0.7038	18.09.2014	0.3538	101.1
Dr. David King	150,000	0.7524	19.09.2014	0.4024	115
Mr. Anthony Wilson	100,000	0.75485	22.09.2014	0.40485	115.7
Mr. Bjarne Moe	100,000	0.80	25.09.2014	0.45	128.6
Dr. Stuart Lake	2,608,500	0.35	10.02.2015	0	0
Mr. Stephen West	2,608,500	0.35	10.02.2015	0	0

Source: African Petroleum

7.1.11 Application procedures

Eligible Shareholders will receive a letter which includes information on shareholdings as of 10 February 2015.

Norwegian applicants in the Subsequent Repair Offering who are residents of Norway with a Norwegian personal identification number are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on www.paretosec.com (such application are hereinafter referred to as "Online Application"). Applicants in the Subsequent Repair Offering not having access to the VPS online application system must apply using the Application Form in the form attached to this Prospectus as Appendix 1. Application forms, together with this Prospectus, are available at www.africanpetroleum.com.au and www.paretosec.com, and at the offices of African Petroleum and Pareto Securities AS.

Applications made through the VPS online application system must be duly registered during the Application Period (as amended if applicable).

Properly completed and signed Application Forms may be faxed, mailed or delivered to the Manager at the address set out below:

Pareto Securities AS

Dronning Mauds gate 3
P.O. Box 1411 Vika
N-0115 Oslo
Norway

Tel: + 47 22 87 87 00
Fax: + 47 22 87 87 15
www.paretosec.com

All applications in the Subsequent Repair Offering will be treated in the same manner regardless of whether it is placed by delivery of an Application Form to the Manager or through the VPS online application system.

Application Forms that are incomplete or incorrectly completed electronically or physically, or that are received after the expiry of the Application Period, may be disregarded without any further notice to the applicant. Properly completed Application Forms must be received by the Manager by 12:00 pm (CET) on 27 March 2015 or registered electronically through the VPS application system by 12:00 p.m. (CET) on 27 March 2015, unless the Application Period is being extended. Neither the Company nor the Manager may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by the Manager.

Subject to Section 7.1.3 above, all applications made in the Subsequent Repair Offering will be irrevocable and binding upon receipt of a duly completed Application Form by the Manager, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the Applicant after having been received by the Manager, or in the case of application through the VPS online application system, upon registration of the application.

7.1.12 Allocation of Offer Shares

Allocation of the Offer Shares is expected to take place on or about 27 March 2015. The following allocation criteria will be used for the allocation of Offer Shares in the Subsequent Repair Offering:

1. Offer Shares shall be allocated on the basis of exercised Allocation Rights;
2. In the event that not all Allocation Rights are used and the Subsequent Repair Offering is over-subscribed by Eligible Shareholders, the Offer Shares not allocated based on exercised Allocation Rights will be allocated to Eligible Shareholders based on the standard VPS allocation (based on number of Allocation Rights); and
3. In the event that not all Allocation Rights are used and the Subsequent Repair Offering is not over-subscribed by Eligible Shareholders, applicants who have applied for shares without Allocation Rights (not being Eligible Shareholders) will be allocated Offer Shares at the discretion of the Board.

The allocation of Offer Shares will take place after the expiry of the Application Period. Written notifications of allocations are expected to be issued by the Manager on or about 27 March 2015 by post. Applicants may contact the Manager in order to be informed about their allocations from 19:00 p.m. (CET) on 27 March 2015 and onwards during business hours. Applicants who have access to investor services through an institution that operates the Applicant's VPS account should be able to see how many Offer Shares they have been allocated from 19:00 p.m. (CET) on 27 March 2015.

7.1.13 Payment and delivery of Offer Shares

In completing the Application Form, each applicant in the Subsequent Repair Offering will irrevocably authorise the Manager to debit the applicant's Norwegian bank account for the total amount due for the subscribed and allocated Offer Shares on or about 31 March 2015 (the "Payment Date") and there must be sufficient funds in the stated bank account from and including 29 March 2015. The applicant's bank account number must be stated on the Application Form. The Manager reserves the right to (but has no obligation) to make up to three debit attempts before 10 April 2015 (unless the Application Period is extended in accordance with section 7.1.9 above), if there are insufficient funds on the account on the first debiting date.

Applicants not having a Norwegian bank account must ensure that payment of the allocated Offer Shares is made on or before the Payment Date (31 March 2015). Further details and instructions will be set out in the allocation notes to the applicants and can also be obtained by contacting the Manager by telephone at: + 47 22 87 87 00. Any excess amounts paid by an applicant will be refunded by the Manager by electronic transfer to the applicant's bank account at the expense and risk of the applicant.

Should applicants have insufficient funds in their accounts or should payment be delayed for any reason, a penalty interest will be payable on the delayed sum according to the Norwegian Act on Interest on Overdue Payments of 17 December 1976 no. 100. The interest rate at the date of this Prospectus is 9.25 per cent per annum. Should payment not be made when due, the Offer Shares allocated to such applicant will not be delivered to the applicant and the Manager, on behalf of the Company, reserves the right to cancel the order, to re-allot, assume ownership or to sell the allocated Offer Shares at the expense and risk of the applicant.

If Offer Shares are sold on behalf of the applicant, such sale will be for the applicant's account and risk (however, the Applicant shall not be entitled to profits therefrom, if any) and the applicant will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Manager as a result of or in connection with such sales, and the Company and/or the Manager may enforce payment of any amount outstanding in accordance with applicable law.

Subject to timely payment by the applicant, Offer Shares allocated to applicants in the Subsequent Repair Offering are expected to be delivered in the form of Depository Receipts to the applicants' VPS accounts and be available for the applicant on or about 13 April 2015.

7.1.14 Financial intermediaries

All persons and entities holding beneficial rights to Shares registered in the VPS or Allocation Rights through financial intermediaries should read this Section 7.2.13. All questions concerning timeliness, validity and form of instructions to a financial intermediary in relation to the exercise of Allocation Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure; or as it otherwise notifies each shareholder.

Neither the Company nor the Manager is liable for any action or failure to act by any financial intermediary through whom shareholders of the Company hold their Shares in the VPS.

Allocation Rights

If an Eligible Shareholder held the Shares through a financial intermediary on the Record Date, the financial intermediary will customarily give each Eligible Shareholder details of the aggregate number of Allocation Rights to which each Eligible Shareholder will be entitled. The relevant financial intermediary will customarily supply each Eligible Shareholder with this information in accordance with its usual customer relations procedures. Eligible Shareholders should contact their financial intermediary if they have received no information with respect to the Subsequent Repair Offering.

Shareholders who hold their Shares through a financial intermediary and who are Ineligible Shareholders will not be entitled to exercise their Allocation Rights transferred to the financial intermediary.

Subscription Period

The time until which notification of exercise instructions may be validly given may be earlier if Shares are held through a financial intermediary. This depends on the financial intermediary.

Subscription

If Eligible Shareholders hold their Allocation Rights through a financial intermediary and wish to exercise their Allocation Rights, they should instruct their financial intermediary in accordance with the instructions received from the financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Eligible Shareholders and for informing the Manager of their exercise instructions.

Method of Payment

Eligible Shareholders holding their Allocation Rights through a financial intermediary should make the payment for the Offer Shares that they are allocated in accordance with the instructions received from that financial intermediary. The financial intermediary must make the payment for the Offer Shares to the Manager, who will in turn pay it to the Company. Payment for the Offer Shares must be made to the Manager no later than the Payment Date. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

7.2 SHAREHOLDERS' RIGHTS CONFERRED BY THE OFFER SHARES

The Offer Shares will in all respects rank *pari passu* with all other Shares already in issue, and will be eligible for any dividend that the Company may declare on the Shares after the Offer Shares have been issued in accordance with Australian law.

7.3 LISTING AND TRADING OF THE OFFER SHARES

An applicant will not under any circumstances be entitled to sell or transfer its Offer Shares allocated in the Subsequent Repair Offering until the Offer Shares have been paid in full by the applicant and the Offer Shares have been issued to the applicant in the VPS.

The Offer Shares will be listed on Oslo Axess as soon as the Offer Shares have been validly issued by the Company and registered in the VPS, subject only to the publication of this Prospectus.

7.4 PUBLICATION OF INFORMATION RELATED TO THE OFFERING

The Company intends to use the Oslo Børs' information system to publish information with respect to the Subsequent Repair Offering, such as any changes to the Application Period and the definitive number of Offer Shares issued and sold, the total amount of the Subsequent Repair Offering and the first day of trading of the Offer Shares on Oslo Axess.

7.5 MANAGER

The Manager for the Subsequent Repair Offering is Pareto Securities AS. For the addresses and contact information of the Manager, please refer to section 7.1.11 above.

7.6 LEGAL ADVISORS

Wikborg, Rein & Co Advokatfirma DA is acting as Norwegian legal counsel, Steinepreis Paganin is acting as Australian legal counsel and Andrews Kurth LLP is acting as US legal counsel, to the Company in connection with the Subsequent Repair Offering.

7.7 EXPENSES AND NET PROCEEDS

The Company will pay to the Manager commission in respect of the Offer Shares sold in the Subsequent Repair Offering on behalf of the Company. The Company estimates that its total costs in connection with the Subsequent Repair Offering will amount to approximately NOK 1.8 million, of which the Manager will receive a total of NOK 1.7 million assuming full subscription of the Subsequent Repair Offering. The net proceeds from the Subsequent Repair Offering are expected to be approximately NOK 17.2 million assuming gross proceeds of approximately NOK 19 million.

7.8 JURISDICTION AND CHOICE OF LAW

The Subsequent Repair Offering and this Prospectus are subject to Norwegian law, save for the issuance of the Offer Shares which is subject to Australian law. Any dispute arising in respect of the Subsequent Repair Offering or this Prospectus is subject to the exclusive jurisdiction of Oslo District Court.

7.9 VPS ACCOUNT

To participate in the Subsequent Repair Offering, each applicant must have a VPS account. The VPS account number must be stated when registering an application through the VPS online application system or on the Application Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorized investment firms in Norway and Norwegian branches of credit institutions established within the EEA. Applicants may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

7.10 MANDATORY ANTI-MONEY LAUNDERING PROCEDURES

The Subsequent Repair Offering is subject to the Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009 (collectively the "Anti-Money Laundering Legislation").

All applicants who are not registered as existing customers with the Manager must verify their identity to the Manager in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants that have designated an existing Norwegian bank account and an existing VPS-account on the Application Form are exempted, provided the aggregate subscription price is less than NOK 100,000, unless verification of identity is requested by the Manager. The verification of identification must be completed prior to the end of the Application Period. Applicants that have not completed the required verification of identification will not be allocated Offer Shares.

7.11 INTERESTS OF NATURAL AND LEGAL PERSONS IN THE SUBSEQUENT REPAIR OFFERING

The Manager or its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Further, a portion of the commissions that are to be paid for the services of the Manager in respect of the Subsequent Repair Offering are calculated on the basis of the gross proceeds of the Subsequent Repair Offering.

The Company will receive the proceeds of the Subsequent Repair Offering.

Other than as set out above, the Company is not aware of any interest of any natural and legal persons involved in the Subsequent Repair Offering that is material to the Subsequent Repair Offering.

7.12 SHARES FOLLOWING THE SUBSEQUENT REPAIR OFFERING

Following completion of the Subsequent Repair Offering, the Company's issued and outstanding share capital will increase from 957,589,457 (including the New Shares issued in the Private Placement) to 1,011,935,457, assuming full subscription of the Subsequent Repair Offering. If all Options issued in the Private Placement and the maximum number of Options to be issued in the Subsequent Repair Offering are exercised, the Company's issued and outstanding share capital will be 1,174,974,457 Shares.

7.13 DILUTION

Assuming issuance of the New Shares in the Private Placement and full subscription of the Subsequent Repair Offering, the Subsequent Repair Offering will result in a dilution of approximately 5.4 per cent for shareholders who do not participate in the Subsequent Repair Offering (not taking into account Shares that may be issued by the exercise of Options).

Table 7.3: Dilution following Subsequent Repair Offering

Total number of shares post Private Placement	Total number of Offer Shares in the Subsequent Repair Offering	Total number of shares if all offer Shares are issued in the Subsequent Repair Offering	Number of Options issued in connection with the Subsequent Repair Offering	Total number of shares if all Options issued in connection with the Subsequent Repair Offering are exercised
957,589,456	54,346,000	1,011,935,457	27,173,000	1,039,108,457
94.6%	5.4%	100.0%		

Source: African Petroleum

8. SELLING AND TRANSFER RESTRICTIONS

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered under this Prospectus.

Other than in Norway, the Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Offer Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

8.1 SELLING RESTRICTIONS

United States of America

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold except (i) within the United States to QIBs as defined in Rule 144A under the U.S. Securities Act of 1933, as amended or (ii) to non-U.S. persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933, and in each case, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Manager has agreed that it has not offered or sold, and will not offer or sell, any of the Offer Shares at any time other than to QIBs in the United States in accordance with Rule 144A or outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described in Section 8.2 "Transfer Restrictions".

Any offer or sale in the United States will be made by broker-dealers registered under the US Exchange Act which are either an affiliate of the Manager or broker-dealers to which the Manager have a contractual relationship. In addition, until 40 days after the commencement of the Subsequent Repair Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Subsequent Repair Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A of the U.S. Securities Act and in connection with any applicable state securities laws.

United Kingdom

The Manager:

- a) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company; and
- b) has complied and will comply with all applicable provisions of the FSMA with respect to everything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

European Economic Area ("EEA")

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any Offer Shares may not be made in that Relevant Member State, other than the offers contemplated by this Prospectus in Norway once this Prospectus has been approved by the Norwegian FSA and published in accordance with the Prospectus Directive as implemented in Norway, except that an offer to the public of any Offer Shares in a Relevant Member State may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in the Relevant Member State:

- a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b) to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication by the Company or the Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes hereof, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in each Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

The EEA selling restriction is in addition to any other selling restrictions set out in this Prospectus.

Switzerland

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance of prospectuses under article 652a or article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under article 27 ff of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the Offer Shares or the Subsequent Repair Offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this document nor any other offering or marketing material relating to the Subsequent Repair Offering, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Subsequent Repair Offering will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the Subsequent Repair Offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Canada

This document constitutes an offering of the Offer Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such Offer Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Offer Shares or the offering of Offer Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Offer Shares or the resale of such Offer Shares. Any person in the Provinces lawfully participating in the Offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Offer Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may

in some circumstances apply to resales of the Offer Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the Offer Shares.

The Company and its directors and officers are located outside Canada. As a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages or rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario.

In Ontario, every purchaser of the Offer Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Offer Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that:

- (a) the Company will not be liable if it proves that the purchaser purchased the Offer Shares with knowledge of the misrepresentation;
- (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the Offer Shares as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable exceed the price at which the Offer Shares were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (i) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (ii) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action.

These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian Income Tax Considerations

Prospective purchasers of the Offer Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the Offer Shares as any discussion of

taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada

Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of these securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Hong Kong

The Offer Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Offer Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may they be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Australia

This Prospectus has not been lodged with the Australian Securities and Investments Commission, and is not a disclosure document for the purposes of the *Corporations Act 2001 (Cth)* (the "Corporations Act"). This Prospectus does not constitute an offer in Australia to any person who is not a "sophisticated investor" or "professional investor" as defined in the Corporations Act. The distribution of this Prospectus (including electronically) to persons in Australia may be restricted by the Corporations Act, and any failure to comply with such restrictions may constitute a violation of applicable securities laws. If this Prospectus is released to NSX in accordance with the Company's continuous disclosure obligations then such action is for information purposes only and does not constitute an offer of securities.

Additional jurisdictions

The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Japan or any other jurisdiction in which it would not be permissible to offer the Offer Shares.

In jurisdictions outside the United States, Australia and the EEA where the Subsequent Repair Offering would be permissible, the Offer Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

8.2 TRANSFER RESTRICTIONS

United States of America

The Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this Section.

Each purchaser of the Offer Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed decision and that:

- The purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority or any state of the United States, and are subject to significant restrictions on transfer.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.
- The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.
- The purchaser acknowledges that the Company, the Manager and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States pursuant to Rule 144A acknowledges, represents and agrees that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a qualified institutional buyer (as defined in Rule 144A) (QIB), (ii) is aware that the sale to it is being made in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution of the Offer Shares, as the case may be.

- The purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of Section 4(a)(2) of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, as the case may be, such shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The Offer Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares, as the case may be.
- The Company shall not recognize any offer, sale pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.
- The purchaser acknowledges that the Company and the Manager and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

European Economic Area

Each person in a Relevant Member State (other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway) who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Manager and the Company that:

- (a) it is a qualified investor as defined in the EU Prospectus Directive; and
- (b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Manager has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an "offer" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the EU Prospectus Directive in that Relevant Member State and the expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

9. PRESENTATION OF THE COMPANY

9.1 INTRODUCTION

African Petroleum Corporation Limited (African Petroleum) is a public limited liability company, established under the laws of Australia. The Company is subject to the Australian Corporations Act. The Company was incorporated 16 May 2007 under the name Global Iron Limited ("Global Iron") and changed its name to African Petroleum Corporation Limited on 24 June 2010, after a reverse take-over by African Petroleum Corporation Limited (Cayman Islands). Please refer to section 9.4 below for more information regarding the reverse take-over. The Company is registered with the ASIC under organisation number ACN 125 419 730. The Company's registered business address is 32 Harrogate Street, West Leederville, WA 6007, Australia. The principal offices of the Company are located in London, in Premier House, 10 Greycoat Place, London, SW1P 1SB, United Kingdom. The telephone number is +44 (0) 203 761 6900. The Company has been listed on the NSX since June 2010 and on Oslo Axess since May 2014.

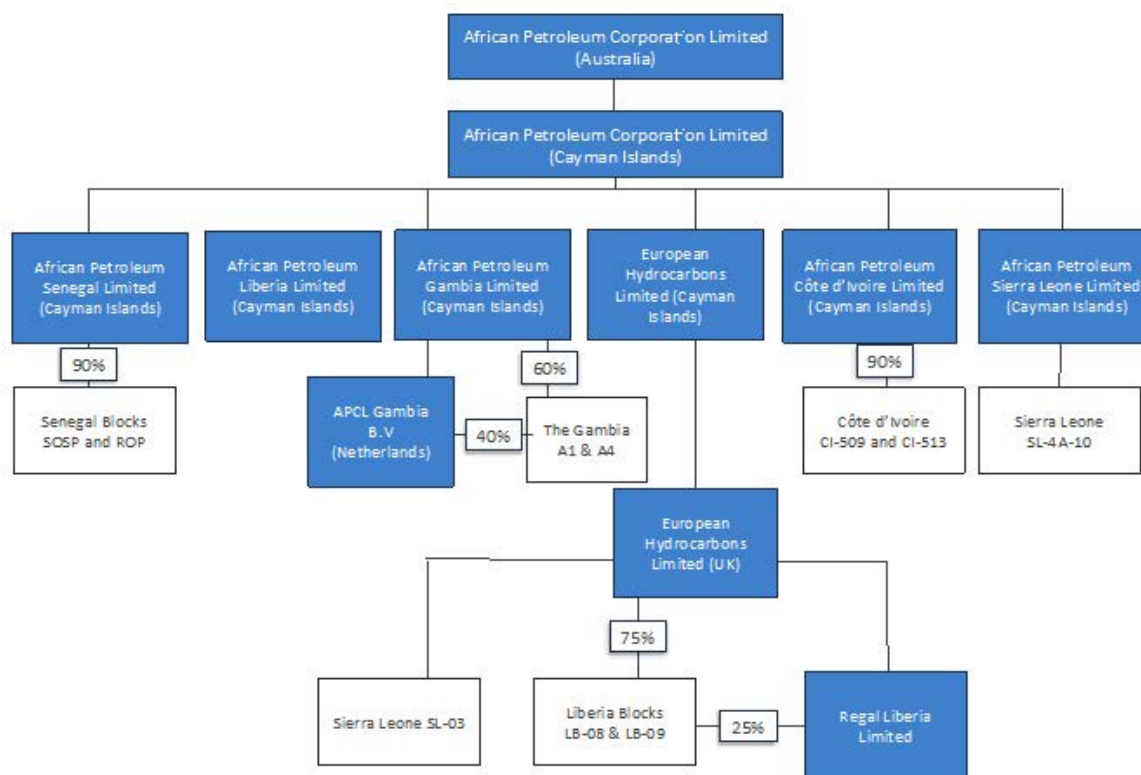
The Group is an oil and gas exploration and development group focused on exploration offshore West Africa. The Group holds a total of ten licence blocks offshore Côte d'Ivoire, The Gambia, Liberia, Senegal, and Sierra Leone, giving the Company a total combined gross exploration licence acreage of 32,210 km².

The Company is the ultimate holding company of the Group, and has no operational activities. The subsidiaries African Petroleum Côte d'Ivoire Limited, African Petroleum Senegal Limited, African Petroleum Gambia Limited and African Petroleum Sierra Leone Limited conduct activities through licences in the countries reflected by the company names. The subsidiaries European Hydrocarbons Limited and Regal Liberia Limited conduct activities through licences in Sierra Leone and Liberia.

The Group's exploration activities have so far been financed by equity capital and the Company has raised a total of USD 567.8 million through the completion of five capital raisings in 2010, 2011, 2012 and 2014. On 10 February 2015 the Company announced the Private Placement as described in section 6 above, raising a total of approximately NOK 95.1 million in gross proceeds. The Group has 3D seismic data available for all of its ten licences. The Senegal ROP Licence 3D seismic data was purchased from Petrosen and the Group acquired new 3D seismic surveys on the remaining nine licences as part of agreed minimum work commitments. In addition the Group has drilled three exploration and appraisal wells on its LB-09 licence offshore Liberia.

9.2 LEGAL STRUCTURE OF THE GROUP

The Company is the ultimate parent company of the Group. In addition, the Group consists of 17 subsidiaries. The majority of the Group's subsidiaries are incorporated on the Cayman Islands, except for certain companies incorporated in the countries where the Group conducts its activities through its licences as well as 5 subsidiaries incorporated in the UK, including the management company African Petroleum Corporation (Services) Limited ("African Petroleum Services"). A condensed legal structure of the Group is shown in Figure 9.1 below:

Figure 9.1: Condensed legal structure of the Group

Source: The Company

The table below contains a list of all of the Company's subsidiaries:

Table 9.1: List of Group companies

Company name	Country of incorporation	Group ownership
African Petroleum Corporation Limited	Cayman Islands	100 per cent
European Hydrocarbons Limited	Cayman Islands	100 per cent
African Petroleum Liberia Limited	Cayman Islands	100 per cent
African Petroleum Sierra Leone Limited	Cayman Islands	100 per cent
African Petroleum Senegal Limited	Cayman Islands	90 per cent ¹
African Petroleum Gambia Limited	Cayman Islands	100 per cent
African Petroleum Côte d'Ivoire Limited	Cayman Islands	100 per cent
African Petroleum (SL) Limited	Sierra Leone	99.99 per cent ²
African Petroleum Senegal SAU	Senegal	100 per cent
African Petroleum Côte d'Ivoire SAU	Côte d'Ivoire	100 per cent
African Petroleum Liberia Limited	Liberia	100 per cent
African Petroleum Corporation (Services) Limited	United Kingdom	100 per cent
European Hydrocarbons Limited	United Kingdom	100 per cent
Regal Liberia Limited	United Kingdom	100 per cent
African Petroleum Limited	United Kingdom	100 per cent
African Petroleum Corporation Limited	United Kingdom	100 per cent
APCL Gambia B.V.	Netherlands	100 per cent

¹ Remaining 10 per cent shareholding held by Prestamex Limited

² Remaining 0.01 per cent shareholding held by Mr. Bangura (director of the Company). Mr. Bangura is resident of Sierra Leone and holds the shares in accordance with Sierra Leonean law

9.3 DESCRIPTION OF THE MAIN COMPANIES IN THE GROUP

The Company holds 100 per cent of the shares in African Petroleum Corporation Limited (Cayman Islands) which holds 100 per cent of the shares in African Petroleum Côte d'Ivoire Limited, African Petroleum Gambia Limited, European Hydrocarbons Limited (Cayman Islands), African Petroleum Sierra Leone limited, African Petroleum Liberia Limited and 90 per cent of the shares in African Petroleum Senegal Limited. All subsidiaries of African Petroleum Corporation Limited (Cayman Islands) are registered in the Cayman Islands. Further, European Hydrocarbons Limited (Cayman Islands) holds 100 per cent of the shares in European Hydrocarbons Limited (UK), registered in the United Kingdom, and which is the owner of 100 per cent of the shares in Regal Liberia Limited registered in the United Kingdom. The corporate structure presented in Figure 8.1 is an extract of the Company's corporate structure, showing African Petroleum's key subsidiaries. In addition to these entities, the Group has local subsidiaries in many of the jurisdictions in which it operates and other UK and Cayman Islands registered companies as indicated in the table above.

African Petroleum Corporation Limited (the Company): Is the ultimate parent company in the Group and is registered in Australia.

African Petroleum Corporation Limited ("African Petroleum Cayman"): Is the Cayman Islands registered parent company of the Group and is wholly owned by the Company.

African Petroleum Côte d'Ivoire Limited ("African Petroleum Côte d'Ivoire"): The Cayman Islands registered subsidiary is wholly-owned by African Petroleum Cayman and holds a 90 per cent interest in licences CI-509 and CI-513, offshore western Côte d'Ivoire. The remaining 10 per cent carried interest is held by the national oil company of Côte d'Ivoire, Petroci Holding ("Petroci").

European Hydrocarbons Limited (UK) ("EHL"): The UK registered subsidiary is wholly-owned by African Petroleum Cayman (through European Hydrocarbons Limited (Cayman Islands)) and holds, together with its wholly owned subsidiary Regal Liberia Limited, a 100 per cent interest in licences LB-08 and LB-09, located offshore Liberia. Further, EHL owns 100 per cent interest over licence SL-03, offshore Sierra Leone.

Regal Liberia Limited ("Regal Liberia"): Is a wholly owned UK registered subsidiary of EHL. Regal Liberia holds a 25 per cent interest in licences LB-08 and LB-09 located offshore Liberia.

African Petroleum Senegal Limited ("African Petroleum Senegal"): African Petroleum Cayman owns 90 per cent of the Cayman Islands registered subsidiary, with the remaining 10 per cent owned by Prestamex Group Inc. African Petroleum Senegal holds a 90 per cent operating interest in exploration blocks Rufisque Offshore Profond and Senegal Offshore Sud Profond, offshore southern and central Senegal with the remaining 10 per cent carried interest being held by Société des Pétroles du Sénégal ("Petrosen"), the national oil company of Senegal.

African Petroleum Sierra Leone Limited ("African Petroleum Sierra Leone"): The Cayman Islands registered subsidiary is wholly-owned by African Petroleum Cayman and holds 100 per cent interest in licence SL-4A-10, offshore Sierra Leone.

African Petroleum Gambia Limited ("African Petroleum Gambia"): The Cayman Islands registered subsidiary is wholly owned by African Petroleum Cayman and holds a 60 per cent interest in licences A1 and A4, offshore The Gambia.

APCL Gambia B.V. ("APCL Gambia"): Is a wholly owned subsidiary of African Petroleum Gambia registered in The Netherlands. APCL Gambia holds a 40 per cent interest in licences A1 and A4, offshore The Gambia.

9.4 HISTORICAL BACKGROUND AND DEVELOPMENT

The parent company African Petroleum (previously Global Iron) was incorporated in Australia on 16 May 2007 and admitted to the official list of ASX on 16 October 2007. However, the current business of the Company dates back to June 2005 when EHL and Regal Liberia, following an international bidding round, were awarded 75 per cent and 25 per cent working interest respectively in licences LB-09 and LB-08 offshore Liberia. At such time, Mr. Timis was a former director of Regal Petroleum PLC, which was the parent legal entity of Regal Liberia, and he was also the beneficial controlling shareholder of EHL and a 7 per cent shareholder in Regal

Petroleum plc. In November 2007, EHL acquired the remaining 25 per cent interest in licences LB-08 and LB-09 indirectly through its acquisition of Regal Liberia.

In 2010 a reverse take-over, resulting in the assets of EHL being transferred to Global Iron, was completed through the following steps:

- (i) On 28 January 2010, EHL completed a reverse takeover of European Hydrocarbons Limited Cayman ("EHL Cayman")
- (ii) On 29 January 2010, EHL Cayman completed a reverse takeover of African Petroleum Cayman
- (iii) On 30 June 2010, African Petroleum Cayman completed a reverse takeover of Global Iron

The reverse take-over described in item (iii) above was conducted by African Petroleum Cayman completing the acquisition of Global Iron in conjunction with a USD 222 million fundraising pursuant to a placement of new shares directed at professional and institutional investors.

Following the reverse takeover, the Company was admitted to the official list on NSX on 30 June 2010 and subsequently delisted from the ASX following application from the Company on 3 September 2010.

The table below provides an overview of key events in the Company's development, including material events connected to the business pre-dating the reverse takeover.

Table 9.2: List of key historical events

Date	Event
June 2005	Licences LB-08 and LB-09 were acquired by European Hydrocarbons Limited (UK) and Regal Liberia
November 2007	European Hydrocarbons Limited (UK) acquires Regal Liberia and obtains 100 per cent interests in licences LB-08 and LB-09 offshore Liberia
April 2010	European Hydrocarbons Limited (UK) was awarded Licence SL-03 offshore Sierra Leone, ratified by the Parliament of Sierra Leone in February 2011
June 2010	The Company completed a reverse takeover, corporate reorganisation, private placement of shares raising a total of AUD 222 million and the Company listed on NSX
August 2010	The Group entered into a farm-in agreement with Buried Hill to acquire a 60 per cent interest in licences A1 and A4, offshore the Gambia
May and June 2011	Completion of two tranches of private placements of shares, raising AUD 193 million in May 2011 and AUD 57 million in July 2011
September 2011	Announcement of a dryhole with shows at the Group's first well drilled on LB-09, Apalis-1 offshore Liberia
November 2011	Licences Rufisque Offshore Profond and Senegal Offshore Sud Profond, offshore Senegal awarded to the Group
December 2011	Licence CI-513, offshore Côte d'Ivoire awarded to the Group
January 2012	3D seismic data over SL-03 offshore Sierra Leone was received by the Group
February 2012	Announcement of an oil discovery at the Group's second well drilled on LB-09, Narina-1, offshore Liberia
March 2012	Licence CI-509, offshore Côte d'Ivoire awarded to the Group
July 2012	Completion of a private placement of shares raising approximately AUD 85 million in proceeds
July 2012	Final 3D seismic data over Senegal Offshore Sud Profond received
September 2012	The Group was awarded licence SL-4A-10, offshore Sierra Leone and subsequently ratified by the Parliament of Sierra Leone
November 2012	Final 3D seismic data received over CI-509 and CI-513, offshore Côte d'Ivoire
February 2013	Announcement of the results of African Petroleum's third well drilled on LB-09 offshore Liberia, Bee-Eater-1 (subsequently deemed to be unsuccessful)
September 2013	Two year extension granted on Sierra Leone licence SL-03
October 2013	Mr. Charles Matthews appointed as Chairman of the Board of Directors
October 2013	Mr. Stephen West appointed as new Finance Director of the Company
January 2014	Received notification from the Gambian government purporting to terminate licences A1 and A4
January 2014	Two year extension of the second exploration period on LB-08 and LB-09 until June 2016. Outstanding drilling commitment in LB-08 moved into the third exploration period
February 2014	Dr. Stuart Lake was appointed as new CEO of the Company
February 2014	AUD 20 million two tranche private placement at AUD 0.24 per Share. 37,852,000 of the

	Shares were issued on 27 February 2014, the remaining 45,482,000 Shares were issued on 8 April 2014
April 2014	One year extension granted on first exploration period for Côte d'Ivoire licence blocks CI-509 and CI-513, until March 2016 and December 2015, respectively.
May 2014	Completion of Oslo Axess IPO and shares admitted for trading on Oslo Axess
July 2014	Contract signed to acquire 3D seismic on Block SL-4A-10, offshore Sierra Leone
July 2014	Farm-out agreement signed with Buried Hill Africa Limited to farm-out a 10 per cent interest in Block CI-509, offshore Côte d'Ivoire (with conditions precedent)
August 2014	Agreements signed with International Petroleum Limited ("IPL") regarding the conversion of USD 13 million owed by IPL to the Company into fully paid IOP ordinary shares.
November 2014	The Group entered into an agreement with The Government of the Republic of The Gambia to re-instate the Company's Alhamdulillah Licence Block A1 and Licence Block A4 (together the "Gambia Licences") and settle all prior issues concerning the Gambia Licences including the discontinuation of arbitration proceedings.
December 2014	African Petroleum Senegal Limited received confirmation from the President in the form of a Presidential decree of entry into the First Renewal Period on licence Senegal Offshore Sud Profond.
December 2014	The Company signed a non-binding term sheet agreeing terms with a private London based independent oil and gas company to farm-out to the Company's 100 per cent owned Liberian LB-08 licence as further described in section 10.1.8.
January 2015	Announcement of an update to the Company's prospective oil resources at its 90 per cent owned and operated CI-509 and CI-513 offshore licence blocks in Côte d'Ivoire and its 100 per cent owned and operated LB-08 and LB-09 offshore blocks in Liberia.
February 2015	The Company announced the NOK 95.1 million Private Placement
March 2015	Announcement of an update to the Company's prospective oil resources at its ROP and SOSOP offshore licence blocks in Senegal and its A1 and A4 offshore blocks in The Gambia

Source: The Company

9.5 BUSINESS OVERVIEW

9.5.1 Overview of the Company's operations

Since its listing on the NSX on 30 June 2010, the Company has established itself as a major oil and gas exploration company in West Africa. The Company, through its subsidiaries, has extended its portfolio of hydrocarbon exploration licences offshore West Africa, to a total of ten licences including two licences in each of Côte d'Ivoire, The Gambia, Liberia, Senegal and Sierra Leone with a combined gross acreage of 32,210 km². The Group has 3D seismic data available for all of its ten licences. The Senegal ROP Licence 3D seismic data was purchased from PETROSEN and the Group has acquired new 3D seismic surveys on the remaining nine licences as part of agreed minimum work commitments. Further, the Group has drilled three wells on block LB-09 offshore Liberia, with encouraging but so far inconclusive results. The Company emphasises that although all three wells encountered hydrocarbons in varying amounts from shows (Apalis and Bee-Eater) to full hydrocarbon columns (Narina) supported by pressure and sample data, neither of the discovered accumulations qualify as reserves or contingent resources under the Petroleum Resources Classification Framework. Further appraisal data is required to book contingent resources or reserves. Furthermore, the prospective resources of the Liberian licenses referred to in other sections of this Prospectus all relate to undiscovered potential accumulations in prospects either adjacent to the drill sites or situated in other parts of the license area.

As part of the Company's business strategy it is actively exploring farm-out possibilities in the various countries of operation in order to reduce its working interest in some or all of its exploration licences. The farm-out process is part of a process of maturing the Group's asset portfolio and is initiated to *inter alia* reduce the Group's capital commitments, generate cash sales proceeds for funding of future operations as well as introducing technically and operationally competent joint venture partners to the Group's licences. The drilling of wells will require substantial financial resources relative to the economics of the Group, and the Group is dependent on completing farm-outs or alternative financing in order to complete the minimum work commitments under the various licences. The Group intends to fund its existing and future drilling commitments through farm-out agreements. The Group is actively seeking potential farm-out partners and will announce any material agreements to the market as they materialise.

As described above, funds required for the acquisition of licences or for exploration work have historically been raised through equity raisings. Going forward the Group plans to fund its exploration and development activities, including drilling commitments, through further equity raisings and by farming out interests in licences to strategic partners, together with obtaining debt financing where available and appropriate.

Going forward, the focus of the Company will be dependent on various factors, mainly related to development of exploration prospects in the West African Transform Margin and the North West African Atlantic Transform Margin. The Company will pursue a farm-out on all of the Group's ten licences in order to fund drilling operations. Should the Group not be able to secure financing through farm-out agreements in time or obtain extensions on the drilling commitments under the relevant licences when necessary, the licences may be revoked and the Group will risk having to make payments under the guarantees provided in respect of the relevant licences.

9.5.2 Prospective Resources

The Company has obtained a CPR dated 22 April 2014 and two CPR letters dated 23 January 2015 and 12 March 2015 respectively to audit its work and clarify Prospective Resources. The CPR and the CPR letters have been prepared in compliance with the definitions set by the Petroleum Resources Management System issued by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers in March 2007 (March 2007 SPE/WPC/AAPG/SPEE Petroleum Resources Management System (PRMS)). The CPR and the CPR letters have been produced at the request of the Company.

The CPR and the CPR letters were prepared by ERC Equipoise, an independent consultancy specialising in petroleum reservoir evaluation with registered address on 6th floor, Stephenson House, 2 Cherry Orchard Road, Croydon, CR0 6BA, England. Except for the provision of professional services on a fee basis, ERC Equipoise has no commercial arrangement with any other person or company involved in the interests that are the subject of the reports.

ERC Equipoise has consented to the publication of the CPR and the CPR letters in this Prospectus.

The CPR and the CPR letters contain the following summary of licences:

- Liberia: The independent Mean estimate of prospective oil resources for the ten prospects in aggregate is 4,301 MMstb un-risked, net is 4,192 MMstb un-risked and 662 MMstb net risked.
- Côte d'Ivoire: The independent Mean estimate of prospective oil resources for the prospects is 2,491 MMstb un-risked, net is 2,130MMstb un-risked and 456 MMstb net risked.
- Sierra Leone: The independent Mean estimate of prospective oil resources for the Altair prospect in licence SL-03 is 434 MMstb (gross and net) un-risked and 79 MMstb net risked.
- Senegal: The independent Mean estimate of prospective oil resources for the ROP and SOSP licences is 2,060 MMstb un-risked, net is 1,779 MMstb un-risked and 325 MMstb net risked.
- The Gambia: The independent Mean estimate of prospective oil resources for the prospects is 3,078 MMstb (gross and net) un-risked and 445 MMstb net risked.

No material changes have occurred and there has been no operational activity, apart from the 3D seismic acquisition in Sierra Leone licence SL-4A-10 (as further described in section 10.3), since the date of the CPR or the dates of the CPR letters.

The full CPR and the CPR letters are incorporated by reference in section 20.5 below.

9.6 BUSINESS STRATEGY

The Company's strategy is to focus on high potential exploration plays in the West African Transform Margin with the aim of making commercial discoveries and becoming a material independent exploration and development company in the region. The Group is currently focusing on its existing licences and not on the acquisition of additional licences. However, the Company will evaluate any strategic opportunities which may arise in the future.

African Petroleum aims to be an attractive partner to its host governments and licence partners, due to its ability to leverage strong industry links to execute work programs. African Petroleum has a strong track record of delivery from seismic acquisition, processing and interpretation to exploratory drilling, through its experienced

technical and management teams. With success, the Group is well placed to move exploration discoveries through appraisal to development, alongside strategic partners.

9.7 PROPERTY, PLANT AND EQUIPMENT

The Group's main tangible assets relates to its licences and exploration assets which are categorised as exploration and evaluation expenditure in the Group's balance sheet and carries a book value of approximately USD 396.3 million as at 31 December 2014.

As at 31 December 2014, the Group had USD 1,407,270 of property, plant and equipment ("PPE"). This included plant and equipment with a net book value of USD 351,112 and freehold land with a book value of USD 1,056,158. As at 31 December 2014 the Group also held a corporate aircraft valued at USD 942,069 which the Company disposed of on 6 January 2015 for consideration of USD 1 million, and accordingly this amount has been classified on the Group's balance sheet as an "Asset held for distribution".

Please refer to Section 10 for further descriptions of the Group's assets.

9.8 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Group has had no material expenses related to research and development for the period covered by the last two financial years and up to the date of the Prospectus.

Other than the licences described under Section 10, the Group is not dependent on any patents or licences, and does not hold any patents or licences that are critical to the business or any other significant patents.

9.9 MATERIAL CONTRACTS

The following contracts are deemed material to the business of the Company:

9.9.1 PSCs and other contracts relating to the Group's current and previous licences

The Group's main contracts are the PSCs and other licences under which the Group holds interests in its exploration blocks. PSCs are common contracts signed between a government and a resource extraction company and the Group has entered into a number of PSCs with the respective governments in the different countries in which the Group holds its licences:

- **LB-08:** PSC between the Republic of Liberia, the National Oil Company of Liberia ("NOCAL"), EHL and Regal Liberia for the exploration and production rights over licence LB-08 offshore Liberia and entered into on 16 June 2005, amended on 1 March 2008 and ratified by the National Legislature of the Republic of Liberia on 11 June 2008;
- **LB-09:** PSC between the Republic of Liberia, NOCAL, EHL and Regal Liberia for the exploration and production rights over licence LB-09 offshore Liberia entered into on 16 June 2005, amended on 1 March 2008 and ratified by the National Legislature of the Republic of Liberia on 11 June 2008;
- **CI-513:** PSC entered into between the Republic of Côte d'Ivoire, Petroci and African Petroleum Côte d'Ivoire Limited over licence CI-513, dated 19 December 2011, amended on 17 April 2014;
- **CI-509:** PSC entered into between the Republic of Côte d'Ivoire, Petroci and African Petroleum Côte d'Ivoire Limited over licence CI-509, dated 16 March 2012, amended on 17 April 2014;
- JOAs entered into on 11 May 2012 between African Petroleum Côte d'Ivoire Limited and Petroci for licences CI-509 and CI-513;
- **SL-03:** Petroleum agreement entered into between the Government of the Republic of Sierra Leone and EHL regarding the licence SL-03, dated 23 April 2010, amended on 23 September 2013;
- **SL-4A-10:** Petroleum exploration and production agreement entered into between African Petroleum Sierra Leone and the Government of the Republic of Sierra Leone regarding licence SL-4A-10 and dated 17 September 2012.
- **Rufisque Offshore Profond:** The Hydrocarbon Exploration and Production Sharing Contract between the Republic of Senegal, Petrosen and African Petroleum Senegal over licence Rufisque Offshore Profond, Senegal, dated 25 October 2011;
- **Offshore Sud Profond:** The Hydrocarbon Exploration and Production Sharing Contract between the Republic of Senegal, Petrosen and African Petroleum Senegal over the Senegal licence Offshore Sud Profond and dated 25 October 2011, amended on 30 October 2014;
- JOAs entered into on 25 November 2011 between Petrosen and African Petroleum Senegal regarding licence Rufisque Offshore Profond and licence Offshore Sud Profond;

- **A1:** Petroleum agreement entered in to between the Government of the Republic of The Gambia, APCL Gambia BV and African Petroleum Gambia Limited over Alhamdulilah Licence Block A1 and dated 31 December 2007, amended on 27 November 2014; and
- **A4:** Petroleum agreement entered in to between the Government of the Republic of The Gambia, APCL Gambia BV and African Petroleum Gambia Limited over Alhamdulilah Licence Block A1 and dated 31 December 2007, amended on 27 November 2014.

For further information regarding the PSCs and other agreements related the Company's licences please see Section 10 below.

9.9.2 Agreements regarding third party interests in subsidiaries

Following an agreement between Prestamex Group Inc. ("Prestamex"), African Petroleum Cayman and African Petroleum Senegal dated 28 November 2011, Prestamex received 10 per cent of the shares in African Petroleum Senegal for consultancy services provided by Prestamex on an exclusive basis to African Petroleum Senegal. Prestamex has maintained its 10 per cent ownership of African Petroleum Senegal (while the remaining 90 per cent are held by African Petroleum Cayman). The agreement dated 28 November 2011 *inter alia* governs Prestamex's and African Petroleum Cayman's shareholder interests in African Petroleum Senegal.

Under the agreement and in consideration for the services performed by Prestamex, African Petroleum Cayman, in addition to transferring 10 per cent of its shares in African Petroleum Senegal, has paid Prestamex USD 2,000,000. There are no further liabilities on the part of the Group towards Prestamex under the agreement, save for the shareholder regulations described below.

The agreement governs *inter alia* board composition, shareholder reserved matters, restrictions on the transfer of shares, pre-emption rights and deadlock resolution in African Petroleum Senegal:

- **Board composition:** the agreement allows African Petroleum Cayman to appoint four directors (including the Chairman) to the Board of African Petroleum Senegal. Prestamex is entitled to appoint one director for so long as it holds 10 per cent of the issued share capital of African Petroleum Senegal.
- **Shareholder reserved matters:** The written consent of shareholders holding at least 91 per cent of issued shares is required for certain shareholder reserved matters, which in effect gives Prestamex a veto right in respect of such matters.
- **Restrictions on the transfer of shares:** Other than permitted transfers, transfers of shares (or other dealings in shares) by any shareholder are not permitted without prior written consent of all other shareholders of African Petroleum Senegal. Prestamex has also undertaken not to undergo a change of control without the prior written consent from African Petroleum Cayman.
- **Deadlock:** if a deadlock arises because the parties fail to agree on any of the shareholder reserved matters (as described above) or any other management matter then the issue must be referred to the respective Chairman of each shareholder and the parties shall seek to resolve the disagreement in the best interests of African Petroleum Senegal.

9.9.3 Guarantees

In connection with the various licences the Company has provided the following guarantees:

- i. The PSCs for SL-4A-10 in Sierra Leone requires a corporate guarantee for USD 10 million against the current minimum work program under the licence. This corporate guarantee has been provided by the Company as assurance to the government of Sierra Leone that the Group will fulfil its obligation to acquire 1,500 km² of seismic data and drill one well on the licence no later than 17 September 2015. The drilling is contingent on results of 3D interpretation and drilling rig technology for ultra-deep water. Once the Group has demonstrated to the government that it has spent a minimum of USD 10 million towards these obligations the corporate guarantee will terminate. As at 31 December 2014 the Company has an outstanding exposure of USD 3,106,690.
- ii. The Company has provided a USD 10 million corporate guarantee in relation to the performance of the minimum work commitments on exploration block Rusfisque Offshore Profond (ROP) during the initial exploration period. As at 31 December 2014, the Company has a remaining exposure of USD 882,399 on ROP.

- iii. The Company has deposited USD 12.0 million into an escrow account to guarantee the performance of the minimum work program during the first exploration period of the CI Licences. The escrow account funds will be released as follows;
- a. for CI-513, USD 3 million will be released upon the commencement of drilling of one exploration well, then a further USD 3 million will be released after delivery of all reports and documents resulting from the performance of the minimum exploration works program for the first exploration period and the completion, in a manner satisfactory to the government, of the well abandonment works;
 - b. for CI-509, USD 3 million will be released upon the commencement of drilling of one exploration well, and a further USD 3 million will be released following delivery of all reports and documents resulting from the performance of the minimum exploration works program for the first exploration period and the completion, in a manner satisfactory to the government, of the well abandonment works.

The Company intends to farm-out interests in the CI Licences during 2015 in order to complete these work obligations. Following the extensions granted in April 2014, the first exploration period expires on 19 December 2015 and 16 March 2016 for Licences CI -513 and CI-509 respectively. Additional guarantees shall be provided if the second exploration period is entered into.

If the Group fails to meet the minimum work programs to which the above-mentioned guarantees listed in i – iii relate, the Company would be in default under the PSCs and be at risk of having the affected licence terminated and having to pay under the corporate guarantees and with respect to item iii) above, lose the escrow amount.

9.10 TREND INFORMATION

The Group is an exploration focused oil and gas company with operations offshore West Africa. The Group's operations consist of continuous geological and geophysical research and evaluation of its licences, leading to periods of exploration and appraisal offshore drilling activities.

The Group has not experienced any changes or trends outside the ordinary course of business that are significant to the Group between 31 December 2014 and the date of this Prospectus, other than those described elsewhere in this Prospectus. The Company is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year. See Section 9 (Presentation of the Company), Section 10 (The assets of the Group) and Section 111 (Industry overview) for more information about significant recent trends in the Group's business and relevant markets.

9.11 ENVIRONMENTAL REQUIREMENTS

The Company's business is subject to a number of environmental requirements, in addition to such requirements imposed on the Company under the PSCs. Please refer to section 2.3.11 for more information. Any non-compliance with environmental protection legislation may lead to breach of contracts and fines imposed by the competent authorities of the country of operations.

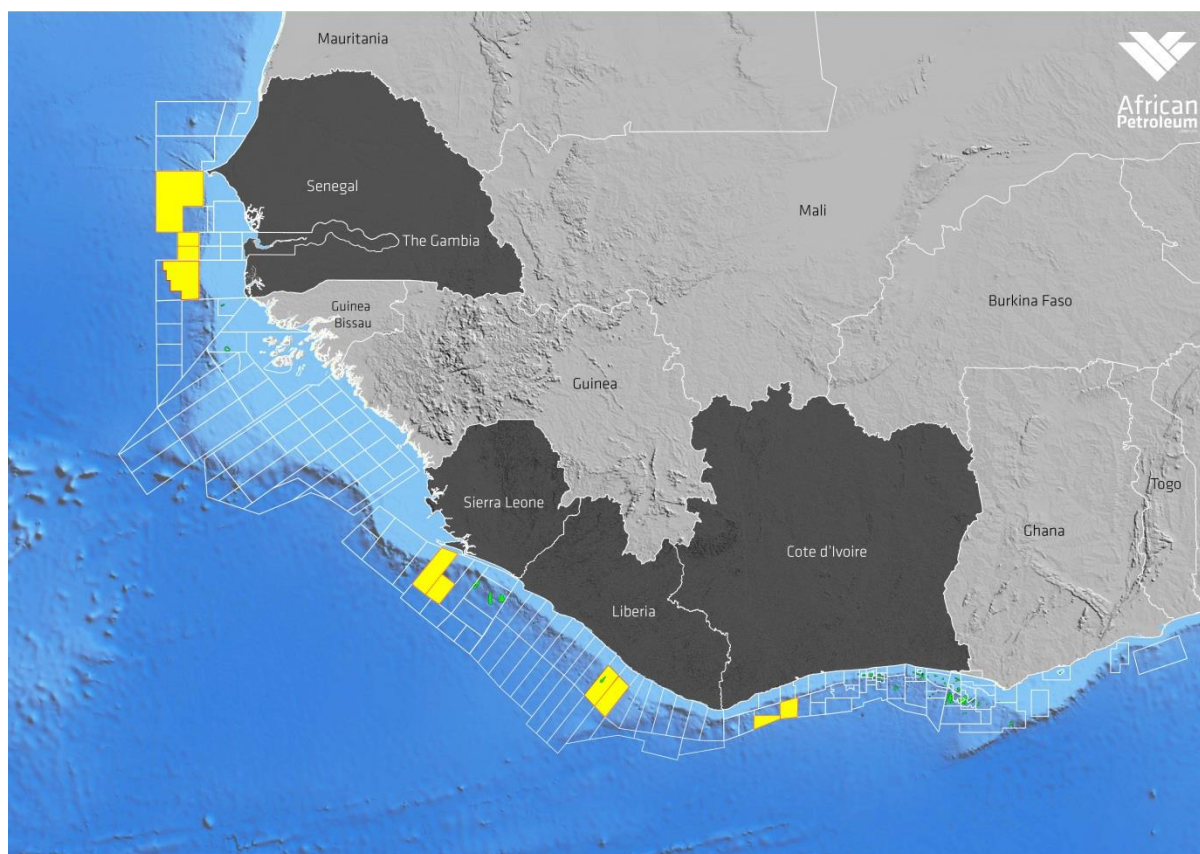
Currently, to the extent known to the Company, there are no environmental requirements preventing the Group from operating under its current Licences.

10. THE ASSETS OF THE GROUP

The Group is focused on hydrocarbon exploration and appraisal activities along the West African Transform Margin ("WATM") from Ghana to Guinea and the southern part of the North West African Atlantic Transform Margin, covering Senegal and The Gambia. Oil and gas activity in the region has grown significantly following the discovery of the Jubilee field offshore Ghana in 2007 which proved the presence of hydrocarbons in a previously under explored region.

The Group holds ten offshore exploration and production licences consisting of two licences in each of Côte d'Ivoire, Liberia, Senegal, Gambia and Sierra Leone. The Group acts as operator of all its licences which cover a gross acreage of 32,210 km². Following awards, the Group has performed an active work program on all licences, acquiring/purchasing 3D seismic on all of its licences and in addition drilled three wells on its 100 per cent owned LB-09 licence in Liberia. The Group is among the largest net acreage owners in West Africa, rivalling industry majors such as Anadarko Petroleum and Chevron Corporation. The Group is actively seeking potential farm-out partners for one or more of its licences, equity will be given up to fund forward work programme, and operatorship may be relinquished in some areas. Figure 10.1 below shows the location of the Group's licences and Table 9.1 shows a detailed overview of the Group's licence interests.

Figure 10.1: Overview of the Company's Licences



Source: The Company

A summary of the licences held by the Group are set out in the table below:

Table 10.1: Summary of Licences

Country	Licence	Operator	Working Interest	Grant Date	End Current Phase	Area km ²	Outstanding commitments in current phase
Liberia	LB-08	European Hydrocarbons Limited	100%	Jun 2005	Jun 2016	2,717	— ¹⁰
Liberia	LB-09	European Hydrocarbons Limited	100%	Jun 2005	Jun 2016	2,634	— ¹⁰
Côte d'Ivoire	CI-513	African Petroleum Côte d'Ivoire Limited	90% ¹	Dec 2011	Dec 2015	1,446	One exploration well
Côte d'Ivoire	CI-509	African Petroleum Côte d'Ivoire Limited	90% ²	Mar 2012	Mar 2016	1,091	One exploration well
Sierra Leone	SL-03	European Hydrocarbons Limited	100% ³	Apr 2010	Apr 2015	3,860	— ⁵
Sierra Leone	SL-4A-10	African Petroleum Senegal Limited	100% ⁴	Sep 2012	Sep 2015	1,995	One contingent exploration well
Senegal	Rufisque Offshore Profond	African Petroleum Senegal Limited	90% ⁶	Oct 2011	Oct 2015	10,357	One exploration well
Senegal	Senegal Offshore Sud Profond	African Petroleum Senegal Limited	90% ⁷	Oct 2011	Oct 2017	5,439	Further geoscience and one contingent exploration well
The Gambia	A1	African Petroleum Gambia Limited	100% ⁸	Dec 2007	Sep 2016	1,296	One exploration well to be drilled on either A1 or A4
The Gambia	A4	African Petroleum Gambia Limited	100% ⁹	Dec 2007	Sep 2016	1,376	See above ¹¹

Source: The Company

Each PSC and licence agreement provides for a specific mechanism to extend the licences. Prior to the end of an exploration phase the licence holder may apply to the Ministry or the regulatory body for an extension or an additional exploration period provided it has fulfilled all its contractual obligations under the PSC or the licence agreement.

As further explained in section 9.5.2 above, the Company has commissioned a CPR dated 22 April 2014 and a two CPR letters dated 23 January 2015 and 12 March 2015, respectively, to provide audited Prospective Resources. The CPR and the CPR letters have been prepared by ERC Equipoise in compliance with the definitions set by the Petroleum Resources Management System issued by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers in March 2007 (March 2007 SPE/WPC/AAPG/SPEE Petroleum Resources Management

¹ Société Nationale d'Opérations Pétrolières de la Côte d'Ivoire has an option to increase its 10 per cent interest to 20 per cent following exclusive exploitation authorisation.

² As above.

³ The State of Sierra Leone shall have a 10 per cent carried interest from the development stage.

⁴ The State of Sierra Leone shall have a 10 per cent carried interest from the development stage with an option to increase with another 5 per cent participating interest.

⁵ Interpretation of seismic data is ongoing in support of the farm-out process and the entry into the next phase.

⁶ Société des Pétroles du Sénégal has an option to increase its 10 per cent interest to 20 per cent following exploitation authorisation.

⁷ As above.

⁸ The Gambia National Oil Company has an option to acquire a 10% participating interest in the Licence from the development stage.

⁹ As above

¹⁰ The Group is working with NOCAL to outline strategy for additional 3D seismic acquisition

¹¹ Reprocessing of seismic data

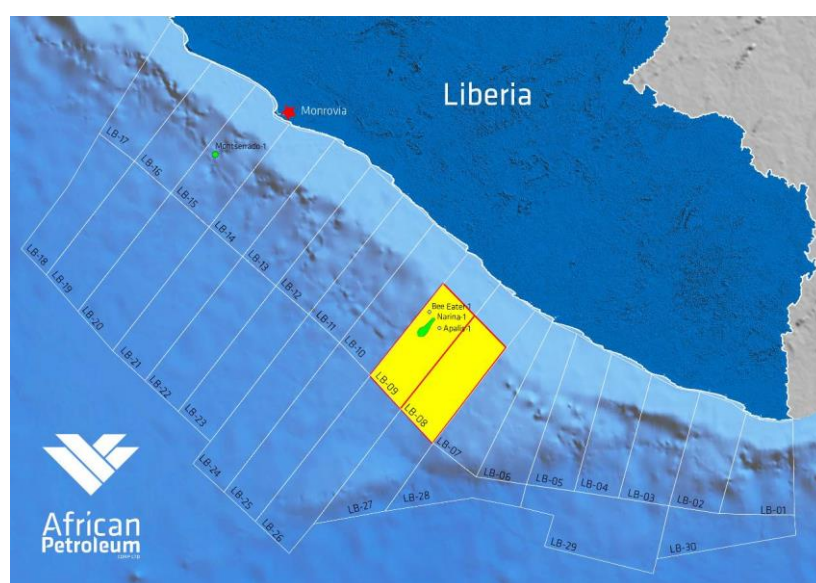
System (PRMS)). The CPR and the CPR Letter are available on the Company's webpage www.africanpetroleum.com.au and incorporated by reference to this Prospectus under section 20.5 below. The Group's resources are estimated as a total of 11,613 MMstb mean net un-risked Prospective Resources.

10.1 LIBERIA

In Liberia, the Group is operator and holds a 100 per cent working interest in production sharing contracts over blocks LB-08 and LB-09 (the "Liberian Licences").

The Liberian Licences were awarded by NOCAL to EHL and Regal Liberia on 16 June 2005, following an international bidding round. EHL was awarded a 75 per cent operated working interest and Regal Liberia (which at the time was a wholly owned subsidiary of Regal Petroleum plc.) was awarded a 25 per cent working interest in the Liberian Licences. In November 2007, EHL acquired Regal Liberia and its 25 per cent working interest in the Liberian Licences. The Liberian Licences were ratified on 11 June 2008 and are currently in the second exploration period. On 18 January 2014, the board of directors of NOCAL granted the Group a two year extension on both Liberian Licences with a new expiry of the second exploration period ending 11 June 2016. All exploration drilling obligations have been met on LB-09 and the two well second period obligations on LB-08 have been moved to the third exploration period. The Group will be working with NOCAL to implement a work program which includes additional 3D seismic data for the current exploration period. In December 2014, the Group entered into a non-binding term sheet with an independent oil and gas company to farm-out a 50% net participating interest in LB-08, as further described in section 10.1.6 below.

Figure 10.2: Overview of the Liberia Licences



Source: The Company

Table 10.2: Liberian Licences: Key facts

Licence	APCL WI	Date of Grant	Licence period	Current Status	Outstanding commitments
LB-08	100 per cent ¹	16 June 2005	8 years (4+2+2) from 11 June 2008 (date of ratification)	2 nd exploration period, (Ends 11 June 2016)	No current outstanding commitments, but the Group is working with NOCAL to outline strategy for additional 3D seismic acquisition
LB-09	100 per cent	16 June 2005	8 years (4+2+2) from 11 June 2008 (date of ratification)	2 nd exploration period, (Ends 11 June 2016)	As above.

Source: The Company

¹ A non-binding farm-out term sheet agreement was entered into in December 2014

10.1.1 Regional geology

Regionally, along the WATM, hydrocarbons have been discovered within sandstones at a number of stratigraphic levels, from late syn-rift Albian to the post-rift Turonian – Campanian turbidite reservoirs. Specifically in Côte d'Ivoire, the Albian aged Espoir and Foxtrot fields are producing oil fields in the shallower water and the Turonian aged Paon and Independence, recent discoveries in the deeper water. The Saphir-1x discovery in 2014 by Total and partners, is adjacent to African Petroleum's acreage and has a major de-risking impact on the area. Ghana has yielded a number of discoveries within these Upper Cretaceous sandstones, initiated by the huge success at the Jubilee oil field in 2007, followed by the Enyenra, Tweneboa, Ntomme and Odum oil and gas/condensate discoveries and most recently the Hess operated discoveries at Pecan, Hickory, Beech which are yet to be developed

In the Liberia-Sierra Leone basin, recent drilling has yielded five hydrocarbon discoveries (Narina, Montserrado, Mercury, Venus and Jupiter), but as yet, none have been declared commercial. Although reservoir quality in the Albian and Turonian sandstones is variable, reservoir quality in the Upper Cretaceous Santonian to Campanian sandstones is good. Successful trap types encountered regionally are both structural and stratigraphic.

Wells drilled by the Group and others, have proven multiple source rocks and high quality turbidite reservoirs. The 'Play' risk has been significantly reduced. Drilling in an 'updip' location, close to the mapped stratigraphic trap crest, meets column height limitations but runs the risk of encountering thin or poor quality reservoir. Thicker, better developed and high quality reservoirs are predicted to be downdip within the Turonian and Cenomanian. Excellent potential also exists within the Campanian in both stratigraphic and structural traps. The challenge is in identifying well-connected high quality reservoir in a trap position. Continual integration of well results and improvement in seismic data quality and its calibration, has helped update the exploration model, map the reservoir and seal units, and enabled the Group to focus on the attractive untested prospects within the portfolio.

10.1.2 Work history and next steps

The Group has conducted a large work program to date on the Liberian Licences. In 2010 the Group completed the acquisition and processing of 5,100 km² of 3D seismic data over both licences. The interpretation of this data identified numerous prospects and leads in the Upper Cretaceous section. To date the Company has drilled three wells on block LB-09: Apalis-1, Narina-1 and Bee Eater-1. The Group completed reprocessing of all the 3D seismic data in September 2013 to improve image quality, and support the maturation of additional prospects and appraisal opportunities within the licences.

In September 2011 the Group completed drilling of its first exploration well, Apalis-1, on LB-09. The well encountered oil shows in several geological units including the shallower (Tertiary) and deeper (Cretaceous). Petrophysical analysis, and core samples from the well, indicated the presence of hydrocarbons and source rock intervals, confirming the critical components of a working hydrocarbon system, however no commercial quality reservoir with hydrocarbons was encountered.

Well Narina-1 was drilled on LB-09 in January 2012, targeting a major Turonian fan system. The well encountered a combined total of 31 metres of net oil pay in the primary objective Turonian and underlying Albian reservoirs with no oil water contacts observed. Oil was recovered from each of the Turonian and Albian reservoirs with gravities of 38° API and 44° API, respectively. Mobilities from formation pressure measurements and permeability from side-wall core measurements show the reservoirs to be of mixed quality, with the majority having relatively low permeability at this location. Pressure data from a combination of wells, indicates a projected oil water contact (OWC) approximately 80 meters deeper than the lowest known oil in Narina-1.

The Group drilled its third well, Bee Eater-1, on LB-09 in January 2013. The well encountered tight sandstones and hydrocarbon source rocks within the Cretaceous formation, however reservoir permeabilities were lower than anticipated. No oil samples or pressure information were recovered. Analysis of core samples taken from the reservoir interval support an interpretation that poor reservoir quality was influenced by the location of the well within a 'bypass' zone of sediment transport down a submarine canyon.

The Apalis-1 and in particular the Narina-1 and Bee Eater-1 wells have helped to de-risk the petroleum system for the Cretaceous play over the Liberian Licences. Work is ongoing to integrate well results into the Group's subsurface interpretation in order to mature the portfolio of exploration and appraisal opportunities. The Group is actively seeking a joint venture partner to fund the forward work programme for the Liberian Licences.

As part of the licence extension work obligation, new 3D seismic is being considered for LB-09 to cover exploration prospects (Narina West, Night Heron, Bluebill and Malimbe) near the Narina-1 well. This survey will incorporate lessons learned from seismic processing to date and will be acquired utilising state of the art technology. Detailed stratigraphic analysis and reservoir quality prediction from seismic are the ultimate goals to enable accurate well positioning and efficient development in the event of appraisal success. This high resolution new seismic dataset will assist in the rapid assessment of these prospects. However, the near surface effects from shallow slump zones are serious challenges to clear imaging.

In LB-08, new seismic data is also being considered to cover three prospects (Lovebird, Darter and Turaco) in the southern corner of the licenced area. Encouraging amplitude support for reservoir and potentially hydrocarbons exists within the current reprocessed dataset. However, similar though less extreme than LB-09, near surface effects (shallow slump zone "mass transport deposit") degrades seismic data quality in LB-08 also. It is believed that a new cost-effective dataset will enable further risk reduction for these exciting prospects. Investment in both of these 3D datasets will better delineate and further de-risk the prospects prior to drilling. Recent CPR update for Turaco and Hornbill prospects has renewed the Groups focus on these exciting prospects in deepwater LB-08.

10.1.3 Net Prospective Resources

The table below summarises the estimates of Prospective Resources included in the April 2014 CPR and in the CPR letter dated 23 January 2015 associated with selected prospects from the Liberian inventory and the water depths and the depth to top targets (TVDSS) on the relevant prospects:

Table 10.3: Liberian Net Prospective Resources

Prospects	Net Un-risked mean Prospective resources (MMstb)	Net Risked Mean Prospective Resources (MMstb)	Water depth (m)	Depth to top target TVDSS (m)
Wildbird	1,065	96	2,000	4,000
Night Heron	650	91	1,750	4,100
Sunbird Canyon	532	118	1,300	3,000
Lovebird (Isopach)	529	106	2,850	5,000
Barbet	270	59	770	3,000
Narina West	184	29	1,200	3,400
Turaco A	84	21.1	2,300	4,600
Turaco B	363	55.8	2,200	4,500
Turaco C	199	25.4	2,100	4,400
Hornbill	316	60.7	2,300	4,600
Total	4,192	662		

Source: ERC Equipoise April 2014 CPR and CPR letter January 2015

Figure 10.3: Liberian Licenses: Overview of main prospects

Source: The Company

10.1.4 Main exploration prospects

The Liberian Licences exhibit high prospect density in a proven hydrocarbon system. As of the date of this Prospectus the main prospects being evaluated for drilling are:

LB-09 Turonian Slope Fan - Narina West Prospect:

The Narina West prospect is located within a stratigraphic trap proven by the Narina-1 discovery (21m net Turonian pay, 38 API oil). The prospect has a P10 area of 98 km² and is constrained by mapped pinch out of the Turonian slope fan. The downdip extent of the prospect is constrained by projected oil water contact supported by pressure data in Narina-1 and other offset wells. It is recognised that net to gross is highly variable within the mapped gross reservoir envelope. Work is under way to identify reservoir sweet spots within this target volume. There are encouraging anomalous amplitudes that may be supportive of improved reservoir quality. Narina-1 had predominantly low permeability reservoir, however the well did encounter a thinly bedded higher quality reservoir unit (18.4 per cent porosity and permeability of 686 mD - supported by side wall core data). There is potential that this package will thicken to the west.

Potential well locations are under consideration to test the Narina West prospect. The goal is to target the thickest gross Turonian isopach that contains seismic evidence of reservoir development above the projected oil water contact (OWC). Through study of analogous accumulations there is potential for internal seals and additional deeper pay zones. This has not formed part of the current analysis as outlined in the CPR. There also may be potential for targeting shallower Campanian objectives with this well. Work is underway to determine the feasibility of targeting dual objectives.

ERC Equipoise ascribed net mean un-risked prospective resource of 184 MMstb to the Company's share of this prospect in the CPR.

LB-09 Turonian Basin Floor Fans - Night Heron Prospect:

Following the Narina-1 discovery, the Bee Eater-1 well provided additional proof of the working petroleum system in Licence LB-09 by penetrating a high quality Turonian source rock, however underlying reservoir development and quality in the drilled location was poor. Following analysis of core samples from the well, the poor reservoir quality is interpreted to be associated with immature 'bypass' deposits in the sediment feeder system. In a thick untested wedge of the Cretaceous onlap, extensive, 'basin floor' sands of Turonian and Cenomanian age are predicted down-dip in the 'Night Heron' prospect and other prospects mapped in LB-08 and LB-09.

The Night Heron prospect is identified on 3D seismic data in LB-09 and extends onto 2D in LB-10. The prospect is expressed as an isopach thick in the seismic facies interpreted as Basin Floor fan sediments down the slope from the Bee Eater canyon. Shales penetrated in the Bee Eater well have been correlated across the area

and represent an effective regional seal for stratigraphic trapping of the fan system. Upside resource potential is recognised in the underlying Cenomanian section, and in the overlying Campanian channel system.

The Anadarko group have completed drilling two wells (on the Timbo and Iroko prospects) along trend in the LB-10 portion of this fan system during 2014 but little public data is available from these wells.

ERC Equipoise ascribed net mean prospective un-risked resources of 650 MMstb to the Company's share of the Night Heron prospect in the CPR.

LB-08 Cenomanian Basin Floor Fans - The Lovebird Prospect

An Easterly sediment input point from LB-07 in the southern portion of Licence Block LB-08 is associated with the intersection of the St Paul Transform Fault with the continental margin. A thick sequence of Cenomanian Basin Floor Fans ("BFF") has filled the accommodation space in this area. Late reactivation of the Transform system has developed a number of faulted anticlines that structurally close within the stacked fans. The largest of these, the Lovebird Prospect, was reviewed by ERC Equipoise in the CPR with estimated net mean prospective un-risked resources of over 500 MMstb. Recent remapping on reprocessed seismic data has increased the Company's management estimates of the prospect volumes. Several other structurally closed prospects in this system are mapped in Licence Block LB-08. Elevated seismic amplitudes are observed coincident with structural closure at several levels in the BFF sequence.

LB-09 Campanian Leveed Channels:

A well-developed complex of channelised Campanian sands is mapped across LB-09. These host several seismic amplitude anomalies and are considered prospective where positioned over potential migration pathways from the underlying mature Turonian / Cenomanian source rocks. Four significant leads have been identified in this play. As these leads are technically matured to prospect level they will be added to future competent persons reports. The most mature Prospect is 'Malimbe' which has structural and stratigraphic elements and is in a mainly good data area. The Apalis well had oil shows in the Eocene, evidence of vertical migration by faults. These same faults intersect the Malimbe channel.

LB-08 Aptian Lacustrine Carbonates - The Wildbird Prospect

A half graben in the central portion of LB-08 contains a thick section of Syn-rift sediments. Preserved over the top of this section are 'build-up' features that have been interpreted to be associated with carbonates formed via hydrothermal venting in a lacustrine environment. If these large mounded features contain reservoir quality rock they could be material exploration targets. The largest of these, the Wildbird Prospect, was ascribed net mean prospective un-risked oil resources of over 1 bnbbbls in the CPR. This prospect is part of a unique syn-rift block, with full section of approximately 5km thickness preserved on the North side of the transform.

10.1.5 Terms of the Liberian Licences

The Republic of Liberia, represented by NOCAL, owns the mining rights in respect of oil and gas exploration and exploitation over the entirety of available areas in Liberia, including the Liberian Licences.

Following the award of the Liberian Licences to EHL and Regal Liberia, PSCs were entered into for each LB-08 and LB-09 between the Republic of Liberia, NOCAL, EHL and Regal Liberia on 16 June 2005 (the "Liberian PSCs"). The Liberian PSCs are substantially identical and grant to EHL and Regal Liberia exploration and exploitation rights through exclusive authorisations as well as production rights. The PSCs were later amended on 1 March 2008 and ratified by the national legislature on 11 June 2008.

The Liberian Licences were originally granted for a period of eight consecutive years, defined by three consecutive periods (exploration phases). The first exploration period is four years, with renewal for a second period of two years and a third period of two years, subject to fulfilment of specified exploration work and expenditure commitments. The Group is currently in the second exploration period in both licences. In January 2014, the board of directors of NOCAL granted a two year extension for the current second exploration period on both Liberian Licences with new period expiry of 11 June 2016.

If a discovery is made on the Liberian Licences that is declared to be commercially exploitable, the Group will be granted by NOCAL an exclusive exploitation authorisation in respect of the commercial field, for a period of 25 years from the date of issue, with possible renewal for up to ten years. If a commercial exploitation remains possible after expiry of the renewed ten year term, an ultimate additional period may be agreed.

As described under section 10.1.8, the licensees are required to relinquish a specified minimum portion of the original license area for each exploration period. At the expiration of the third exploration period, the Group

may retain areas defined within Appraisal and Exploitation Perimeters agreed with NOCAL for continued petroleum operations. The remaining areas of the Licences shall be surrendered. If at the expiration of all of the exploration periods, the Group has not obtained an exclusive appraisal or exploitation authorisation, the PSCs shall terminate.

In the event of a commercial discovery and subsequent production on the Liberian Licences, the licensees share of future revenues are regulated under the Liberian PSCs. Pursuant to the PSCs, the licensees are entitled to cost oil for recovery of costs and investments of up to 70 per cent of the revenue per year, as well as a share of profit oil that ranges between 40 per cent to 60 per cent depending on the rate of daily crude oil production (from 60 per cent for crude oil production below 100,000 barrels per day and down to 40 per cent for a crude oil production exceeding 150,000 barrels per day). The licensees' share of profit gas is 70 per cent.

Under the terms of the Liberian PSCs, the licensees are obligated to pay annual license fees of approximately USD 460,000 per year for each of LB-08 and LB-09 during the exploration phase. These license fees include *inter alia* surface rental, training costs, social welfare and university contributions.

The Group is subject to the applicable laws and regulations of the Republic of Liberia in force concerning taxes which are or may be levied on incomes, or determined thereto. The corporate tax rate is 30 per cent, however the Liberian Licences hold a 10 year tax free holiday for corporate tax commencing from the first day of production.

Withdrawal

The Liberian Licences may be withdrawn should no appraisal or exploitation authorisation be obtained or exploitation work carried out. Withdrawal can also come about in the event of interruption of development work or production for a period of six months. If NOCAL and the NOCAL board of directors should arrive at a decision that EHL or Regal Liberia has shown a total neglect of responsibilities or has abandoned the PSC, the licence may be withdrawn as a last option.

10.1.6 Farm-out – non-binding Term Sheet

All or part of the rights and obligations arising from the Liberian PSCs may be assigned by EHL and Regal Liberia to third parties subject to the prior approval of NOCAL. As announced by the Company on 23 December 2014, the Company has entered into a non-binding term sheet for the farm-out of 50% net participating interest in LB-08 in return for the payment of all future costs and expenditures relating to the LB-08 Licence as well as a contribution to past costs and expenditures. Completion of the farm-out transaction is subject to contract and a number of conditions precedent which must be satisfied or waived no later than 20 March 2015. As at the date of this Prospectus the Company is continuing its negotiations with respect to the proposed LB-08 farm-out. The Company remains confident of a positive conclusion to the negotiations; however, a positive outcome cannot be certain.

10.1.7 Work and expenditure programme

Following a review of the exploration strategy for the Liberian Licences during Q2 2013, it was recommended that additional seismic data acquisition was desirable to improve image of the surface in certain areas. On 18 January 2014, NOCAL granted a two year extension of the second exploration period for both LB-08 and LB-09 and the drilling commitment on LB-08 was moved into the third exploration period. There are now no outstanding exploration well drilling commitments on either block for the current exploration period. The Group is working with NOCAL to implement a work program which includes additional 3D seismic acquisition on either LB-08 and LB-09 or on both.

Table 10.4: Liberian Licences: Work and Expenditure etc. Licence LB-08

Phase	Period	Relinquishment after end of period	Work Commitments	Minimum Investment Requirement	Status
1 st exploration period	4 years	25 per cent	1,500 km ² 3D seismic 1 well commitment	USD 8 million ²	3D commitment completed Agreement to defer 1st well into 2 nd period granted by NOCAL
2 nd exploration period	2 years	25 per cent	1 well commitment	USD 10 million	2 year extension granted. Well commitments moved to 3 rd period. New 3D seismic.
3 rd exploration period	2 years	Upon termination of the 3rd exploration period all the area shall be surrendered except the appraisal and exploitation perimeters	1 well commitment	USD 10 million	

¹ Wells drilled during the relevant exploration period must be drilled to a minimum depth of 2,000 meters to qualify as satisfying the minimum work commitments

² Excess well or investment expenditures may be carried forward into the next exploration period

Source: The Company

Table 10.5: Liberian Licences: Work and Expenditure etc. Licence LB-09

Phase	Period	Relinquishment after end of period	Work Commitments	Minimum Investment Requirement	Status
1 st exploration period	4 years	25 per cent	1,500 km ² 3D seismic and 1 well ¹	USD 8 million	3D commitment completed. Drilled two wells
2 nd exploration period	2 years	25 per cent	2 nd well	USD 10 million	Drilled one well, 2 year extension granted. New 3D seismic.
3 rd exploration period	2 years	Upon termination of the 3 rd exploration period all the area shall be surrendered except the appraisal and exploration perimeters	3 rd well	USD 10 million	No further commitments

¹ Wells drilled during the relevant exploration period must be drilled to a minimum depth of 2,000 meters to qualify as satisfying the minimum work commitments

² Excess well or investment expenditures may be carried forward into the next exploration period

Source: The Company

10.1.8 Relinquishment

Under the Liberian PSCs, the licencees are required to relinquish a specified minimum portion of the original license area of the Liberian Licenses upon expiry of each exploration period. As shown in tables 10.4 and 10.5 above, these minimum portions are:

- i. 25 per cent after the end of the first exploration period,

- ii. 25 per cent after the end of the second exploration period,
- iii. The remaining area not covered by appraisal and exploitation perimeters after the end of the third exploration period

The licencees may determine the area to be relinquished after the expiry of each exploration period. The licencees may surrender rights granted under the Liberian PSCs, but no surrender during or at the end of the exploration period shall reduce the work commitments. The licencees have the right to retain the appraisal perimeters and exploitation perimeters, which are respectively the area in which one or more petroleum discoveries have been made and the area in respect of which NOCAL has granted to EHL an exclusive exploitation authorization.

In relation to the renewal of the licences for the Liberian Licences for the second exploration period of two years from 11 June 2012, EHL relinquished 25 per cent of the geographical area covered by the licences related to the Liberian Licences at the time of renewal, in accordance with the terms of the Liberian PSCs.

10.1.9 Abandonment

The Liberian PCSs provide for abandoning and reclaiming of wells. Upon expiration, surrender or termination of the PSC, the Group may be required to transfer, at no cost to NOCAL, the ownership of assets which have been used for the requirements of the operations carried out in the relevant area, e.g. wells and their equipment, buildings, warehouses, docks, lands offices, plants machinery and equipment, bases, harbours, wharfs, jetties, buoys, platforms, pipelines, roads, bridges, railroads and other facilities.

In such event, the Group shall procure the release of any security over such assets. However, the contractor may continue to use assets beyond the date referred to above for the requirements of its petroleum operations in Liberia governed by other contracts.

NOCAL may further require the contractor, in accordance with good international petroleum industry practice, to perform abandonment operations and to remove, at the contractor's costs, the facilities relating to the surrendered area.

10.1.10 Regulatory matters

EHL and Regal Liberia have undertaken to carry out all petroleum operations in accordance with the Environmental Protection and Management Laws of Liberia (2002) and all International Environmental Protocols. EHL and Regal Liberia are required to and shall:

- (a) submit to the government, through NOCAL, an Environmental Impact Assessment (EIA) prior to commencement of petroleum operation; and
- (b) take reasonable preventative, corrective and restorative measures to protect from pollution, contamination or damage resulting from petroleum operations to water bodies, land surfaces and the atmosphere, and that any pollution, contamination and damage of such water bodies, land surface and atmosphere.

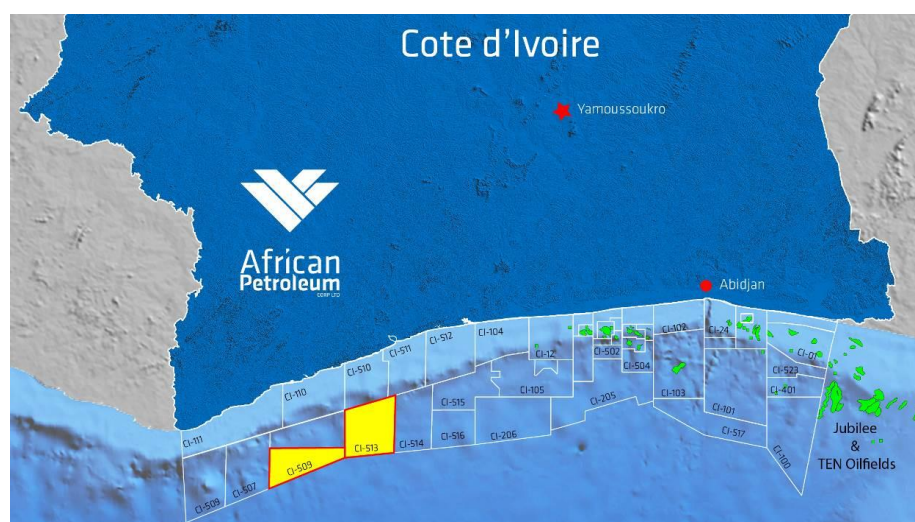
An EIA for the Liberian Licences was submitted to the government of Liberia in January 2011 and an Environmental Permit was issued in May 2011. All exploration operations have been carried out in accordance with the specifications in the EIA.

10.2 CÔTE D'IVOIRE

In Côte d'Ivoire, the Group holds 90 per cent working interest in offshore licences CI-509 and CI-513 (the "CI Licences"), through its wholly owned subsidiary African Petroleum Côte d'Ivoire SAU (the "CI Subsidiary"). The remaining 10 per cent carried interest is held by Petroci, the national oil company of Côte d'Ivoire, who also has an option to increase its interest by a further 10 per cent following an exploitation authorisation on the licences. The CI Licences were acquired in 2011 through direct negotiations with the Ministry of Mining, Petroleum and Energy of Côte d'Ivoire and Petroci. Block CI-509 covers 1,091 km² and block CI-513 covers 1,446 km², with a combined surface area of 2,538 km². Both of the CI Licences are currently in their first exploration period, which, following the extensions granted in April 2014 expires 19 December 2015 (CI-513) and 16 March 2016 (CI-509).

On 14 July 2014, the Group announced that it had entered into an agreement with Buried Hill Africa Limited to farm-out a 10% interest in Block CI-509. Completion of the farm-out agreement is subject to the satisfaction or waiving of certain conditions precedent. The conditions precedent of this farm-out have not yet been fulfilled and the agreement has been extended accordingly.

Figure 10.4: Overview of the CI Licences



Source: African Petroleum

Table 10.6: Côte d'Ivoire Licences: Key facts

Licence	Date of Grant	Licence period	Current Status	Outstanding commitments
CI-513	19 December 2011	7 (4+1.5+1.5) years from date of grant	1 st exploration period (expires Dec 2015)	One well required by December 2015
CI-509	16 March 2012	8 (4+2+2) years from date of grant	1 st exploration period (expires March 2016)	One well required by March 2016

Source: African Petroleum

10.2.1 Regional geology

Blocks CI-509 and CI-513 are located in the San Pedro area of the Côte d'Ivoiran Basin which is one of several Mesozoic basins along the east-west trending continental margin of the Gulf of Guinea. The Basin is located between two large dextral transform faults: the St. Paul Transform fault to the north, and the Romanche Transform Fault to the south. Basin evolution was controlled by extensive block and transform movements resulting from the opening of the South Atlantic during the Late Jurassic to Early Cretaceous. The final breakup of Africa and South America began in the Late Jurassic in the southernmost part of the South Atlantic and spread northward during the Neocomian. The Gulf of Guinea (of which the Côte d'Ivoire forms the northern margin) opened last, forming a continuous anoxic seaway in the late Albian to Turonian. Unlike the rifted continental margins to the south, evaporites were not developed in the Gulf of Guinea transform basins. The

passive margin at this stage is characterized by erosion of the crystalline basement that forms the uplands of Côte d'Ivoire and a general progradation from north to south of the Upper Cretaceous and Tertiary sections into the deep water basin as turbidites.

There are two main play types identifiable offshore Côte d'Ivoire as structural traps within the Lower Cretaceous (Aptian to Albian) syn-rift section, and as stratigraphic traps within post rift turbiditic sands of Cenomanian to Turonian age. Sourcing is prognosed from regional marine (Albian - Turonian) or lacustrine (Albo-Aptian) source rocks. The large discoveries in Ghana: Jubilee and Tweneboa and more recently Pecan, are good examples of stratigraphic traps working in the region.

Several Albian to Turonian sand-fill incisions are observed in the San Pedro margin, south of the platform edge and within the CI-509 and CI-513 blocks. They develop off the shelf edge and are interpreted as shelf canyon fills and deep lobe and channel systems. They offer good potential stratigraphic traps that are capped by transgressive shales. Overlying these units in the San Pedro margin, a series of Santonian and Campanian fan-shaped systems assimilated to channel-levee lobate complexes are mapped and constitute prospective sand bodies.

10.2.2 Work history and next steps

The Group has been active in Côte d'Ivoire since 2011 when it was awarded CI-513 in December 2011 and CI-509 in March 2012, following negotiations with Petroci and the Ministry of Mining, Petroleum and Energy of Côte d'Ivoire. The CI Licences are both in their first exploration period. In April 2014, the Ministry of Petroleum and Energy of Côte d'Ivoire approved an amendment to the CI Licences to, *inter alia*, extend the first exploration periods for both licences by 12 months, with an equivalent reduction in the second exploration period for the CI-509 licence and a 6 month reduction in each of the second and third exploration periods for the CI-513 licence. The current exploration period for CI-509 and CI-513 will now end in March 2016 and December 2015, respectively.

In October 2012, African Petroleum acquired a 4,200 km² of 3D seismic data over the CI Licences, fulfilling the seismic work commitments of the first exploration phase for both licences. Fast-track 3D seismic data was received in November 2012 while final 3D seismic processing for the entire survey was completed in June 2013. Interpretation work done to date has identified numerous significant prospects which have been subject to independent evaluation by ERC Equipoise. Subject to a successful farm-out of parts of the CI Licence interest, rig availability and prospect maturity, the Group currently plans to drill one well on CI-513 by December 2015 and one well on CI-509 by March 2016. During 2015, drilling activity by other operators is planned targeting similar opportunities in adjacent blocks, which may impact this planned campaign.

10.2.3 Prospective Resources

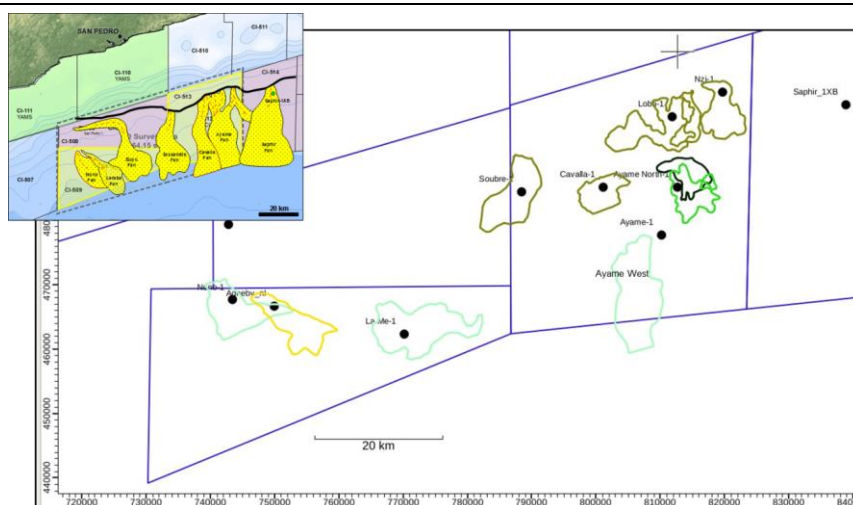
The table below summarises the estimates of Prospective Resources included in the April 2014 CPR and in the CPR letter dated 23 January 2015 associated with selected prospects from the Côte d'Ivoire inventory and the water depths and the depth to top targets (TVDSS) on the relevant prospects:

Table 10.7: Prospective resources in the CI Licences

Prospects	Net Un-risked mean Prospective resources (MMstb)	Net Risked Mean Prospective Resources (MMstb)	Water depth (m)	Depth to top target TVDSS (m)
Ayamé	502	116	2,560	4,300
Ayamé West	298	69	2,930	4,500
Agnéby	414	112	2,560	3,700
Sassandra	175	28	2,500	4,400
Cavalla	171	27	2,300	3,840
Nzi	93	15	2,000	3,350
Soubre	259	49	2,100	3,700
Lobo East	91	18	2,100	3,700
Lobo West	128	22	2,100	3,500
Total	2,130	456		

Source: ERC Equipoise Competent Persons Letter (January 2015)

Figure 10.5: CI Licenses - Overview of main prospects



Source: African Petroleum

10.2.4 Main exploration prospects

CI-513 Turonian fan: The Ayamé Prospect

Identified on new PSTM and PSDM seismic data, Ayamé is interpreted as a Turonian stratigraphic pinch-out trap with net mean un-risked resources of 800 MMstb (Ayamé and Ayamé West). The fan system covers some 370 km², with underlying upside potential in the Cenomanian section. Channel axis and sheet facies are demonstrable from the high quality 3D data. Top, lateral, and bottom seals are interpreted from seismic character to be widespread marine shales in the Turonian and Albian.

CI-509 Turonian fan: The Agnéby Prospect (formerly Leraba)

Identified on new PSTM seismic data, Agnéby is interpreted as a Turonian stratigraphic pinch-out trap with net mean un-risked resources of 414 MMstb. The prospect contains a range of seismic facies including an anomalously high amplitude upper channel system with underlying cyclic deep-water fan geometries. High quality imaging quality on PSTM data allows observation of amalgamated sinuous channel bodies expected to

contain coarse clastics. Top, lateral, and bottom seals are interpreted from seismic character to be widespread marine shales in the Turonian and Albian. Amplitudes are bright in an updip position. Further calibration is required to assess whether these could indicate hydrocarbon presence.

CI-513 Turonian feeder systems: Soubre, Lobo, Nzi

These new prospects have been added in the January 2015 update. Only the Turonian interval has been evaluated. As interpretation progresses, it is anticipated that Cenomanian and Albian targets may be added. These slope channel systems contain confined, stacked sand bodies, these are the conduits for the very large downdip fan systems. Multiple erosion surfaces make the interpretation complex, there is likely vertical connectivity and well defined reservoir bodies. The recent Saphir-1x discovery in CI-514 to the East, has helped de-risk the play. High quality oil and reservoir was encountered, the discovery is very similar to the Soubre, Nzi and Lobo prospects. They exhibit good lateral and top seal and the critical updip seal against a fault. (impermeable basement forms the Footwall seal). Good reservoir thickness is preserved in the updip trap position due to syn-depositional movement on the bounding fault. Exploration and appraisal in CI-514 is anticipated in Q1/Q2 2015 by Total and partners. The Soubre prospect has the most interesting amplitude support, further calibration is required to determine whether these could indicate hydrocarbon presence. Vitrol and partners in CI-508 will drill a similar prospect in Q3/Q4 2015.

10.2.5 Terms of the CI Licences

The effective date for the CI Licences are the date of signature of the PSC's (the "Ivorian PSCs"), being 19 December 2011 for CI-513 and 16 March 2012 for CI-509. The CI Subsidiary is the operator with 90 per cent working interest under both CI Licences with Petroci as a 10 per cent partner.

A JOA was entered into between the CI Subsidiary and Petroci for each of the CI Licences on 11 May 2012. Pursuant to the respective JOAs, the CI Subsidiary has a participating interest of 100 per cent and a property share of 90 per cent, whereas Petroci has a participating interest of 0 per cent and a property share of 10 per cent. The term "property share" refers to the amount of hydrocarbons which one party has the right and obligation to take delivery of in the event of future production.

Pursuant to the Ivorian PSCs, Petroci has the option right to acquire an additional participating interest of 10 per cent in the event of a declaration of commerciality of a discovery on the licenses. Petroci's maximum participation is capped at a 20 per cent interest. Following the election to increase its interest, Petroci shall contribute to its share of the development and production exploitation costs.

Both of the CI Licences are currently in their first exploration period, which following the amendments to the CI Licences approved by the Côte d'Ivoire Ministry of Petroleum and Energy in April 2014, lasts for four years from the effective date of each license as specified above. At the request of Petroci or the CI Subsidiary and subject to fulfilment of work and expenditure commitments, the CI Licences are renewed for consecutive second and third exploration periods. The second exploration period is one and a half years for licence CI-513 and two years for licence CI-509. The third exploration period is one and a half years for CI-513 and two years for CI-509.

Upon a successful discovery, the licensees may apply for an exploitation of the discovered field. The total exploitation period is 25 years with a possible 10 year extension from the date of award of the exploitation license. If an exploitation authorisation (development of discovery) is granted, the expiry date shall be 25 years following the exploitation authorisation award date.

In the event of a commercial discovery and subsequent production on the CI Licences, the licensees share of future revenues are regulated under the Ivorian PSCs. For recovery of costs and investments, the licensees are entitled to a cost oil of up to 70 per cent of revenue for CI-509 and 75 per cent of revenue for CI-513. The licensees share of profit oil ranges between 46 per cent to 30 per cent depending on the daily crude oil production (from 46 per cent for a daily crude oil production below 50,000 barrels per day down to 30 per cent for a production above 150,000 barrels per day) with a cost oil of 70 per cent for the CI-509 licence and 75 per cent for the CI-513 licence.

As a part of the Ivorian PSCs, the Côte d'Ivoire government pays income tax on behalf of Petroci and the CI Subsidiary and the Côte d'Ivoire government participates in the CI Licences through Petroci as described above.

Under the terms of the Ivorian PSCs, the licensees are obligated to pay annual license fees of approximately USD 2.0 million and 2.25 million for CI-509 and CI-513, respectively. These license fees include *inter alia* training costs, social welfare costs and equipment fund contributions. Historically, the majority of costs under

the Ivorian PSCs payable by the Group have not been paid and therefore accrued due to an undefined payment mechanism of the fees. As of 31 December 2013, accrued unpaid license fees totaled USD 7.89 million. Following amendments of the Ivorian PSCs in April 2014, a payment plan was agreed under which the accrued fees will be paid by December 2015.

Transfer or assignment of participating interests and property shares requires approval from the government of the Republic of Côte d'Ivoire. Transfer fees may apply, unless it is an intra-affiliate transfer. In the event of transfer by Petroci or the CI Subsidiary of its entire participating interest and property share, no transfer shall be made that would result in the transferor or the transferee holding a participating interest or a property share of less than 10 per cent. The CI Subsidiary and Petroci hold a pre-emptive right in the event of a transfer to a third party.

Withdrawal

The CI Licences may be withdrawn in the event of non-performance of contractual obligations or the interruption of development work or production for a period of 6 months.

10.2.6 Work and expenditure programme

Licence CI-509

The Group shall during the first exploration period carry acquisition and interpretation of existing 2D seismic data, acquisition, processing and interpretation of 1,091 km² of 3D seismic data; geological and geophysical ("G&G") studies; as well as drill one exploration well that shall reach the Albian formation and cross the same over at least one hundred meters. The Group has undertaken to invest USD 60 million during the first exploration period. As per the date of this Prospectus, the Group has completed its commitments regarding 2D and 3D seismic; however the other commitments are outstanding.

During the second and third exploration periods the Group shall carry out geological, geophysical and engineering studies and drill one exploration well during each phase. The Group has undertaken to invest USD 50 million during each of the second exploration period and third exploration periods.

Table 10.8: CI Licences: PSC overview CI-509

Phase	Period	Relinquishment after end of period	Work Commitments	Minimum Investment Requirement	Status
1st exploration period	4 years	25 per cent	G&G works, acquisition and interpretation of 1,100 km ² 3D seismic data, and one well (100 m into Albian)	USD 60,000,000	3D seismic commitment completed. One well outstanding
2nd exploration period	2 years	25 per cent	G&G and engineering studies, and one well (100 m into Albian)	USD 50,000,000	
3rd exploration period	2 years	If there is a discovery the licencees will relinquish the licence area except for the exploitation area, if no discovery the entire area is to be relinquished.	G&G and engineering studies, and one well (100 m into Albian)	USD 50,000,000	

Source: The Company

Licence CI-513

During the first exploration period, the Group shall carry out acquisition and interpretation of existing 2D seismic data; acquisition, processing and interpretation of 1,446 km² of 3D seismic data; G&G studies as well as conduct drilling of one exploration well. The Group has committed to invest USD 60 million during the first exploration period. As per the date of this Prospectus, the Group has completed its commitments regarding 2D and 3D seismic; however the other commitments are outstanding.

During the second and third exploration periods the Group shall carry out geological, geophysical and engineering studies and drill one exploration well during each phase. The Group has committed to invest USD 50 million during each of the second and third exploration periods.

Table 10.9: CI Licences: PSC overview CI-513

Phase	Period	Relinquishment after end of period	Work Commitments	Minimum Investment Requirement	Status
1st exploration period	4 years	25 per cent	Acquisition and interpretation of 1446 km ² 3D seismic data, G&G studies and one well (100 m into Albian)	USD 60,000,000	3D seismic commitment completed. One well outstanding
2nd exploration period	1.5 years	25 per cent	G&G and engineering studies, and one well (100 m into Albian)	USD 50,000,000	
3rd exploration period	1.5 years	If there is a discovery the licencees will relinquish the licence area except for the exploitation area, if no discovery the entire area is to be relinquished.	G&G and engineering studies, and one well (100 m into Albian)	USD 50,000,000	

Source: The Company

Bank guarantees

The Ivorian PSCs provide that a bank guarantee shall be furnished by the CI Subsidiary within thirty days from the execution date of each PSC. If, for any reason other than a defined event of force majeure, the CI Subsidiary does not complete the minimum work program corresponding to any given exploration period, the CI Subsidiary shall pay a penalty equivalent to the amount of the bank guarantee.

The bank guarantees as required under the Ivorian PSCs are as follows:

- USD 15,000,000 for the first exploration period;
- USD 12,500,000 for the second exploration period;
- USD 12,500,000 for the third exploration period.

The amount of the guarantees will be reduced as the CI Subsidiary fulfils certain milestones within the relevant exploration periods. The bank guarantee amount in relation to the first exploration period for both of the CI licenses has been received, and the remaining amount per licence block is USD 6 million, totalling USD 12 million for the two CI Licenses. See section 9.9.3 for further information.

Non-performance by the CI Subsidiary of the minimum work and expenditure commitments will entitle the Government to terminate the Ivorian PSCs and enforce the outstanding amounts on the bank guarantees.

10.2.7 Relinquishment

The licencees under the CI Licenses are obligated to relinquish at least 25 per cent of the original surface area at the expiry of each of the first and second exploration periods. The location of the relinquished acreage, as well as the potential size in excess of 25 per cent relinquishment is at the discretion of the licensees. As a result of this, CI-509 and CI-513 will upon commencement of the second exploration phase at most cover 818 km² and 1,080 km², respectively.

10.2.8 Regulatory Matters

Any major project likely to have an impact on the environment should be subject to prior Environmental Impact Assessment study (article 39 of Environment Code and article 29 of Water Code). The Group is further subject to the "polluter pays" principle and rehabilitation obligation:

- Any person or company whose actions and/or activities are causing or likely to cause damage to the environment is subject to fees and/or tax. It must also take all measures of rehabilitation (article 55.5 of Environment Code and article 6 of Water Code).
- The holder of a petroleum contract shall repair all damage caused by the oil or related activities or operations or facilities located within or outside the contract scope, if such damage is done by it or by its sub-contractors. In case of failure to repair, compensation must correspond to the value of the damage caused. (Article 64 of Petroleum Code).

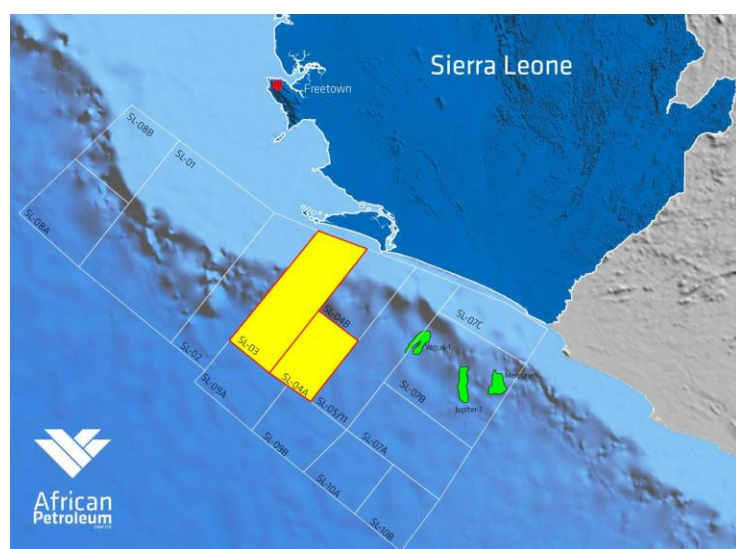
10.3 SIERRA LEONE

In Sierra Leone, the Group holds 100 per cent operated working interest in licences SL-03 and SL-4A-10 offshore (the "Sierra Leone Licences") through its subsidiaries European Hydrocarbons and African Petroleum (SL) Limited ("African Petroleum Sierra Leone"), respectively. The Group was awarded 100 per cent interest in SL-03 in April 2010 which is currently in its initial exploration period, while license SL-4A-10 was awarded as part of Sierra Leone's third offshore licensing round in 2012 and is currently in the initial exploration period. The Sierra Leone Licences cover a total area of 5,855 km² and are located to the south of Freetown offshore Sierra Leone.

As of the date of this Prospectus, the Company has acquired 3D seismic data covering the SL-03 and SL-4A-10 licence and is currently performing extensive G&G work on both blocks to mature drilling candidates. The final PSTM angle stacks for the new SL-4A-10 3D seismic, will be delivered in April 2015.

The Company intends to commence discussions with the Sierra Leone government to amend the current work programme obligations.

Figure 10.6: Overview of the Sierra Leone assets



Source: African Petroleum

Table 10.10: Sierra Leone Licences: Key facts

Licence	EHL/APSL WI	Date of Grant	Licence period	Current Status	Outstanding commitments
SL-03	100 per cent	23 April 2010	7 years (3+2+2) from date of grant	Initial exploration period (expires April 2015) ¹	No current outstanding commitments, but interpretation of seismic data is ongoing
SL-4A-10	100 per cent	6 July 2012	7 years (3+2+2) from date of grant	Initial exploration period (expires Sept 2015)	One contingent well

¹ Sierra Leone Government ratified an extension of two years to the initial exploration period in November 2013

Source: African Petroleum

10.3.1 Regional geology

The Sierra Leone Licences are located in the northernmost area of the Sierra Leone – Liberia Basin, close to the Guinea Transform zone. This basin is one of several developed basins along the equatorial margin of West Africa during the separation of the African and American continents to form the Atlantic Ocean. Basin

development occurred in two stages; a syn-rift phase in the early Cretaceous, associated with lacustrine to shallow marine conditions, followed by a passive post-rift phase from the mid to late Cretaceous, characterised by fully marine conditions. Sediment fill into the Basin was derived from drainage off the African continent. During the post-rift phase, sediment was transported into deep-water from the continental shelf via a system of discrete entry points typically associated with submarine canyons. The resulting wedge of clastic deep-water deposits sequentially on-lap the steep continental slope and contain sandstones deposited within channelised slope fans, and basin floor fans. Widespread organic rich shales are present at multiple stratigraphic levels in both the lacustrine and marine phases, and have been proven to be good hydrocarbon source rocks regionally.

Three out of four deep-water exploration wells drilled to date in Sierra Leone by the Anadarko/Tullow/Repsol partnership in licence SL-07B-10 have encountered hydrocarbons. These are the Venus, Mercury and Jupiter discoveries drilled between 2010 and 2012. They all encountered oil of good quality but were not of a commercial size to merit commercial development. The most recent discovery in the Basin is the Savannah discovery drilled by Lukoil in Licence SL-05 adjacent to the Group's Sierra Leone Licences.

Turonian, Santonian and Campanian fan systems extending across the Sierra Leone Licences are associated with major submarine canyon sediment entry points. These are prospective for structural and stratigraphic traps.

10.3.2 Work history and next steps

On SL-03, the Group acquired an extensive 3D seismic survey covering approximately 2,500 km² in September 2011 which was completed by TGS-NOPEC and a fast-track interpretation was received in January 2012. Prospects are currently being matured based on the final 3D data, which was received in the fourth quarter of 2012.

Following discussion with the Government of Sierra Leone, the Group received a two year extension to the first exploration period for SL-03 on 23 September 2013, extending the first exploration period on the block to April 2015.

On SL-4A-10, the Group is in the process of interpreting the new fast-track 3D seismic and has identified a number of promising prospects for verification. TGS-NOPEC acquired a multi-client 3D seismic survey over parts of SL-4B-10 in October 2011, which the Group is considering to licence for further G&G work and key well ties, subject to a successful farm-out of parts of the Sierra Leone licences.

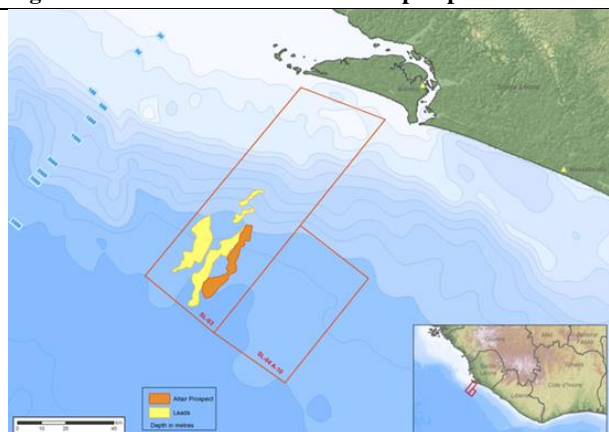
10.3.3 Prospective Resources

The table below summarises the estimates of Prospective Resources associated with a selected prospect from the Sierra Leone inventory as of 31 December 2013 as well as the water depths and the depth to top targets (TVDS) on the relevant prospect:

Table 10.11: Prospective resources in the Sierra Leone Licences

Prospects	Net Un-risked mean Prospective resources (MMstb)	Net Risked Mean Prospective Resources (MMstb)	Water depth (m)	Depth to top target TVDSS (m)
Altair	434	79	3,300	5,400

Source: ERC Equipose Competent Persons Report (April 2014)

Figure 10.7: SL-03: Overview of main prospects and leads

Source: African Petroleum

10.3.4 Main exploration prospects

Altair prospect

Detailed mapping of 3D seismic has identified three major Turonian age channel complexes emerging from a well-defined submarine canyon sediment entry point within the SL-03 licence block. The Altair Channel is the most easterly of these and exhibits a high amplitude seismic expression within a stratigraphic trap. The CPR by ERC Equipoise estimated un-risked mean prospective oil resources of 434 MMstb in this prospect. Amplitude with offset analysis shows results consistent with a class II/III anomaly (brightening with far offsets). Top, lateral, and bottom seals are interpreted as widespread marine shales within the Turonian and Albian from seismic attributes.

Additional prospects are mapped in both the Turonian and the overlying Campanian sections in both block 3 and block 4A; with the Campanian sediment entry point interpreted to be within the SL-4A-10 licence block to the east. An updated portfolio will be assessed by ERC Equipoise and a CPR letter will be issued in Q2 2015 including new prospects.

10.3.5 Terms of the Sierra Leone Licences

The SL-03 license was awarded to the Group following an application to the General Director of Petroleum Resources Unit of the Republic of Sierra Leone in 2009 and SL-4A-10 was awarded to the Group following an international bidding round in 2011.

SL-03

EHL was awarded a 100 per cent working interest in the SL-03 licence by the Government of the Republic of Sierra Leone on 23 April 2010 for a 30 year term from that date. On the same date, a petroleum agreement was entered into between the Sierra Leone government and EHL.

The initial exploration period for Licence SL-03 is three years from the effective date of 23 April 2010; however the first exploration period has been extended by 2 years to 23 April 2015. The Company intends to seek an extension of this period as the data required to identify a drilling target will not be received by the Company until approximately May 2015, and upon receipt the Company will need to interpret the data (prior to identifying a drilling target).

The initial exploration period is followed by two additional exploration periods of 2 years each. As described above, the Group received a two year extension, from 23 April 2013 until 23 April 2015, of the initial exploration period for SL-03 on 23 September 2013. The amendment was ratified by an act of the Sierra Leone Parliament on 7 November 2013.

Upon production of crude oil on Block SL-03, the Government of Sierra Leone is entitled to a royalty for oil production at a rate that varies between 10 per cent for crude oil produced with a water depth less than 200 meters and 8 per cent for crude oil produced with a water depth superior to 200 meters. The Government of Sierra Leone shall have the right to elect to receive cash in lieu of its royalty share. In the event of discovery of

natural gas, the royalty to be delivered to the Government shall be at the rate of 5 per cent for natural gas produced from onshore and water depths less than 200m and 3 per cent from offshore with water depths greater than 200m of the annual gross production of natural gas.

The Sierra Leone state participation is 10 per cent full carried interest during the development phase.

SL-4A-10

Following an international bidding round in 2011, African Petroleum Sierra Leone was provisionally awarded a 100 per cent working interest in licence SL-4A-10 on 6 July 2012, and signed a petroleum exploration and production licence agreement with the government of the Republic of Sierra Leone on 17 September 2012 (the "SL-4A-10 Petroleum Agreement"), which entered into force on 21 September 2012. The licence term is 30 years from 21 September 2012, and shall comprise an exploration period of maximum 7 years.

The initial exploration period for licence SL-4A-10 is three years from 21 September 2012, followed by two additional exploration periods of 2 years each.

Upon production of crude oil on Block SL-4A-10, the Government of Sierra Leone is entitled to a royalty for oil production at a rate of 10 per cent for crude oil produced. The Government of Sierra Leone shall have the right to elect to receive cash in lieu of its royalty share. In the event of discovery of natural gas, the royalty to be delivered to the Government shall be at the rate of 5 per cent for natural gas produced.

The Government of Sierra Leone participation is 10 per cent fully carried interest during the development phase with an optional 5 per cent paying interest. For the SL-4A-10 license an additional profit tax is triggered after development when the internal rate return reaches 22 per cent. The rate is 30 per cent for the petroleum resource rent tax with 22 per cent uplift for accumulated net expenditure.

Pursuant to the terms of the SL-4A-10 petroleum agreement, licensees may assign all or part of its right and obligations arising from the licence to third parties whose technical and financial reputation is well established, and on the condition that written consent is obtain from the director general, and an assignment fee is paid to the Government of Sierra Leone. In the case of an assignment to an affiliate of the licence, a lower assignment fee rate applies.

The income tax rate in Sierra Leone is 30 per cent and the capital amortisation is 40 per cent the first year and 20 per cent for the remaining 3 years with a 30 year exploitation period. Under the terms of the Sierra Leone PSCs, the licensees are obligated to pay annual license fees of approximately USD 355,000 and approximately USD 280,000 for SL-03 and SL-4A-10, respectively. These license fees include *inter alia* surface rental costs and training costs. The annual license fees for subsequent exploration phases are lower than the current levels. In addition, the licensees are required to make minimum spending commitments per exploration phase for social welfare costs and technology bonuses. For the current exploration phase the spending commitment is USD 1.5 million for SL-03 and USD 1.0 million for SL-4A-10. For future exploration phases there is no period commitment for SL-03 and USD 500,000 spending commitment per phase for SL-4A-10. Failure to pay the annual fee will result in revocation of the licence.

Withdrawal

The Sierra Leone Licences may be withdrawn in the event that the Director General of the Petroleum Directorate of Sierra Leone considers the Company to have breached the terms of the agreement by failing to meet its obligations. Furthermore, the Sierra Leone Licences shall be withdrawn where such licence area becomes a discovery area, which happens on the date of a commercial discovery in respect of such area during exploration. Withdrawal can also come about where there are serious or repeated violations of any conditions or directives of the laws governing petroleum operations in Sierra Leone or if it is discovered that during application for the Sierra Leone Licences, false, misleading and incorrect information were contained in the application or whether a crucial information was withheld and if it is confirmed that with such information the Sierra Leone Licences would not have been granted. In general, in the event that the guarantee provided by a licensee becomes significantly weakened and the holder of a licence dissolves or becomes bankrupt or winds up, the licence in question shall also be withdrawn.

10.3.6 Work and expenditure programme

SL-03

During the initial exploration period, the group shall spend a minimum amount of USD 5 million. The minimum expenditure for the work in the first extension period shall be USD 30 million and the licensee must drill one well. The minimum expenditure for the work in the second extension period shall be USD 30 million. As per the

terms of the SL-03 licence agreement, the Group deposited the sum of USD 1 million as performance bond in an escrow account in a local bank in Sierra Leone. As per the date of this Prospectus, the Group has completed the required 3D commitment and the deposit has accordingly been released.

As part of the extension, further geoscience work over block SL-03 was agreed. This includes a minimum expenditure of USD 3 million on:

- Re-assessment of the deeper syn-rift package, including reprocessing and detailed fault mapping
- Regional depositional model and predictive reservoir quality model is required
- Further mapping of the companion sand fairway is required to tie in to SL-4A-10
- Detailed stratigraphic analysis must be carried out on multi-attribute volumes using paradigm tool suite

Table 10.12 Sierra Leone Licences: PSC Overview SL-03

Phase	Period	Relinquishment after end of period	Work Obligations	Minimum Investment Requirement USD	Rental Payments USD/km ²	Status
Initial exploration period	3 years	50 per cent	Purchase/Interpretation of 2D seismic data + acquisition/interpretation of 500 km ² 3D seismic data	5,000,000 ¹ and USD 3,000,000	30	Exploration period extended by 2 years to 23/04/15. 3D seismic commitment completed. Further geosciences work ongoing
1st extension period	2 years	25 per cent	1 exploration well	30,000,000	50	
2nd extension period	2 years	100 per cent ²	1 exploration well	30,000,000	75 ³	

1. The Company must spend on average USD 125,000 per year on training Sierra Leonean personnel.

2. Does not apply to a discovery or development area.

3. Rental payments over any development/production area would be set at USD100/ km²/year.

Source: African Petroleum

SL-4A-10

During the initial exploration period, the Group shall spend the minimum amount USD 10 million and drill one well (contingent on 3D interpretation and availability of a drilling rig capable of safely drilling in ultra-deep water). The minimum expenditure for the work in the first extension period shall be USD 50 million. The minimum expenditure for the work in the second extension period shall be USD 50 million.

In the circumstances of a default of African Petroleum Sierra Leone to undertake the minimum work obligation by the end of the applicable period for which a parent company guarantee is issued, the director general may make a demand on each parent company guarantee. Payment due from a guarantor shall be reduced by an amount equal to the expenses incurred by the Group for any part of the work obligations completed on or before the end of the relevant period.

Table 10.13 Sierra Leone Licences: PSC Overview SL-4A-10

Phase	Period	Relinquishment after end of period	Work Obligations	Minimum Investment Requirement USD	Rental Payments USD/ km ²	Status
Initial exploration period	3 years	50 per cent	Acquire 1,500 km ² 3D seismic data + 1 exploration well ¹	10,000,000 ²	40	1000km ² 3D seismic acquired Well contingent on results of 3D interpretation and drilling rig technology for ultra-deep water
1st extension period	2 years	25 per cent	1 exploration well	50,000,000	60	
2nd extension period	2 years	100 per cent	1 exploration well	50,000,000	85	

1. Drilling of one contingent exploration well subject to; results of 3D seismic data interpretation; and availability of rig for ultra-deep water. Minimum depth of exploration wells 2,500 metres.

2. The Company must spend on average USD 125,000 per year on training Sierra Leonean personnel.

Source: African Petroleum

Performance guarantees

The Company has provided a USD 10 million corporate guarantee as assurance to the government of Sierra Leone that the Company will fulfil its obligations on Block SL-4A-10 in the initial exploration period. Once the Company has demonstrated to the government that it has spent a minimum of USD 10 million towards these obligations, the corporate guarantee will terminate. As at 31 December 2014 the Company had spent USD 6,893,310 towards these obligations. Please refer to section 9.9.3 for further information.

Should the licensee fail to complete the minimum exploration work program within the stipulated period, the Minister may revoke the licence and enforce the guarantee.

10.3.7 Relinquishment

In both Sierra Leone licences, the Company may retain up to 50 per cent of the original licence area on progression into the second exploration period. On progression into the third exploration period, the Group is required to relinquish an additional 25 per cent of the original license surface. Following the expiry of the third exploration period, the Company may retain any portion of the licence area which constitutes or forms part of a discovery or a development area as agreed with the Sierra Leone Government. All the remaining licence area shall be surrendered.

10.3.8 Regulatory Matters

The Petroleum Exploration and Production Act 2011 provides for operations to be carried out within prescribed regulations and with international best practice. It further provides for reasonable steps to secure the safety, health and welfare of persons. To hold a petroleum right, the intended licensee should do an assessment of the impact which the proposed petroleum operations may have on the environment and that a licensee will not be permitted to commence petroleum operations without the approval of its environmental impact assessment. The Contractor will be strictly liable for pollution or damage caused or resulting from petroleum operations and the Contractor shall take all necessary measures to remedy any pollution or damage so caused.

The Petroleum Exploration and Production Act further provides for a decommissioning plan and establishes a decommissioning fund and the licensee is made liable for damages for disposal of decommissioned facility and any damage caused in connection with abandoned facility.

The Petroleum Exploration and Production Act stipulates that within and not less than 90 days prior to the surrender or revocation of a licence and before the petroleum operations permanently terminates on a facility, the licensee should submit a plan for decommissioning which must be approved by the Minister. This plan should include proposals for continued production, shutdown of production, disposal of facilities and rehabilitation of the land. If the licensee should fail to carry out the decommissioning of a facility in accordance

with the act or the plan approved by the Minister, the Minister may take the measures necessary to remedy the situation at the instance of the licensee's account and risk.

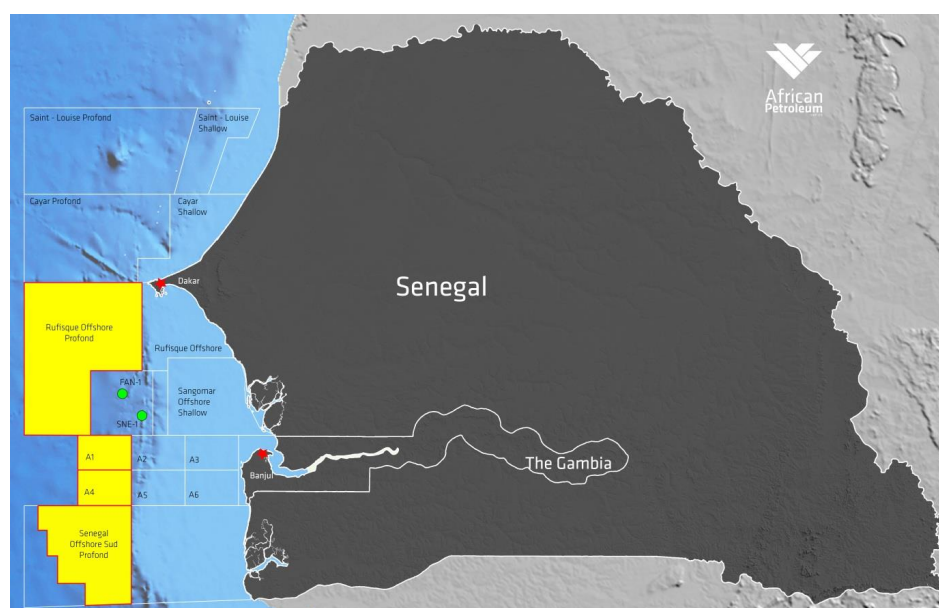
For this purpose a decommissioning fund is to be set up by the Minister and after the first production, the licensee shall commence paying an agreed amount and currency into the decommissioning fund.

10.4 SENEGAL

In Senegal, the Group, through its 90 per cent owned subsidiary African Petroleum Senegal, holds a 90 per cent operated working interest in exploration blocks Rufisque Offshore Profond ("ROP") and Senegal Offshore Sud Profond ("SOSP") (together the "Senegal Licences"). The Senegal Licences are located offshore southern and central Senegal, covering a combined surface area of 15,796 km² with the remaining 10 per cent carried interest in the licenses is held by Petrosen, the national oil company of Senegal, who also has an option to increase its interest up to 20 per cent in the event of a successful discovery and award of an exploitation authorisation on each of the licenses. The ROP Licence is currently in the first exploration period, which currently ends 24 October 2015, and it is the Company's intention to seek an extension of between 12 – 18 months to better understand the data ahead of a decision to identify a drilling target. The Group entered into the first renewal period (duration of three years but split into two 18 month phases) for the SOSP Licence on 30 October 2014. This current first phase is a technical study phase where gather conditioning, AVO and a PSDM are proposed. Should the Company enter the second phase, after 30 April 2016, there will be a firm well commitment.

To date, the Group has acquired 2D and 3D seismic over the licence blocks and are currently maturing prospects towards drilling. The farm-out process is ongoing, to find suitable partners in drilling these prospects.

Figure 10.8: Overview of the Senegal exploration assets



Source: African Petroleum

Table 10.14: Senegal Licences: Key facts

Licence	APSL WI	Date of Grant	Licence period	Current Status	Outstanding commitments
ROP	90 per cent ¹⁾	25 October 2011	8 years (4+2+2)	First exploration period (expires Oct 2015)	One well
SOSP	90 per cent ¹⁾	25 October 2011	8.5 years (3+3+2.5)	First Renewal Period (expires Oct 2017)	Further geoscience work and one contingent well

¹ The Group's 90 per cent owned subsidiary African Petroleum Senegal holds a 90 per cent interest and Petrosen holds a 10 per cent interest in ROP and SOSP

² The Group has until April 2016 to complete further technical work. At this date the Group can decide to drill an exploration well or drop the acreage. If the Group is to drill, the well is to be drilled by October 2017

Source: African Petroleum

10.4.1 Regional geology

The Senegal Licences are located offshore within the Mauritania-Senegal-Gambia-Bissau-Conakry Basin which extends from Morocco to Guinea. The Basin formed during the initial Triassic to Jurassic rifting of the Central Atlantic region. Hydrocarbons are proven throughout the basin, including current producing fields in Mauritania, major accumulations at Dome Flore (AGC) and Cap Juby (Morocco) and oil and gas shows in many wells onshore and offshore Senegal. 2014 was a breakthrough year for Senegal with two major discoveries by Cairn Energy and partners in the Sangomar block in approximately 1000m of water. Both the basinal 'fan play' and the 'shelf-edge play' are now proven, removing the 'play risk' for the African Petroleum prospect portfolio. Good quality oil of varying types has helped to prove that there is contribution from multiple source rocks, good quality (32 API) oil at shallow depth bml has proven that charge is recent and the source rocks are generating significant volumes of oil present day. These multiple source rocks of Neocomian and Aptian to Turonian age are proven in shelfal wells as well as the DSDP-367 well, some 400 km offshore. It is anticipated that source characteristics improve basinwards (in deepwater settings). Jurassic source rocks are inferred to be present from regional and analogue studies in adjacent basins on both sides of the Atlantic. There is seismic evidence for Jurassic clastic input to the basin, continuing during the Cretaceous, with deep canyons eroded into the adjacent shallow marine carbonate platform providing sediment conduits into the basinal area. Clastic reservoirs of Jurassic to Upper Cretaceous (Maastrichtian) age are interpreted to be present in the exploration blocks and are prospective in structural and stratigraphic traps. The carbonate platform is also an exploration target with possible reservoirs associated with karst, reef, fore reef and slope wedge settings. Aptian and Albian clastics overlie these carbonate targets and are in a shallow marine environment. Major prograding packages from Cenomanian to Aptian in age can be mapped regionally within and to the East of the blocks where they form a major isopach thick. Reservoir development is supported by seismic mapping and by key wells, these systems source sands in the deep basin to the West. The recent SNE-1 discovery is quoted by Cairn to have 'Excellent' reservoir quality, this is good news for the entire Senegal/Gambia play trend. Contingent reserves have been booked and there is high confidence already in the commerciality of this discovery

10.4.2 Work history and next steps

African Petroleum Senegal has licenced over 10,000 km² of 2D seismic data over the Senegal Licences to compile an extensive regional database. In May 2012, the Company further completed a 3,600 km² 3D seismic data acquisition over the SOSP licence (Dolphin Geophysical Multi-Client data). The final 3D data over SOSP is currently being interpreted and extensive prospectivity has been identified. In addition, 1,500 km² of 3D data over the ROP licence have been reprocessed and interpretation has been ongoing since the December 2014 delivery of these data. Several major prospects have been included in the latest CPR from ERC Equipoise, additional prospects will be added later in 2015. As stated before, the evaluation of the prospectivity of the Senegal licences has been positively impacted by the results of exploration success in the Sangomar licence by Cairn and Partners. Further exploration and appraisal is planned for 2015, a rig has been secured with three firm and three optional slots. For African Petroleum, the timing of any well activity will be linked to prospect maturity, rig availability, partners coming into the acreage to share risk and Government agreement.

10.4.3 Prospective Resources

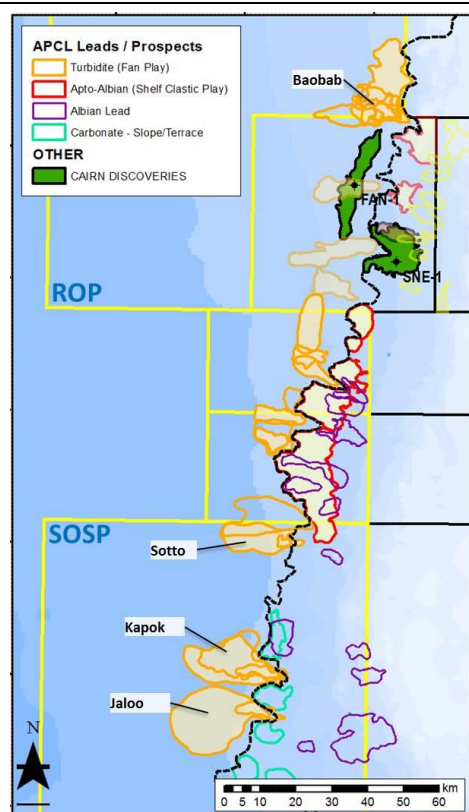
The table below summarises the estimates of Prospective Resources associated with the Senegal inventory as included in the CPR letter issued by ERC Equipoise on 12 March 2015.

Table 10.15: Prospective resources in the Senegal Licenses

Prospects	Net Un-risked mean Prospective resources (MMstb)	Net Risked Mean Prospective Resources (MMstb)	Water depth (m)	Depth to top target TVDSS (m)
ROP – Baobab Masstrician	103	19.4	970	2,860
ROP – Baobab Campanian	71	13.5	730	2,930
ROP – Baobab Santonian	53	8.3	823	3,500
ROP – Baobab Coniacian	36	4.9	800	3,800
ROP Baobab Upper Albian	150	12.9	860	4,550
SOSP – Jaloo Cenomanian	229	51.8	2,600	4,200
SOSP – Kapok Cenomanian	186	45.7	2,760	4,310
SOSP – Jaloo/Kapok Albian	525	85.1	2,860	4,600
SOSP – Kapok Aptian	427	83	2,870	4,910
Total	1,779	325		

Source: African Petroleum, ERC Equipoise

Figure 10.9: Overview of main prospects and leads Senegal Licences



Source: African Petroleum

10.4.4 Main exploration plays

Primary focus in SOSP has been the 'fan play' where two major fan systems 'Kapok' and 'Jaloo' have been mapped by the Company and reviewed by ERC Equipoise. These fans are large in area and have multiple stacked targets and a significant mean unrisked resource shown in the table below. On the shelf further East, clastic/carbonate 'Leads' have been identified that will be matured to Prospect status, the PSDM will assist this effort. Significant potential has also been identified in carbonate targets (karst, slope wedge and fore-reef debris) though final prospect maturation is still required (using the PSDM) and will be included in a subsequent CPR.

In ROP, remapping on the reprocessed 3D has helped mature multiple stacked targets in the 'Baobab' prospect. Additional prospectivity is yet to be mapped fully further to the North. It is believed that the deepwater ROP block sits in the very heart of the 'oil kitchen'. It is on trend with the successful 'Fan-1' discovery, only 18kms south of the ROP/Sangomar block boundary.

The main prospects in the recent CPR update are 'fan plays' with 'Santonian to Aptian' age Middle-Upper Cretaceous reservoir targets.

ROP 'Baobab'

Targets evaluated by ERC Equipoise are from the 'Albian' (deep) to the 'Maastrichtian' (shallow). A 'porosity vs depth bml' relationship has been used to guide input porosity ranges. These targets are predominantly deepwater sands in channels/lobes/aprons. Amplitude extractions have been used to map the extent of the target sandstone reservoirs. Several targets can be stacked with one well bore. Shallower targets have a higher charge risk (vertical migration required), the primary source rock is Cenomanian in age but deeper Albian and Aptian source rocks are also mature. Success at 'Fan-1' 18 kms to the South indicates an elongate accumulation North-South with three-way closure against the carbonate platform. There is extension of this trapping trend into ROP, 3D seismic quality degradation may make clear amplitude support difficult in ROP. A PSDM may help with further prospect de-risking here.

SOSP 'Kapok and Jaloo'

These are very significant fan systems of 'Aptian-age (deep) to Cenomanian-age (shallow)'. Pinchout is very well defined updip in the deeply cut canyons in the carbonate platform. Amplitude extractions indicate good reservoir development though a submarine canyon causes an amplitude wipe-out of these amplitudes and 'apparent' separation of these systems. They are likely connected at the Albian levels and the volumes quoted have assumed this. At the other levels, the fan systems have been kept separate. Viewed along strike, approximately North-South, seismic data indicates that reservoir development could be significant. Major prograding shallow marine delta systems are mapped on 2D data to the East of SOSP, providing an excellent supply of sandstone reservoir in the deepwater SOSP block. Further derisking based on AVO and amplitude may be possible with the planned seismic gather conditioning and PSDM.

10.4.5 Terms of the Senegal Licences

African Petroleum Senegal was awarded a 90 per cent operated working interest in the Senegal Licences on 25 October 2011 by the Senegalese government. Petrosen was awarded the remaining 10 per cent working interest. Petrosen also has an option to increase its interest up to 20 per cent when the exploitation authorisation becomes effective. It is agreed that Petrosen's 10 per cent interest will be carried by African Petroleum Senegal through all exploration periods. The Senegal Licences are governed by individual PSCs (the "Senegalese PSCs") between the licencees and Senegalese government and two JOAs entered into between African Petroleum Senegal and Petrosen on 25 November 2011.

The initial research period relating to the ROP licence is four years from 25 October 2011 to 25 October 2015. Subject to fulfilment of work commitments, the period may be renewed for two additional research periods of two and three years. The first renewal period relating to the SOSP licence is for three years from 25 October 2014 to 25 October 2017. Subject to fulfilment of work commitments, the period may be renewed for an additional research period of two and a half year.

In the event of a discovery of hydrocarbons, African Petroleum Senegal will be awarded a 25 year exploitation authorisation by decree. At the time the exploitation authorisation becomes effective, Petrosen shall have the option to increase its working interest to up to 20 per cent. To exercise the right, Petrosen shall notify African Petroleum Senegal of its decision to exercise its option and the percentage of share equity chosen no later than six months after the effective date of the exploitation authorisation.

In the event of a commercial discovery and subsequent production, the licensees share of future revenues are regulated under the Senegalese PSCs. For recovery of costs and investments, the licensees are entitled to a cost oil for recovery of historical costs and investments of 75 per cent of revenues, and a further share of profit oil ranging between 42 per cent to 65 per cent depending on the daily oil production (from 65 per cent for oil production below 30,000 barrels per day and down to 42 per cent for production above 120,000 barrels per day). The corporate income tax rate in Senegal is 25 per cent. The Senegal state participates in the Senegal Licences through Petrosen as described above.

Under the terms of the Senegal PSCs, the licensees are obligated to pay annual license fees of approximately USD 350,000 and USD 340,000 for ROP and SOSIP respectively. These license fees include *inter alia* surface rental costs, training costs and social welfare costs. The annual licence fees are subject to minor increases for subsequent exploration phases. In addition, the Company is required to pay a technology bonus of USD 150,000 per licence during the first exploration period.

Petrosen shall not be obligated to reimburse any part of the expenses incurred before the effective date of the exploitation authorisation, or to contribute to training and promotion expenses. Petrosen shall reimburse African Petroleum Senegal in USD, with no interest, on a pro rata basis of the increase of its share equity, the expenses incurred related to the exploitation perimeter in question between the effective date of the exploitation authorisation and the date of its option exercise notice.

Withdrawal

The Senegal Licences may be withdrawn in the event of serious violation by African Petroleum of the provisions of the Petroleum Code, as set out in Law No. 98-05 dated 8 January 1998, or stipulations of the PSC's with regards to work and financial obligations. The Senegal Licences may further be withdrawn in the event of a delay of more than three months in any payment to be made by the Company to the Senegalese state or after the production start on a commercial deposit, where production has been stopped for a period of one year, without restart of the production six months after a notice to do so.

10.4.6 Work and expenditure programme

ROP

During the initial exploration period, the Group is obligated to purchase existing seismic data and conduct geological and geophysical evaluation for a minimum investment of USD 2 million; and to drill one exploration well for a minimum investment of USD 20 million. The same obligation to drill an exploration well is applicable for each renewal period. Each of the exploration wells shall be drilled to a minimum depth of 3,500 meters. As per the date of this Prospectus, the Group has completed its seismic commitments, however with a remaining commitment to drill one well in the initial exploration period.

SOSIP

During the initial exploration period, the Group has purchased existing seismic data, acquired new 3D seismic and conducted geological and geophysical evaluation for a minimum investment of USD 10 million. During the first renew period, the Group shall carry out a PSDM and conduct additional geological and geophysical evaluation. The Group has on option up until April 2016 to decide to drill an exploration well with a minimum investment of USD 20 million by October 2017 or drop the acreage. During the second renewal period, the Group shall carry out drilling of at least one exploration well with a minimum investment of USD 20 million in All exploration wells have a minimum well depth commitment of 3,500m². As per the date of this Prospectus, the Group has completed the seismic commitments.

Performance Guarantees

The Company has a USD 10 million minimum work commitment guarantee on ROP, as further described in section 9.3.3. As at 31 December 2014, the Company has a remaining exposure of USD 882,399 on ROP.

If at the end of any period of research, or in case of total waiver or termination of the contract, African Petroleum Senegal has not reached the minimum commitments, the Group shall pay to the Senegal government a compensation equal to the unpaid balance of the work commitments scheduled for this period and the minister shall have the right to call the guarantees as compensation for non-performance by African Petroleum Senegal.

Table 10.16: ROP

Phase	Period	Relinquishment after end of period	Work Obligations	Minimum Investment Requirement USD	Rental Payments USD/ km ²	Status
Initial exploration period	4 years	30 per cent	Acquisition of existing seismic data + 1 exploration well ¹	20,000,000 + 2,000,000	5	3D seismic commitment completed. One well outstanding
1 st extension period	2 years	20 per cent	1 exploration well	20,000,000	8	
2 nd extension period	2 years	100 per cent ²	1 exploration well	20,000,000	15	

1. All exploration wells must be drilled to a minimum depth of 3,500 m from sea level.

2. If at the End of Exploration phase there is a discovery the Contractor will relinquish the contract zone except for the exploitation area, if no discovery the entire tenement is relinquished.

Source: African Petroleum

Table 10.17: SOSP

Phase	Period	Relinquishment after end of period	Work Obligations	Minimum Investment Requirement USD	Rental Payments USD/ km ²	Status
Initial exploration period	3 years	30 per cent	2,500 km ² 3D seismic survey, reprocessing	10,000,000	5	3D seismic commitment completed
1 st extension period	3 years	20 per cent	1 Contingent exploration well ²	20,000,000	8	Undertaking G&G technical studies and one contingent well.
2 nd extension period	2.5 years	100 per cent ¹	1 exploration well	20,000,000	15	

¹ If at the end of exploration phase there is a discovery the Contractor will relinquish the contract zone except for the exploitation area, if no discovery the entire tenement is relinquished.

² The Group has until April 2016 to complete further technical work. At this date the Group can decide to drill an exploration well or exit the block. If the Group is to drill, the well is to be drilled by October 2017 with a minimum obligation of USD 20 million

Source: African Petroleum

10.4.7 Relinquishment

For the ROP License, the licensees are required to relinquish 30 per cent of the surface area after end of the initial exploration period, 20 per cent after end of the first extension period and 100 per cent after the end of the second extension period. For the SOSP Licence, the Group relinquished 30 per cent of the surface area upon entering the first extension period in October 2014. An additional 20 per cent is to be relinquished after the end of first extension period and 100 per cent after the end of the second extension period. However in the event of a commercial discovery and ensuing award of exploitation license on either of the Senegal Licences, the exploration license area will be retained.

10.4.8 Regulatory Matters

Laws concerning classified installations for Environmental Protection

The creation or modification of an Installation Classified for Environmental protection (ICPE) is subject to an administrative authorisation before it can start operation. Depending on the type of procedure applicable to the installation (subject to declaration or to authorisation), in order to obtain the authorisation, the operator must register an ICPE file or an operating licence application.

Laws concerning water pollution

Civil liability of a polluter arises in the absence of any fault when the property at the origin of damage caused is an establishment of "risk". Responsibility can be avoided only by proving that the pollution and its harmful effects are only due to a case of force majeure, fault of a third party or the victim, by action or inaction, has contributed to the damage.

Petroleum Act

Under Article 58 of the Petroleum Code, in case of expiry or termination of an agreement or a service contract and according to the provisions of Article 59 of the same code or in case of total or partial waiver, the State may exercise its right to recover the facilities and equipment related to petroleum operations abandoned area, unless such facilities and equipment are used by the owner for other oil operations in the territory of the Republic of Senegal.

If the State exercises its right of recovery, no compensation is paid to the owner.

If the State does not wish to return the facilities and equipment, the licensee must perform disassembly and removal as well as other works of abandonment; in case of failure by the licensees to fulfil such obligations the Minister may direct the necessary procedures at the expense of the licensees.

10.5 THE GAMBIA

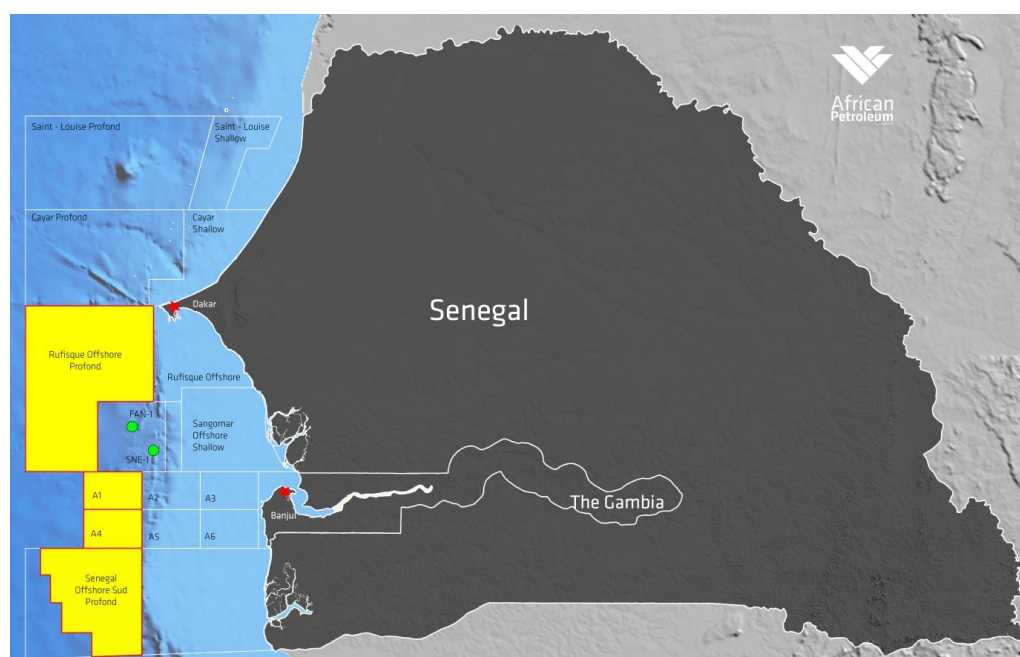
In the Republic of the Gambia (the "Gambia"), African Petroleum holds, 100 per cent operated WI over offshore licenses A1 and A4 (the "Gambia Licences"), covering a combined total area of 2,672 km² offshore the Gambia.

The Group first acquired a 40 per cent interest in the Gambia Blocks in August 2010 from Buried Hill under a farm-in agreement. It subsequently became 100 per cent owner in July 2014 (following the purported termination of the Gambia Licences in January 2014), the rejection and subsequent settlement of an alleged claim by Buried Hill that it had suffered loss as a result of African Petroleum Gambia Limited's breach of the 2010 farm-in agreement. The alleged claim was settled between African Petroleum Gambia Limited the Company and Buried Hill by a 'settlement deed', a sale and purchase agreement, a farm-out agreement, and an option agreement.

As a result of the settlement with Buried Hill the Group, through its subsidiary African Petroleum Gambia, has been designated as operator of the Gambian Licences.

Both of the Gambian Licences are currently in their initial exploration period. To date, the Group has acquired 3D seismic across both blocks and is currently evaluating prospects for a potential drilling in 2016. The first exploration phase for both of the Gambian Licences expires in September 2016.

Figure 10.10: Overview of the Gambia exploration assets



Source: African Petroleum

Table 10.18: The Gambia Licences: Key facts

Block	Date of Grant	License period	Current Status	Outstanding commitments
A1	8 September 2006	14 years (8+3+3) from the date of grant	1 st exploration period (Ends 1 September 2016)	Drilling of one exploration well to be drilled on either A1 or A4.
A4	8 September 2006	14 years (8+3+3) from the date of grant	1 st exploration period (Ends 1 September 2016)	One exploration well to be drilled on either A1 or A4. Reprocessing of existing 3D seismic.

Source: African Petroleum

10.5.1 Regional geology

Refer to section 10.4.1.

10.5.2 Work history and next steps

The Group completed the acquisition of 2,000 km² of 3D seismic data over the Gambia Blocks in December 2010. The processed 3D seismic data was received in June 2011 on which multiple prospects and leads, including five different play types were identified. The previous CPR from 25th June 2013 includes the 'Alhamdullilah' prospect, a deepwater 4-way closed structure and the carbonate shelf-edge Prospect the 'M closure'. No further changes have been made to the Alhamdullilah Prospect. It should be noted that the drilling commitment in deepwater is now 5250m after the license reinstatement. There have been changes to the previously evaluated 'M closure', now renamed 'Mahogany', the primary focus is now upon the clastic targets following the success of the 'SNE-1' well in Senegal to the North. Both Albion and Aptian targets within structural closure have been evaluated in the latest CPR letter dated 12 March 2015. 'Lamia' is another large clastic shelf-edge prospect similar to the SNE-1 discovery. In addition three fan prospects have been included in the CPR. Further prospects will be added in a later CPR update. Subsequent to the re-instatement of the licenses, the depth obligation in the shelfal areas is now 3750m sub sea-bed.

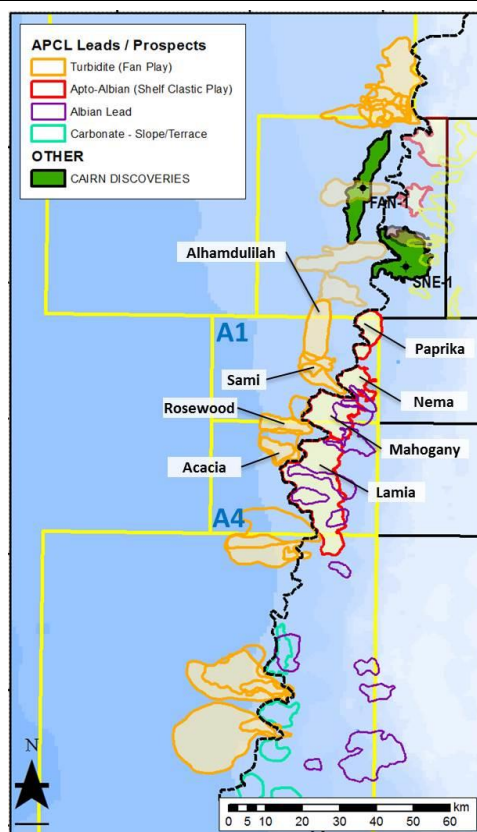
10.5.3 Net Prospective Resources

The table below summarises the estimates of Prospective Resources associated with the Gambia inventory as included in the CPR letter issued by ERC Equipose on 12 March 2015.

Table 10.19: Prospective resources in the Gambian Licenses

Prospects	Net Un-risked mean Prospective resources (MMstb)	Net Risked Mean Prospective Resources (MMstb)	Water depth (m)	Depth to top target TVDSS (m)
A1 – Alhamdulilah SS4	56	9.5	2,220	4,230
A1 – Alhamdulilah SS3	173	27.6	2,220	4,590
A1 – Alhamdulilah SS2	163	26.0	2,220	5,140
A1 – Alhamdulilah SS1	135	17.6	2,220	5,970
A1 – Sami Albion	282	47.5	2,100	4,350
A1/A4 - Rosewood Senonian	208	49.0	2,400	4,000
A1/A4 – Mahogany Albian	176	35.5	2,200	3,300
A1/A4 – Mahogany Aptian	234	32.1	2,200	3,400
A4 – Lamia Albion	375	56.6	2,600	3,200
A4 – Lamia Aptian	1,140	111.6	2,600	3,300
A4 – Acacia Senonian	137	32.1	2,800	4,050
Total	3,078	445		

Source: African Petroleum, ERC Equipose

Figure 10.11: Overview of main prospects and leads Gambian Licences

Source: African Petroleum

10.5.4 Main exploration prospects

Fan Prospects

Acacia, Sami and Rosewood are Santonian to Cenomanian/Albian in age. Age control is difficult in the basin due to the Senonian unconformity making a tie from shallow water wells difficult. Ultimately, it is hoped that a well trade with 'Fan-1' will be possible to help with updating the correct ages for the interpreted horizons. These prospects have good amplitude support for reservoir development. General brightening of amplitudes into an updip position cannot be ascribed to a hydrocarbon effect until further seismic data quality improvement has occurred. Gather conditioning for AVO and the planned PSDM will help further de-risk these prospects. ERC Equipose have used regionally consistent values for N:G, porosity and oil-column height for their evaluations.

Shelf-edge clastic Prospects

Mahogany and Lamia are major three-way closures with stacked clastic reservoirs, analogous to the recent SNE-1 discovery. In TWT, the edge of the carbonate platform dips towards the West with no structural closure evident. Upon depth conversion, due to the westward dipping sea-floor and wedging in the overlying sediments, the dip of the carbonate platform margin is actually towards the East in Depth. This geometry sets up the trap, the lateral extent or separation of Prospects, afforded by canyons cut into the shelf-edge. Hydrocarbons migrate eastwards from the basin downdip to the West. Careful amplitude extractions from 3D seismic data have built a compelling picture for reservoir development. Further technical work on gather conditioning for improved AVO assessment, as well as a PSDM to give a true depth image, will help further de-risk these prospects. Additional success along trend in Senegal will also have a catalytic effect. Blocks A1 and A4 are target-rich and further prospects will be added to the portfolio as they are matured.

10.5.5 Terms of the Gambian Blocks

General terms

With the re-instatement of the Gambian Licences in November 2014, African Petroleum Gambia Limited became 100% owner and designated operator of both blocks A1 and A4.

The first exploration period for both of the Gambian licences expires on 1 September 2016. If an exploration well is not drilled on either Block A1 or Block A4 at the end of the first exploration period then the licenses will be terminated. However, if a well is drilled then exploration operations may continue through a first extension exploration period, a second extension exploration period and also an additional extension exploration period upon Commissioner's discretion.

In the event a commercial discovery is made, the licensee shall have the right to submit a Proposed Development and Production Plan. A Development and Production Period shall commence with respect to each Development and Production Area on the date the Proposed Development and Production Plan is approved. This Development and Production Period shall continue until the end of the 30 year term.

The licensee shall be liable for the payment of royalties on all crude oil produced. The royalty rate from each Development and Production Area prior to the completion and commissioning of permanent Production facilities shall be 15 per cent. Upon completion and commissioning of permanent Production facilities, the royalty rate is determined monthly based on Average Daily Production. The value of the royalty paid by the licensee during the month in question is determined by a sliding scale which ranges from 10 per cent to 25 per cent and is linked to Average Daily Production. The government may partly or fully take the royalty in kind. The licensee shall also pay an Additional Profits Tax calculated for each tax year where the return on capital exceeds a 2 for 1 ratio. The level of Additional Profits Tax is to be negotiated within 60 days of the submission of a Proposed Development Plan.

Under the terms of the licenses, the licensees are obligated to pay annual license fees of approximately USD 1,800,000 and USD 938,000 for Block A1 and Block A4 respectively. These license fees include *inter alia* surface rental costs and training costs. The annual licence fees are subject to minor increases for subsequent exploration phases. In addition, the Company is required to pay an extension bonus to the Ministry of Petroleum by the Group of USD 1,000,000 payable upon: a) the spudding of the first exploration well; or b) 1 September 2016. Further bonuses are payable on approval of a Development and Production Plan and also payable at reaching certain production rate milestones.

The Gambia National Oil Company has the option to take participation through a back-in right limited to 10 per cent. This right is to be exercised within 90 days of an approved Development and Production Plan. The Gambia National Oil Company shall not be obligated to reimburse any part of the expenses incurred before the effective date of the approved Development and Production Plan.

10.5.6 Work and expenditure programme

Block A1

Prior to the end of the Initial Exploration Period, the licensee shall acquire, process and interpret 3D seismic data with respect to 1,000 km² and drill one exploration well to the minimum depth of

- i. 5,250 meters subsea if the wells is drilled outside of the Carbonate Platform Area; or
- ii. 3,750 meters subsea if the well is drilled within the Carbonate Platform Area.

The exploration well obligation may be transferred at the licensees discretion to the adjacent Block A4.

Block A4

Prior to the end of the Initial Exploration Period, the licensee shall acquire, process and interpret 3D seismic data with respect to 750km², complete a sea bottom electromagnetic survey and report over the crest of one prospect. In addition, the licensee shall agree a budget and work program to reprocess the 3D seismic data and re-interpretation thereof. Such reprocessing and re-interpretation shall include Gather Conditioning to improve the suitability of these data for Amplitude versus Offset (AVO) analysis.

Corporate and Bank Guarantees

As part of the settlement with the Gambian Government, a corporate guarantee for the first exploration period up to a maximum amount of USD 85 million, or the amount in the approved work programme and budget for the drilling of one exploration well, was required from the Timis Corporation Limited. As part of the settlement with the Government over the alleged termination of the licences, the Timis Corporation Limited provided the guarantee. This figure is based upon an original well cost for Alhamdullilah. Due to decreased drilling costs, depth commitments and recent CPR update, there is a possibility that a far cheaper well can be drilled. In this event, it is the drilling of the well that counts as opposed to spending up to the full amount of USD 85 million.

Table 10.20: Licence A1

Phase	Period	Relinquishment after end of period	Work Commitments	Financial Commitments	Status
Initial exploration period	8 years, 9 months	10%	Acquisition, processing and interpretation of 1,000 km ² 3D seismic data Drilling one exploration well to a minimum depth of 5,250 meters subsea, if drilled outside of carbonate platform area; or 3,750 meters subsea if drilled within the carbonate platform area. This exploration well obligation may be transferred at Licensee's discretion to the adjacent Block A4 Annual Rental Training & Resources	Corporate Guarantee	Work regarding seismic completed Outstanding well commitment on either A1 or A4 by 1 September 2016
1 st extension period	3 years	20%	EM Survey, 1 well		Outstanding
1 st extension period	3 years	Remaining	1 well		Outstanding

Source: African Petroleum

Table 10.21: Licence A4

Phase	Period	Relinquishment after end of period	Work Commitments	Financial Commitments	Status
Initial exploration period	8 years, 9 months	None	Acquisition, processing and interpretation of 1,000 km ² 3D seismic data Reprocessing of the 3D seismic including Gather Conditioning Drilling one exploration well to a minimum depth of 5,250 meters subsea if drilled outside of carbonate platform area; or 3,750 meters subsea if drilled within the carbonate platform area. This exploration well obligation may be transferred at Licensee's discretion to the adjacent Block A1 Annual Rental Training & Resources	Corporate Guarantee	Seismic acquisition complete. Reprocessing of seismic work. Outstanding well commitment on either A1 or A4 by 1 September 2016
1 st extension period	3 years	10%	1 well		Outstanding
1 st extension period	3 years	Remaining	2 wells		Outstanding

Source: African Petroleum

10.5.7 Relinquishment

Under the terms of the Gambian licenses, the licensees are required to relinquish a specified minimum portion of the original license area of the Gambian licenses upon expiry of each exploration period. As shown in table 10.19 and 10.20, these minimum portions are:

- Block A1
 - i. 10 per cent after the end of the first exploration period,
 - ii. 20 per cent after the end of the first extension period,
 - iii. The remaining area not covered by a Development and Production Area after the end of the second exploration period
- Block A4
 - i. No relinquishment required after the end of the first exploration period,
 - ii. 10 per cent after the end of the first extension period,
 - iii. The remaining area not covered by a Development and Production Area after the end of the second exploration period

10.5.8 Regulatory Matters

Pursuant to section 38 of the National Environment Management Act, a person shall not discharge any dangerous material, or substance, oil or mixture containing oil into any waters or any other segment of the environment except in accordance with regulations prescribed by the council. Section 38 provides for the polluter pays principle.

Section 59 of the National Environment Management Act provides that where an offence is committed by a body corporate, the body corporate and every director or officer who had knowledge or should have had knowledge of the commission of the offence, and who did not exercise all due diligence to ensure compliance with the Act commits the offence are liable.

Section 5 of the Continental Shelf Act provides that any act or omission which takes place on, under or above an installation in a designated area or any waters within 500 meters of such an installation and would if taking place in any part of the Gambia, constitute an offence under the laws in force in that part shall be treated as taking place in that part.

Section 7 of the Continental Shelf Act states that if oil to which this section applies or any mixture containing not less than one hundred parts of such oil in a million parts of the mixture is discharged or escapes in any part of the sea from a vessel, from a pipeline or as the result of any operations for the exploration of the seabed and subsoil or the exploitation of their natural resources in a designated area, the owner or master of the vessel, the owner of the pipeline or, as the case may be, the person carrying on the operations commits an offence unless he or she proves, in the case of a discharge from a place in his or her occupation, that it was due to the act of a person who was there without his or her permission, (express or implied) or, in the case of an escape, that he or she took all reasonable care to prevent it and that as soon as practicable after it was discovered all reasonable steps were taken for stopping or reducing it.

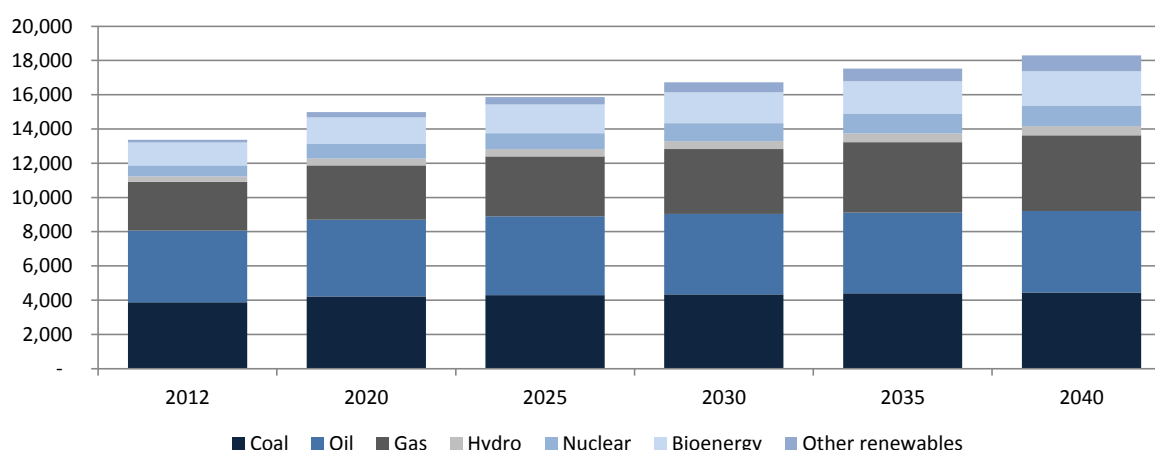
11. INDUSTRY OVERVIEW

The Group is an upstream oil and gas company with focus on the exploration and development phase of the upstream value chain. The Group's business is to gain and de-risk oil and gas licenses in the West African region and successfully explore for oil and gas in its licenses. In the event of a commercial discovery the Group will participate in maturing its discoveries towards development and eventually commercial hydrocarbon production. While the Group has internal resources to conduct geological and geophysical work, as well as drilling operations, in order to conduct its business the Group is reliant on third party providers of (when relevant) seismic data, offshore vessel and drilling rig services, as well as engineering and other consultancy services. The long-term profitability of the Group is highly dependent on its success in discovering oil and gas, as well as the long-term development of hydrocarbon commodity prices. As such this chapter provides certain background information on the dynamics in the pricing of oil and gas, as well as the historic pricing of oil.

11.1 THE GLOBAL ENERGY MARKET

Global energy consumption is driven by world population, economic growth and availability of resources. Overall consumption has grown consistently and seen a steady increase throughout modern economic history. Going forward, energy consumption is expected to increase for all forms of energy, primarily as a result of increased consumption in emerging economies as well as a growing global population and expanding economy. According to BP's 2014 Statistical review of World Energy, oil is the most consumed source with an annual consumption of 91.3 million barrels per day in 2013. The world consumption of primary energy, including oil, natural gas, coal, nuclear, hydro power and other renewable energy, increased by 2.3 per cent in 2013. In the same period, global oil consumption increased by 1.6 per cent, equivalent to 1.4 million barrels per day.

Figure 10.1: Global Energy Consumption (Mtoe)



Source: IEA World Energy Outlook 2014

11.2 OVERVIEW OF THE OIL MARKET

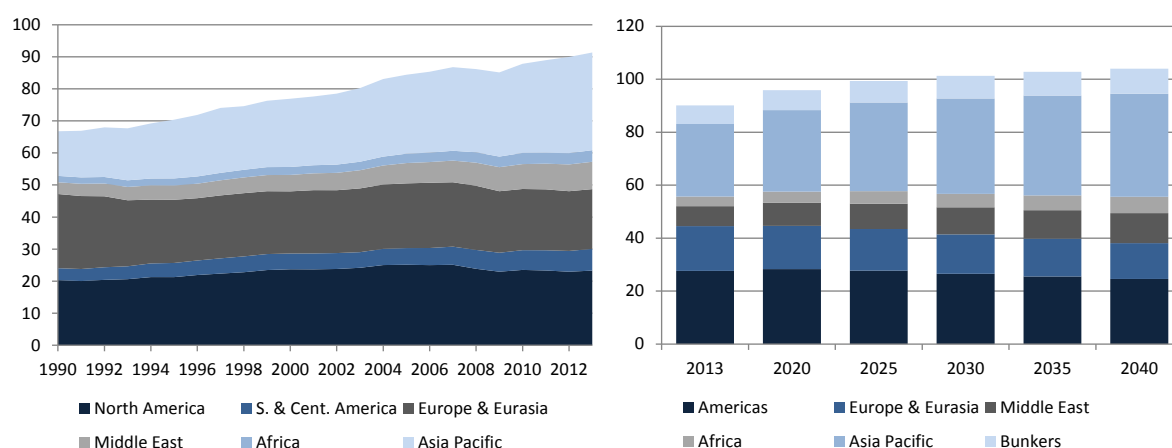
11.2.1 Oil consumption

Oil is the world's primary source of energy and in 2013 global oil consumption was approximately 91.3 million barrels per day. Oil consumption has grown consistently over the past decades, and from 2000 to 2013, consumption increased by 18.7 per cent on a global basis. According to IEA's Oil Market Report as of 16 January 2015, global oil consumption in 2013 was 91.8 million barrels per day, and increased to 92.4 million barrels per day in 2014. For 2015, global consumption is expected to increase to 93.3 million barrels per day. According to IEA's 2014 World Energy Outlook, global oil consumption is expected to continue to increase going forward, growing to 103.9 million barrels per day in 2040. Oil is used for a wide array of purposes including transportation, petrochemical processes for feedstock, power generation and agriculture. Currently, oil used for transportation in the form of among other gasoline, diesel and jet fuel is the main source of oil consumption globally, constituting 55 per cent of global consumption in 2013¹. Transportation is expected to be a key source of consumption growth going forward, constituting 60 per cent of global oil consumption in 2040¹.

¹ Source: IEA World Energy Outlook 2014

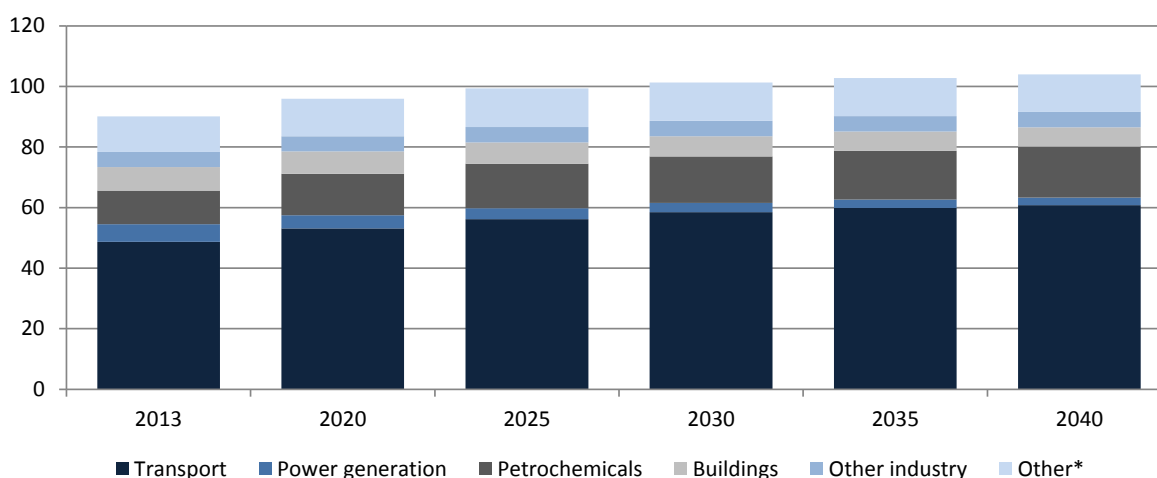
Geographically, the largest consuming countries in 2013 were the United States (18.9 million barrels per day) and China (10.7 million barrels per day). Consumption is today fairly evenly distributed between OECD and non-OECD countries with approximately 50 per cent of consumption from each of the groups. Going forward, as a result of among other increased fuel efficiency and stricter environmental policies, consumption in OECD countries is expected to decrease while global consumption is expected to increase overall due to strong consumption growth in emerging economies. From 2012 to 2040 oil consumption in non-OECD countries is expected to increase by 59 per cent, primarily driven by growing consumption in China, India and the Middle East. Figure 10.2 below shows the historic and expected future development in geographical consumption, as well as current and expected mix of oil consumption going forward.

Figure 10.2: Global Oil Consumption growth and composition (mmbbls/day)



Source: Left chart: BP Statistical Review of World Energy 2014, Right chart: IEA World Energy Outlook 2014

Figure 10.3: Global oil demand by sector (mmbbls/day)



Source: IEA World Energy Outlook 2014. *Other includes agriculture, transformation and other non-energy use (mainly bitumen and lubricants)

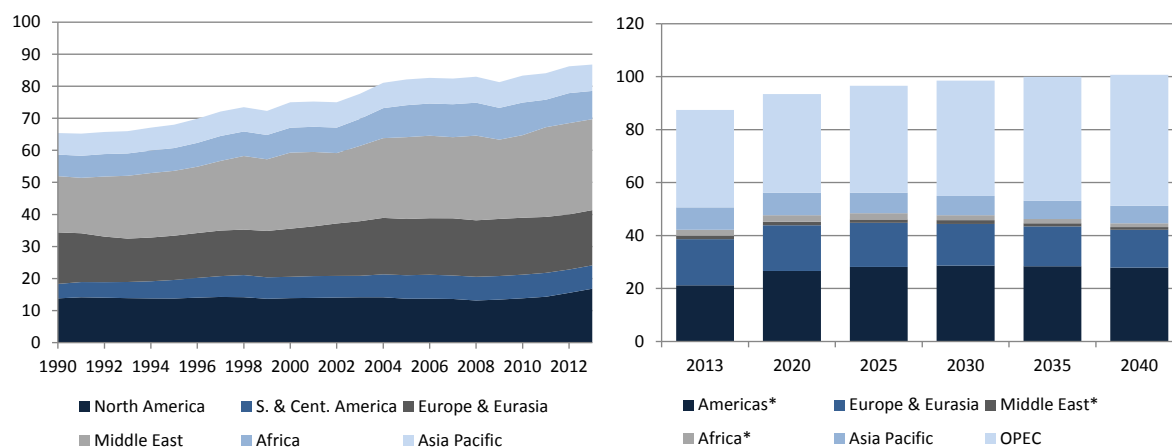
11.2.2 Oil production and reserves

Oil is found in large quantities on most continents of the world. Crude oil production is active in all major populated continents and in 2013 the global production totalled an estimated 86.7 million barrels per day¹. The largest producers are Saudi Arabia (11.5 million barrels per day), Russia (10.7 million barrels per day) and the United States (10 million barrels per day). From 2000-13, production grew at an annual compounded rate of 1.1 per cent per year, and production grew in all major regions of the world however with varying growth between

¹ Source: BP Statistical Review of World Energy 2014

nations. In the period, Russia was the largest growing producer, growing its oil production from 6.6 million barrels per day in 2000 to 10.7 million barrels per day in 2013 (63.9 per cent growth). However, during the period 2012-13 the largest growing producer was the United States, growing its oil production from 8.9 million barrels per day to 10 million barrels per day (12.5 per cent growth). Other countries with large production growth were Saudi Arabia, Canada, Qatar, Angola and Kazakhstan, all growing daily production by more than 1 million barrels per day in the period 2000-13. Simultaneously, production declined significantly in the North Sea in the period, with the United Kingdom and Norway seeing production declining by 1.8 and 1.5 million barrels, respectively. Going forward, oil production growth is expected to be dependent on increased output from the Organization of the Petroleum Exporting Countries ("OPEC")¹, as well as increased unconventional oil production, including Canadian oil sands, tight oil and extra heavy oil, while conventional oil production is expected to decline due to natural production decline in existing fields and reduced rate of production from new conventional fields. Production from OPEC countries is expected to be the main source of growth, growing from 26.8 million barrels per day in 2013 to 49.5 million barrels per day in 2040². The year 2013 saw an acceleration in the growth of global energy consumption, despite a stagnant global economy. Economic growth remained weak nearly everywhere and relative to recent history it was weaker in the emerging non-OECD economies. In line with that economic pattern, energy consumption growth was below average in the non-OECD, driven by China, and above average in the mature economies of the OECD, driven by the US. Emerging economies nonetheless continue to dominate global energy demand, accounting for 80% of growth last year and nearly 100% of growth over the past decade. Chart 10.4 shows the historic development in global oil production per country from 1990 to today³ and the expected production composition going forward, while chart 10.5 shows the expected product composition of global oil production from 2013 to 2040.

Figure 10.4: Global oil production by region (mmbbls/day)

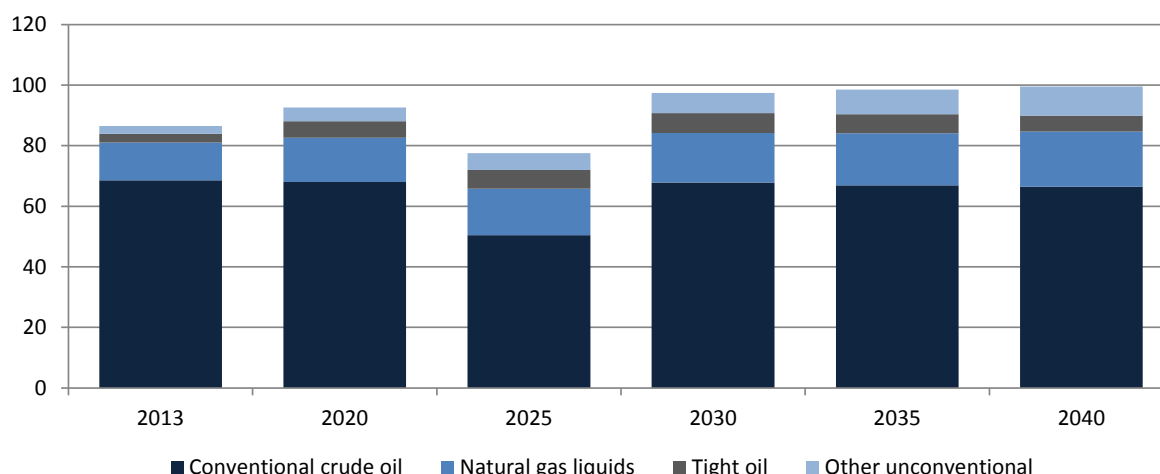


Source: Left chart: BP Statistical Review of World Energy 2014. Right chart: IEA World Energy Outlook 2014. *Non-OPEC

¹ OPEC member countries: Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela

² Source: IEA World Energy Outlook 2014 "New Policies".

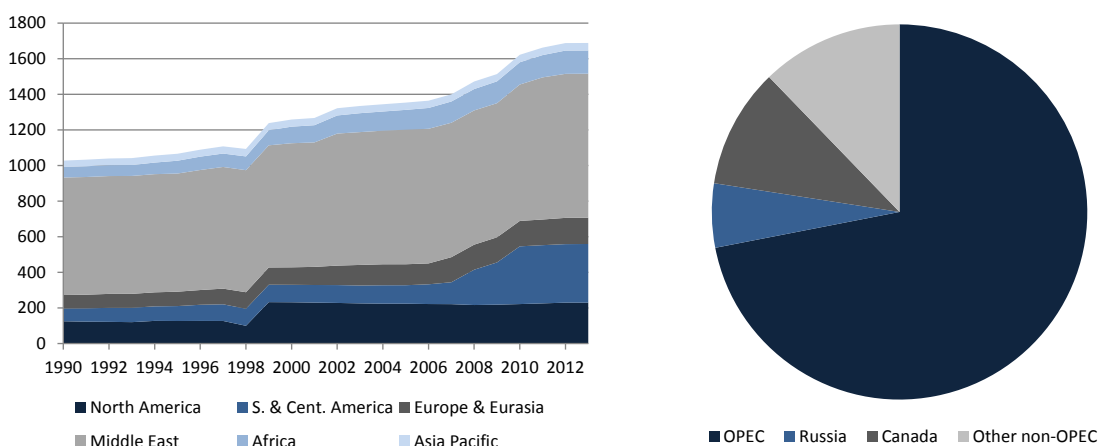
³ Source: BP Statistical Review of World Energy 2014

Figure 10.5: Global oil production by product (mmbbls/day)

Source: IEA World Energy Outlook 2014.

In terms of reserves, nearly half of the total proved reserves in the world today are located in the Middle East, primarily Saudi Arabia, Iran, Iraq, Kuwait and the United Arab Emirates. In total, 71.9 per cent of remaining proven reserves are held by the OPEC members. Other large reserve pools are located in unconventional resources in Canada (oil sands) and Venezuela (extra heavy oil), which will require significant investments and technology improvements in order to commercially develop. Of the remaining oil reserves in the world, a large proportion is owned by state owned entities. In 2012, nearly 80 per cent of the world's proven plus probable reserves, including both conventional and unconventional oil, are controlled by national oil companies ("NOCs") or their host governments. In addition, NOCs also hold those reserves with by far the lowest average development and production costs. Remaining reserves are shared between major oil companies (13 per cent) and independents (7 per cent). A large portion of NOCs tend to focus primarily on supplying their national markets, or are subject to political supervision, which may impact rate of production and flow of sales, while activities of privately owned companies including major oil companies, independents and certain NOCs are geared towards shareholders' interests and market signals. Due to the strategic importance of oil as a key source of energy supply in the modern economy, as well as a large portion of the world's remaining reserves are controlled by politically influenced national entities and located in countries that are members of OPEC, future production and supply of oil may be influenced by factors outside the course of normal market functions. This could in the future, as has been demonstrated in the past, have material impact on the trade of oil between countries, as well as the price of oil.

Chart 10.6 below shows the historical development in proven oil reserves, as well as the current composition between OPEC and main non-OPEC countries.

Figure 10.6: Global oil reserves (thousand million barrels)

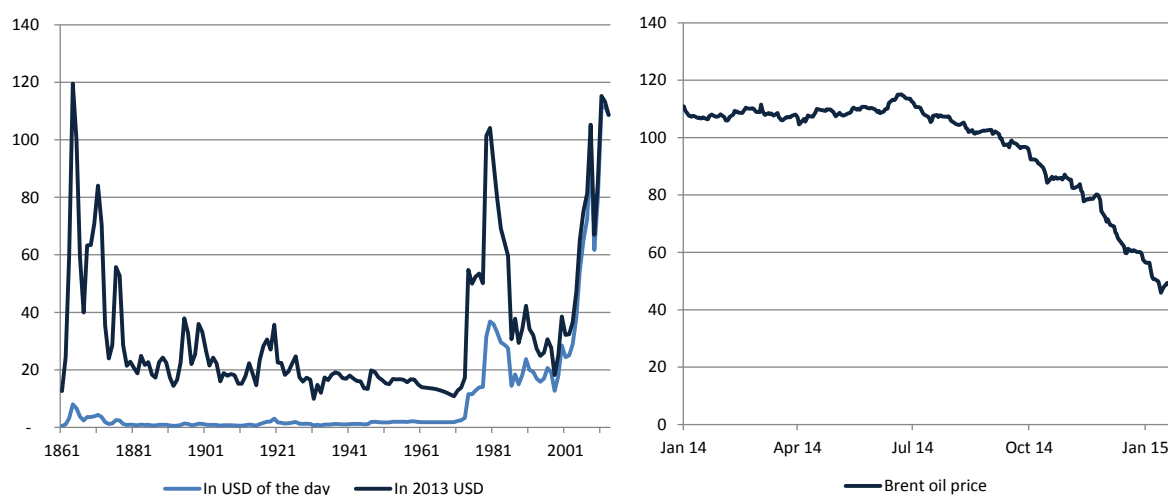
Source: BP Statistical Review of World Energy 2014

11.2.3 The oil price

Oil is a commodity with a well-developed world market. The prices are determined on the world's leading commodities exchanges, with NYMEX in New York and the IPE in London as the most important market for the determination of world oil prices. Prices are determined by the weight of the oil, with WTI, the main benchmark for NYMEX, as the lightest of the main benchmarks in oil pricing. Brent Crude, the main benchmark for IPE is slightly heavier. In recent years, Brent price has emerged as the benchmark price of oil sales in global markets, including West Africa.

Oil prices have historically experienced significant fluctuations, and the Brent Crude oil price decreased significantly from since June 2014 from over USD 115 per barrel to a five-year low of USD 46.76 per barrel in January 2015 (representing a decrease of over 57 per cent). The oil price is highly dependent on the current and expected future supply and demand of oil, and is as such influenced by global macroeconomic conditions and may experience material fluctuations on the basis of economic indicators, material economic events and geopolitical events. Historically, oil prices have also been heavily influenced by organizational and national policies, most significantly the implementation of OPEC and subsequent production policies announced by the organization. Chart 10.7 below shows the historical development in the price of crude oil from 1861 to 2013¹, as well as the development in Brent prices from January 2014 until 28 January 2015².

Figure 10.7: Development in crude oil prices



Source: Left chart: BP Statistical Review of World Energy 2014, Right chart: Bloomberg.

¹ Source: BP Statistical Review of World Energy 2014

² Source: Bloomberg

12. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

12.1 BOARD OF DIRECTORS

12.1.1 Members of the Board of Directors

In accordance with the Constitution of the Company and Australian law, the Board of Directors is responsible for the management of the business of the Company and ensuring that the Company's operations are organised in a satisfactory manner and should do so in the interests of all shareholders.

The Company's Constitution provides that the Board of Directors shall have no fewer than three directors and no more than 12 directors. The directors are elected by a general meeting of shareholders by ordinary resolution. Additionally, pursuant to Clause 13.4 of the Constitution, the Board of Directors may at any time appoint a person to be a Director, provided that the maximum number of Directors is not exceeded. Any such Director appointed will hold office until the next general meeting and will be eligible for re-election. At the Company's annual general meeting, one-third of the Directors for the time being, shall retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of three years without submitting himself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election. A retiring Director is eligible for re-election. In the event of equal voting at a director's meeting, the chairman of the meeting shall have a second or casting vote providing there is more than two directors competent to vote on the question. As the Company is incorporated in Australia, the Australian Corporations Act requires the Company to have at least two directors that reside in Australia.

As at the date of this Prospectus, the Board of Directors consists of nine directors, whereof five Directors are independent of the management, main business associates and the main shareholder.

The current Board of Directors of the Company is presented below:

Mr. Charles Matthews OBE, Independent Chairman

Mr. Matthews has over 10 years of experience as a chairman and director of listed and unlisted companies having been on the board of a number of listed manufacturing and technology companies, including the FTSE 250 LSE listed company FKI Plc. Mr. Matthews is currently Chairman of LSE listed Porvair Plc, a specialist filtration technologies business in the aerospace and general engineering sectors. He has previously held senior management positions at Cosworth Group, Rolls Royce and Bentley Motor Cars, and has served as a Director of the Vickers Group Executive Board. He has previously served as Chairman of AG Holdings, Creative Learning Media Limited and as Strategic Advisor to the board of "3", the 3G mobile business of Hutchison Whampoa, and as strategic advisor to NEC.

Mr. Matthews holds a BSc in Geography and Oceanography from the University of Wales, as well as an MBA from Cranfield Business School and a Strategic Marketing qualification from Harvard Business School.

Mr. Matthews is a British citizen and resides in the United Kingdom.

Dr. Stuart Lake, Chief Executive Officer and Executive Director

Dr. Lake has over 28 years of experience in a wide variety of roles in international oil and gas companies including the Hess Corporation, four years in the Apache Corporation overseeing Global New Ventures and later Exploration/Exploitation activity in Argentina and over 19 years in Shell, where he was Vice President Exploration for Shell, Russia and held a wide variety of positions in both Exploration and Production throughout the world.

Most recently, Dr. Lake spent over four years at Hess Corporation. As Vice President of Exploration, he was directly responsible for Exploration New Ventures globally, re-establishing a proactive basin master approach to Exploration New Ventures which led to significant strategic partnerships, that secured Hess a competitive position enabling Hess's entry into Kurdistan and other positions in West Africa and the Gulf of Mexico. Prior to that, he was Vice President Exploration for Europe, Africa, Middle East, Russia and South America directing more than 30 discoveries in Russia and leading the highly successful exploration campaign in Ghana that resulted in seven consecutive hydrocarbon discoveries and the subsequent submission of the appraisal plans for those discoveries.

Dr Lake has demonstrated himself to be a proven oil finder, maintaining a high 85 per cent geological success rate in all three companies, based on drilling over 300 wells in 11 countries over his 28 year career. He has a BSc Hons in Geology from the University of Wales and a PhD in Geology from the University of Durham, England supervised by Professor J. F. Dewey. Dr Lake is a Non-Executive Board Member of Tamboran Resources Limited and is also remains on the Advisory Board of the Energy and Geoscience Institute (E.G.I.) at the University of Utah.

Dr. Lake is a British citizen and resides in the United States.

Mr. Mark Ashurst, Non-Executive Director

Mr. Ashurst has been employed as a senior investment banker with a broad range of corporate finance and broking skills gained from over 20 years in the City of London. Institutions Mr. Ashurst has worked for include BZW, Hoare Govett, Credit Lyonnais Securities and Canaccord. He has advised both UK and overseas listed companies and has significant expertise in Initial Public Offerings, fund raising and mergers and acquisitions. Mr. Ashurst stepped down from his role as CFO of the Company in October 2013, but has remained on the board as a Non-Executive Director.

Prior to his career as an investment banker, Mr. Ashurst qualified as a Chartered Accountant at PricewaterhouseCoopers in London.

Mr. Ashurst graduated from Sheffield University with a BA (Hons) Law, is a qualified Barrister and a Fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Ashurst is a British citizen and resides in the United Kingdom.

Mr. Gibril Bangura, Non-Executive Director

Mr. Bangura is an Executive Director of London listed African Minerals Limited and Executive Chairman of African Minerals Limited Sierra Leone. Mr. Bangura is the former Financial Controller of Regent Star International, and Deputy General Manager and Director of Bond Tak Mining Company.

Mr. Bangura graduated from the Junior College of Atlanta with a degree in Arts and Business Management and holds an Advanced Level Certificate from the American College in Cairo.

Mr. Bangura is a Sierra Leonean citizen and resides in Sierra Leone.

Mr. Jeffrey Couch, Independent Non-Executive Director

Mr. Couch joined BMO Capital Markets' London office in 2011 to focus on the metals and mining sector in mergers and acquisitions (M&A), strategic advisory and equity and debt financing. Before joining BMO, Mr. Couch was head of Business Development at Eurasian Natural Resources Corporation plc and has 15 years of investment banking and capital markets experience with Credit Suisse, Citigroup (Salomon Brothers/Schroder Salomon Smith Barney), Campbell Lutyens and Kleinwort Benson. Mr. Couch has extensive experience in the natural resources sector having advised and raised capital for clients globally, with a particular focus in emerging markets and Africa. Key transactions at Eurasian Natural Resources Corporation plc include the acquisitions of CAMEC and Bahia Mineração Ltda and the strategic investment in Northam Platinum. Other transactions include Rio Tinto's defence of BHP Billiton, the initial public offerings of Eurasian Natural Resources Corporation plc, EVRAZ plc and Ivanplats Ltd and advisory work for Glencore International plc and Anglo American plc.

Mr. Couch was called to the Ontario Bar after having graduated from Osgoode Hall Law School and holds a Bachelor of Business Administration from the University of Western Ontario.

Mr. Couch is a Canadian citizen and resides in the United Kingdom.

Dr. David King, Independent Non-Executive Director

Dr. King is a professional geoscientist and has over 30 years' experience in oil and gas and other natural resources industries. He has co-founded, as well as held executive and non-executive board positions with, a number of successful ASX listed oil and gas exploration companies, including Eastern Star Gas Limited, Gas2Grid Limited and Sapex Limited. Dr. King is currently non-executive Chairman of two ASX listed companies; an oil and gas exploration company Galilee Energy Limited and a biotechnology research and development company, Cellmid Limited. In a long corporate career, he has also served as Managing Director of ASX listed gold producer North Flinders Mines, and CEO of oil & gas producers Beach Petroleum and

Claremont Petroleum. He was more recently Chairman of ASX listed Robust Resources Limited, Chairman of AIM listed Tengri Resources, and non-executive director of ASX listed Republic Gold Limited.

Dr. King graduated from the University of East Anglia with a BSc (Hons) in Class 1 Physics/Mathematics, holds a MSc and D.I.C. in Geophysics from the Imperial College, University of London and a PhD in Seismology from the Australian National University. From 1974-76, Dr. King was a Research Fellow with the Royal Norwegian Council for Scientific and Industrial Research (NTNF), working on the NORSAR seismic array. Dr. King is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australasian Institute of Mining & Metallurgy, a Fellow of the Australian Institute of Geoscientists, a member (and past President) of the Australian Society of Exploration Geophysicists, an active member of the Society of Exploration Geophysicists and a member of the Petroleum Exploration Society of Australia.

Dr. King is an Australian citizen and resides in Australia.

Mr Bjarne Moe, Independent Non-Executive Director

Mr. Moe holds his degree in economics from the University of Oslo and has worked in the oil and gas sector for more than 35 years. He started out in the Ministry of Industry and was transferred to the Ministry of Petroleum and Energy when it was established in 1978. In 1988, Mr. Moe was appointed Director General and head of the Oil and Gas department. Furthermore, Mr. Moe has been a diplomat working for the Ministry of Foreign Affairs and been counsellor at the Norwegian embassy in Washington, D.C. and Mr. Moe has further chaired several international commissions for solving questions regarding median line fields, and international gas and oil pipelines. He has also been heading delegations outside of Norway to solve specific questions and been a mediator for unitization of fields etc. Mr. Moe has headed several delegations for OECD (IEA) and has been a member of the Petroleum Price board for 15 years.

Since July 2011, Mr Moe has been a partner at Ricardo Corporate Finance AS. The company is specialising in financial structuring and is also an advisor to the oil and gas industry and has several large, international companies as clients. Mr. Moe is currently chairman of Consultor Energy AS, an energy advisory company.

Mr Moe is a Norwegian citizen and resides in Norway.

Mr. Timothy Turner, Non-Executive Director

Mr. Turner is a senior and founding partner of the Australian accounting firm, Hewitt Turner & Gelevitis. Mr. Turner specialises in domestic business structuring, corporate and trust tax planning and the issuing of audit opinions. Mr. Turner has in excess of 21 years' experience in new ventures, capital raisings and general business consultancy, in addition to 9 years of experience in ASX listed junior resource based exploration companies. Mr. Turner is a Non-Executive Director of ASX listed entities Cape Lambert Resources Limited and Legacy Iron Limited and a Non-Executive Director of NSX listed International Petroleum Limited.

Mr. Turner is a Registered Company Auditor, a registered Tax Agent and SMSF Auditor, a Fellow of CPA Australia and a Fellow of the Taxation Institute of Australia. He holds a Bachelor of Business Degree with a Major in Accounting.

Mr. Turner is an Australian citizen and resides in Australia.

Mr. Anthony Wilson, Independent Non-Executive Director

Mr. Wilson was a partner in general practice in Dixon Wilson, Chartered Accountants before moving into the investment banking sector initially with Wedd Durlacher Mordaunt & Co, the stockjobber, and latterly with BZW (on acquisition), the investment banking division of Barclays. Mr. Wilson was Finance Director for BZW Securities and BZW Investment Management over a period of 10 years. Following BZW, Mr. Wilson held various senior management roles as a director for DAKS Simpson Group Plc and as a non-executive director of Panceltica Holdings Plc. Mr. Wilson is currently a Non-Executive Director of Grand Lodge Limited and GQS Properties Limited, and was previously a Non-Executive Director of GreenGold Invest Group, LondonPharma Limited and New Hill Group Limited.

Mr. Wilson is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Chartered Institute for Securities and Investment.

Mr. Wilson is a British citizen and resides in the United Kingdom.

Table 12.1: The Company's directors

Name	Position	Director since	Term
Mr. Charles Matthews	Chairman	11 October 2013	January 2017
Dr. Stuart Lake	Director	1 February 2014	April 2017
Mr. Mark Ashurst	Director	30 June 2010	May 2015 ¹⁾
Mr. Gibril Bangura	Director	30 June 2010	May 2015 ¹⁾
Mr. Jeffery Couch	Director	23 September 2010	May 2015 ¹⁾
Dr. David King	Director	1 July 2013	January 2017
Mr. Bjarne Moe	Director	16 June 2014	May 2015 ¹⁾
Mr. Tim Turner	Director	30 June 2010	June 2017
Mr. Anthony Wilson	Director	30 June 2010	June 2017

¹⁾ Mr Ashurst, Mr Bangura, Mr Couch and Mr Moe are up for re-election at the Company's annual general meeting to be held 29 May 2015 for a new term of three years

Source: African Petroleum

All the directors have a business address at Premier House, 10 Greycoat Place, London SW1P 1SB, United Kingdom, except for directors resident in Australia, who have a business address at 32 Harrogate Street, West Leederville, WA 6007, Australia.

12.1.2 Past and present directorships

The following table sets out current and past directorship held by the Company's Directors in the past five years (apart from their directorships of the Company and its subsidiaries):

Table 12.2: Board of Directors: Past and present directorships

Name	Current directorships/partnerships	Previous directorships/partnerships
Mr. Charles Matthews	Norican Group ApS (Chairman), Beck and Pollitzer Limited (Chairman), Porvair PLC (Chairman)	AG Holdings (Chairman)
Dr. Stuart Lake	Tamboran Resources (Non-Executive Director), EGI – University of Utah (non-paid member of the Advisory Board)	Hess (VP Exploration Capture), Hess (VP Exploration Africa, Middle East, CIS and Europe)
Mr. Mark Ashurst	African Petroleum Corporation Limited (Non-Executive Director), Timis Mining Corporation Limited (Director), Timis Mining Services Limited (Director), African Petroleum Gambia Limited, African Petroleum Sierra Leone Limited (Director), African Petroleum Senegal Limited (Director), African Petroleum Liberia Limited (Director), European Hydrocarbons Limited (Director), African Petroleum Côte d'Ivoire Limited (Director), Ecogas Limited (Director), Ginkgo International Limited (Director), Pan African Iron Ore Côte d'Ivoire Limited (Director), Gulf Energy International Limited (Director), Pan African Minerals Limited, (Director), Pan African Minerals Services (Cayman) Limited (Director), Pan African Guinea Limited (Director), Pan African Gambia Limited (Director), Pan African Burkina Limited (Director), Pan African Liberia Limited (Director), Pan African Côte d'Ivoire Limited (Director), Pan African Rail and Port Limited (Director), Pan African Ports Limited (Director), Pan African Infrastructure Limited (Director), Pan African Senegal Limited (Director), Pan African Niger Limited (Director), Pan African Railways Limited (Director),	International Petroleum Limited

	Gingko Services UK Limited (Director), Regal Liberia Limited (Director), MLR Advisory Limited (Director), Green Power Corporation (Services) Limited (Director), MLRA Properties Limited (Director), LondonPharma Limited (Director), ProtoPharma Limited (Director), Timis Mining Corporation (SL) Limited	
Mr. Gibril Bangura	African Minerals Limited (Executive Director), Obtala Resources PLC (Director), African Minerals Limited Sierra Leone (Executive Chairman), African Minerals Engineering Limited (Director), Pan African Minerals Ltd (Director)	Bond Tak Mining Company (Director)
Mr. Jeffery Couch	BMO Capital Markets (Managing Director and Head of Investment and Corporate Banking Europe)	Eurasian Natural Resources Corporation PLC (Head of Business Development and Mergers and Acquisitions), Credit Suisse First Boston Zurich (Director of Metals & Mining Investment Banking)
Dr. David King	Cellmid Limited (Chairman), Galilee Limited (Chairman), , Tamboran Resources Pty Ltd (Director), Seistend Pty Ltd (Executive, then Non-Executive Director), Baron Partners Limited (Director), Rotadyne Limited (Director), Walleroo Pty Ltd (Director), Vini Pty Ltd (Director), Biotech Resources for Agriculture and Industry (Director), ConnectIX Pty Ltd (Director)	Eastern Star Gas Limited (Non-Executive Director), Sapex Limited (Non-Executive Director), Ausmon Resources Limited (Non-Executive Director), Robust Resources Limited (Chairman), Tengri Resources Limited (Chairman), Republic Gold Ltd (Non-Executive Director)
Mr. Bjarne Moe	Consultor Energy AS (Chairman), Consultor E&P (Chairman), AS Oscarsgate 43 (Director)	Ricardo Corporate Finance AS (Director)
Mr. Timothy Turner	Adrican Minerals Exploration Pty Ltd (Director), Australis Exploration Pty Ltd (Director), Buka Minerals Pty Ltd (Director), Cape Lambert Minsec Pty Ltd (Director), Cape Lambert Resources Limited (Non-Executive Director), Dempsey Resources Bermuda Limited (Director), Dempsey Resources Pty Ltd (director), Metals Exploration (SL) Limited (Director), Metal Exploration Mauritius Limited (Director), Metals Exploration (Australia) Pty Ltd (Director), Metals Exploration (Bermuda) Limited (Director), Mineral Assets (Bermuda) Limited (Director), Mineral Projects Pty Ltd, Mineral Securities (UJ) Ltd (Director), Mineral Securities Investments (Australia) Pty Ltd, Mineral Securities Limited (Director), Mineral Securities Operations Pty Ltd (Director), Mining International Pty Ltd (director), Mining Quest Pty Ltd (director), Minsec Investments (BVI) Limited (Director), Mojo Mining Pty Ltd (Director, Mt Anketell Pty Ltd (Director), Pinnavcle Group Assets Limited (Director), Pinnacle Group Assets Limited SA (Director), Pinnacle Group Assets SL Limited (Director), Legacy Iron Ore Limited (Non-Executive Director), International Petroleum Limited (Non-Executive Director)	Algarrobo Holdingsa BVI Limited (director), Cape Lampert Lady Annie Exploration (Director), Cuesta Resources (BVI) Limited (Director), Guinea Exploration Limited (Director), Kukuna REsources Limited (Director), Lady Ammie (BVI Limited) (Director), Mienral Assets Limited (Director), Q Copper Limited (Director)
Mr. Anthony Wilson	Grand Lodge Limited (Non-Executive Director), GQS Properties Limited (Non-Executive Director), Malaria Research Company Pty Ltd (Non-Executive Director)	GreenGoldInvest Group (Consultant, Non-Executive Director), New Hill Group Limited (Non-Executive Chairman), Panceltica Holdings Plc (Non-Executive Deputy Chairman and Chairman of Audit Committee), LondonPharma Limited (Non-Executive Director)

Source: African Petroleum

12.1.3 Directors' shareholdings

Table 12.3: Directors' shareholdings in the Company

Name	Position	Shares owned	Options ¹
Mr. Charles Matthews	Chairman	100,000	1,666,667
Dr. Stuart Lake ²	Executive Director	2,858,500 ³	6,304,250 ⁴
Mr. Mark Ashurst	Director	-	1,000,000
Mr. Gibril Bangura	Director	-	500,000
Mr. Jeffery Couch	Director	147,900	500,000
Dr. David King	Director	300,000	-
Mr. Bjarne Moe	Director	100,000	- ⁵
Mr. Timothy Turner	Director	41,667	166,667
Mr. Anthony Wilson	Director	100,000	500,000

¹The options granted to Directors and employees which are subject to each individuals contract of service or employment, as the case may be, are further described in section 16.5.2 and 16.5.3 below.

²Dr Lake has a right to be issued 5,000,000 fully paid shares in five tranches of 1,000,000 shares each time an agreed milestone is achieved (as determined by the Remuneration Committee) as further described in section 12.2.5 below

³Includes New Shares allocated in the Private Placement, expected to be issued on or about 18 March 2015

⁴Includes Options personally purchased and allocated in the Private Placement, expected to be issued on or about 18 March 2015

⁵Mr Moe is due to be issued 500,000 options in accordance with his terms of appointment

Source: African Petroleum

Please refer to section 16.5 for a description of the terms of the options.

12.1.4 Remuneration and benefits 2014

The total aggregate fixed sum per annum to be paid to the non-executive directors from time to time will not exceed the maximum sum determined by the shareholders in general meeting (currently AUD 900,000) and the total aggregate fixed sum will be divided between the non-executive directors as the Directors shall determine and, in default of agreement between them, in equal shares.

The table below sets out the compensation for each of the Directors of the Company for the year ended 31 December 2014.

Table 12.4: Board member remuneration, year ended 31 December 2014

Name	Position	Salary, fees and benefits (USD)	Share based payments (USD)
Mr. Charles Matthews	Chairman	219,432	245,877
Dr. Stuart Lake	CEO / Director	1,498,513	1,202,957
Mr. Mark Ashurst ¹	Executive Director	562,390	74,636
Mr. Gibril Bangura	Director	46,273	37,318
Mr. Jeffery Couch	Director	43,754	37,318
Dr. David King	Director	64,985	-
Mr. James N. Smith ²	Director	37,008	107,635
Mr. Bjarne Moe	Director	19,576	28,551

Mr. Timothy Turner	Director	39,387	-
Mr. Karl Thompson ³		77,556	-2,153,589 ³
Mr. Anthony Wilson	Director	60,394	37,318

¹ Mr. Ashurst resigned as an executive director effective 1 August 2014

² Mr. Smith resigned 1 August 2014

³ Mr. Thompson resigned 1 February 2014 and as a result all unvested performance shares held as at the date of resignation were recognised as a reversal of share based payments

Source: African Petroleum

Non-Executive Director remuneration:

The Board of Director's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board of Directors as a whole determine payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of cash fees that can be paid in total to Non-Executive Directors is AUD 900,000 or such other amount approved by shareholders. Fees for Non-Executive Directors are not performance related.

Pursuant to Clause 14.5 of the Constitution and in accordance with Australian market practice, the Directors may at any time, subject to the NSX Listing Rules, adopt any retirement scheme or plan for the Directors which they consider to be in the interests of the Company and which is designed to provide retiring or superannuation benefits for both present and future non-executive Directors, and they may from time to time vary this scheme or plan. The Directors may attach any terms and conditions to any entitlement under any such scheme or plan that they think fit. However, no scheme or plan shall operate to confer upon any Director or on any of the dependants of any Director any benefits exceeding those contemplated in Section 200F of the Australian Corporations Act, except with the approval of the Company in general meeting.

The terms of remuneration for the executive directors of the Company are set out in section 12.2.5 below.

12.1.5 Independence of the board

Mr. Matthews, Mr. Couch, Mr. Moe, Mr. Wilson and Dr. King are independent of the Company's management, significant business relations and large shareholders.

Mr. Turner is a director on the board of International Petroleum a Company associated with the Company's largest shareholder, and is accordingly not deemed independent.

Dr. Lake is the CEO of the Company and is accordingly a non-independent director.

Mr. Ashurst is a Director of Timis Mining Corporation Limited (a Company associated with the Company's largest shareholder, Mr. Timis) and Mr. Bangura is Executive Chairman of African Minerals Limited, which, according to the Company's internal guidelines means that they do not qualify as an independent Director.

12.1.6 Board Committees

Nomination committee

At the date of this Prospectus, the nomination committee (the "Nomination Committee") comprises of the following members: Mr. Matthews (Chairman), Mr. Couch, and Mr. Wilson.

According to the Nomination Committee Charter as adopted by the Board of Directors, the Nomination Committee shall comprise at least three non-executive Directors, one of whom will be appointed the Chairman of the committee. The majority of the members of the Nomination committee shall be independent.

The primary purpose of the Nomination Committee is to support and advise the Board of Directors in maintaining a Board of Directors that has an appropriate mix of skills and experience to be an effective decision-making body, and ensuring that the Board of Directors 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.

Audit Committee

The audit and risk committee (the "Audit Committee") is a committee of the Board of Directors that supports the Board of Directors in fulfilling its requirements with respect to financial reporting, internal accounting controls and auditing matters. The Audit Committee is required to comply with laws, regulations and stock exchange requirements, which *inter alia* require that the majority of the members are independent and at least one of the independent members shall have relevant qualifications within accounting/auditing.

As of the date of this Prospectus, the Audit Committee consists of Mr. Wilson (Chairman), Mr. Matthews and Mr. Couch. The Audit Committee is appointed by and amongst the members of the Board of Directors. Mr. Wilson satisfies the criteria of being both independent from management and competent in accounting.

According to the Company's Audit and Risk Committee Charter, the Audit Committee shall consist of at least three members appointed by the Board of Directors. All members of the committee must be non-executive directors and a majority of the members must be independent.

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its statutory and fiduciary responsibilities relating to:

- a) the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- b) compliance with all applicable laws, regulations and company policy;
- c) the effectiveness and adequacy of internal control processes;
- d) the performance of the Company's external auditors and their appointment and removal;
- e) the independence of the external auditor and the rotation of the lead engagement partner; and
- f) the identification and management of business risks.

A secondary function of the Committee is to perform such special reviews or investigations as the Board of Directors may consider necessary.

Remuneration Committee

As of the date of this Prospectus, the remuneration committee ("Remuneration Committee") comprises of the following members: Mr. Ashurst (Chairman), Mr. Couch, Mr. Wilson and Dr. King.

According to the Remuneration Committee Charter as adopted by the Board of Directors, the Remuneration Committee shall consist of at least three members, the majority being independent non-executive directors. The committee is, however, chaired by a non-executive, not independent director, Mr. Ashurst, and he was appointed by the Board of Directors. The primary purpose of the committee is to support and advise the Board of Directors in fulfilling its responsibility to shareholders by:

- a) reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- b) ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- c) recommending to the Board of Directors the remuneration of executive Directors;
- d) fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- e) reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- f) reviewing and approving the remuneration of director reports to the Managing Director, and as appropriate other senior executives; and
- g) reviewing and approving any equity based plans and other incentive schemes.

Continuous Disclosure Committee

In accordance with the Company's Corporate Governance Plan, the Company has established a Continuous Disclosure Committee, which currently consists of the following members: Dr. King (Chairman), Mr. Matthews and Mr. Moe.

The Continuous Disclosure Committee shall be comprised of at least three Directors, the majority being independent non-executive directors. The committee is chaired by an independent director appointed by the Board of Directors.

The Continuous Disclosure Committee is charged with the responsibility for the development and oversight of the policy and procedures applicable to the Company's continuous disclosure obligations. In particular, the Continuous Disclosure Committee is charged with the responsibility of ensuring that any exchange announcement concerning operational or geological activities, updates, results or statements of similar nature are reviewed and signed off 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, which may include the competent person, and that their name, position and qualifications are included in the notification together with a statement to the effect that they have reviewed the information contained therein.

12.2 MANAGEMENT

12.2.1 Members of the Senior Management

The Company's senior management is responsible for the daily management and the operations of the Company. The senior management consists of the Chief Executive Officer, the Finance Director, the Chief Operating Officer, the Exploration Director and the Group General Counsel and is presented below.

All of the members of the senior management have a business address at Premier House, 10 Greycoat Place, London SW1P 1SB, United Kingdom.

Dr. Stuart Lake, Chief Executive Officer

Please refer to information provided in section 12.1.1.

Stephen West, Finance Director

Mr. West has over 20 years of financial and corporate experience gained in public practice, oil and gas, mining and investment banking. During his career Mr. West has held senior positions at Horwath Chartered Accountants, PricewaterhouseCoopers and Barclays Capital. Mr. West is currently a non-executive director of ASX listed Apollo Consolidated Limited (mining exploration company with permits in Côte d'Ivoire), ASX listed Zeta Petroleum plc (oil & gas exploration and production company with permits in Romania) and unlisted Norsve Resources plc (mining exploration company with permits in Sweden). He is also currently Advisory Partner in Partner Capital Limited.

Mr. West is a qualified Chartered Accountant who holds a Bachelor of Commerce (Accounting and Business Law) from Curtin University of Technology in Australia. He has over 20 years of financial and corporate experience in oil and gas, mining and investment banking industries spanning Australia, United Kingdom, Europe, CIS and Africa.

Mr. West is an Australian and British citizen and resides in the United Kingdom.

Jens Pace, Chief Operating Officer

Mr. Pace has a background in geosciences, and has had a career spanning over 30 years at BP Exploration Operating Company Limited ("BP"), and its heritage company Amoco (UK) Exploration Company. Mr. Pace has held senior positions at BP for over 10 years, gaining exploration and production experience in Africa, namely: Algeria, Angola, Congo, Gabon and Libya. In addition, he has experience in Europe, Russia and Trinidad. He has contributed to a number of BP's exploration discoveries over his career. Most recently, Mr. Pace managed a large and active exploration portfolio for BP in North Africa. In addition to exploration activities, Mr. Pace has gained experience in the areas of field development and as a commercial manager.

Mr. Pace graduated from the University College of Swansea, University of Wales with a BSc in Geology and Oceanography. Mr. Pace graduated from the Imperial College of Science and Technology, University of London with an MSc in Geophysics.

Mr. Pace is a British citizen and resides in the United Kingdom.

Michael Barrett, Exploration Director

Mr. Barrett has over 20 years global exploration experience from his career at Chevron Corporation, and more recently at Addax/Sinopec International. Mr. Barrett has held senior positions at Chevron and Addax Petroleum, gaining substantial exploration and operations experience in Africa, namely: Angola, Cameroon, Gabon, Kurdistan and Nigeria, having also extended experience in Australia. Mr. Barrett has held a variety of technical

roles covering exploration and new ventures, and was part of Chevron's global Exploration Review Team, specialising in Play and Prospect risk assessment, volumetric analysis, commercial evaluation and portfolio management. Mr. Barrett also brings added strength to the team with his background in quantitative geophysics, stratigraphic interpretation workflows and 3D visualisation.

Mr. Barrett has a BSc in Geology & Geophysics from Durham University and a MSc in Petroleum Geology & Geophysics from Imperial College, Royal School of Mines.

Mr. Barrett is a British citizen and resides in the United Kingdom.

Mr Ian Philliskirk, Group General Counsel

Mr. Philliskirk has over 20 years of corporate legal experience including, 12 years working with a number of international oil and gas companies. Most recently, Mr Philliskirk was VP and General Counsel at Tethys Petroleum Ltd (2009-2014). Prior to joining Tethys Petroleum Ltd, Mr Philliskirk held senior positions at Pinsent Masons LLP, Emirates National Oil Co. Ltd, Dragon Oil Plc and the Kanoo Group UAE and Oman.

Mr. Philliskirk is a barrister of Lincoln's Inn (presently non-practicing)

Mr. Philliskirk is a British citizen and resides in the United Kingdom.

12.2.2 Past and present directorship

The table below sets out the names of all companies of which the members of the senior management have been members of administrative, management or supervisory bodies in the previous five years (excluding any such positions within the Group). For information regarding Dr. Lake and Mr. Ashurst, please refer to section 12.1.3 above.

Table 12.5: Management: Past and present directorships

Name	Current directorships/partnerships	Previous directorships/partnerships
Dr. Stuart Lake	Please see section 12.1.3 above	
Mr. Stephen West	Zeta Petroleum plc (Non-Executive Chairman), Apollo Consolidated Ltd (Non-Executive Director), Norsve Resources plc (Director), Cresthaven Investments Pty Ltd (Director), Incube Investments Pty Ltd (Director), Incube Invest No 1 Pty Ltd (Director)	Bettridge Limited (Director)
Mr. Jens Pace	-	-
Mr. Michael Barrett	-	-
Mr. Ian Philliskirk	-	Model Railways Limited

Source: African Petroleum

12.2.3 Executive shareholdings

The table below shows the senior management's direct and indirect ownership in the Company as at the date of the Prospectus:

Table 12.6: Management: Shareholdings in the Company

Name	Position	Shares owned	Options¹
Dr. Stuart Lake	CEO	Please see section 12.1.4	Please see section 12.1.4
Mr. Michael Barrett	Exploration Director	-	1,158,335

Mr. Jens Pace	Chief Operating Officer	333,334	750,001
Mr. Stephen West	Finance Director	2,608,500 ²	2,887,584 ³
Mr. Ian Philliskirk	Group General Counsel	-	500,000

¹ The options granted to the members of the management are subject to each individuals contract of service or employment, and is further described in section 16.5.2 below.

² Includes New Shares allocated in the Private Placement, expected to be issued on or about 18 March 2015

³ Includes Options allocated in the Private Placement, expected to be issued on or about 18 March 2015

Source: African Petroleum

12.2.4 Remuneration and benefits

Information about the remuneration and benefits granted to the members of the senior management for the financial year 2014 is set out in the table below:

Table 12.7: Management: Remuneration

Name	Position	Short term benefits 2014 (USD)			Post-employment benefits (USD)	Share-based payments (USD)		
		Salary and fees	Other cash benefits	Cash bonus		Shares	Options ¹	Other
Dr. Stuart Lake ²	CEO	909,106	76,355	427,130	86,012	595,634	607,323	
Mr. Michael Barrett	Exploration Director	388,213	2,208	178,091	68,767	-	87,407	
Mr. Jens Pace	Chief Operating Officer	520,094	7,832	226,661	52,009	219,338	-72,781	9,437
Mr. Stephen West	Finance Director	396,582	5,283	-	39,658	-	299,293	
Mr. Ian Philliskirk ³	General Counsel	15,639	-	15,639	-	-	814	

¹ Options figures are an accounting entry only

² Dr. Lake appointed as CEO on 1 February 2014

³ Mr Philliskirk appointed on 15 December 2014

Source: African Petroleum

12.2.5 Management service agreements

Jens Pace – Chief Operating Officer

Mr. Pace's role as Chief Operating Officer of the Company and Chief Operating Officer of the Group companies is governed by a contract between African Petroleum Services and Mr. Pace. The agreement stipulates the following terms and conditions:

- Remuneration: basic salary of GBP 280,000 per annum increased to GBP 350,000 per annum with effect from 1 July 2014, less deductions required by law
- Cash bonus: A discretionary annual performance bonus of up to 150 per cent of the basic salary may be awarded at the Company's discretion. Further, Mr Pace is entitled to a bonus equivalent to 50 per cent of the basic salary upon completion of a farm-out or joint venture contract. Furthermore, in March 2014, Mr. Pace was awarded a retention bonus in the amount of GBP 140,000. Fifty per cent of the bonus amount was paid in 2014 with the balance now due and payable.
- Pension: There is no company pension scheme, there is a 'pension' contribution/payment of 10 per cent of basic salary on a yearly basis.
- Shares: the Company issued 333,334 fully paid shares to Mr. Pace in 2012 upon commencement of appointment. Upon the Group securing a commercial discovery of hydrocarbons he will be entitled to

500,000 treasury shares in the Company. As at the date of this Prospectus, this performance milestone has not yet occurred.

- e. Options: Mr. Pace has been awarded a total of 750,001 options over the Company's Shares, please refer to section 16.5 for further description of the exercise prices and conditions of the options.
- f. Term and termination: Mr. Pace's employment continues on a year rolling basis until he or African Petroleum Services gives the other party six months written notice of termination. The notice period is not applicable in certain circumstances of misconduct or poor performance.

Stephen West – Finance Director

Mr. West's role as Finance Director of the Company is governed by a contract between African Petroleum Services and Mr. West. The agreement stipulates the following terms and conditions:

- a. Remuneration: basic salary of GBP 240,000 per annum, less deductions required by law.
- b. Cash bonus: A discretionary annual performance bonus of up to 100 per cent of the basic salary may be awarded at the Company's discretion.
- c. Pension: There is no company pension scheme, there is a 'pension' contribution/payment of 10 per cent of basic salary on a yearly basis.
- d. Options: Mr. West has been awarded 1,583,334 options over the Company's shares; please refer to section 16.5 for further description of the exercise price and conditions of the options.
- e. Term and termination: Mr. West's employment continues until he or African Petroleum Services gives the other party three months written notice of termination. The notice period is not applicable in certain circumstances of misconduct or poor performance.

Michael Barrett – Exploration Director

Mr. Barrett's role as Exploration Director of the Company is governed by a contract between African Petroleum Services and Mr. Barrett. The agreement stipulates the following terms and conditions:

- a. Remuneration: basic salary of GBP 220,000 per annum increased to GBP 275,000 with effect from 1 July 2014, less deductions required by law.
- b. Cash bonus: A discretionary annual performance of up to 100 per cent of the basic salary may be awarded at the Company's discretion. Further, Mr. Barrett is entitled to a bonus equivalent to 50 per cent of his basic salary upon completion of a farm-out or joint venture contract.
- c. Pension: There is no company pension scheme, there is a 'pension' contribution/payment of 10 per cent of basic salary on a yearly basis.
- d. Options: Mr. Barrett has been awarded a total of 1,158,335 options over the Company's shares; please refer to section 16.5 for further description of the exercise price and conditions of the options.
- e. Term and termination: Mr. Barrett's employment continues on a year rolling basis until he or African Petroleum Services gives the other party six months written notice of termination. The notice period is not applicable in certain circumstances of misconduct or poor performance.

Dr. Stuart Lake – Executive Director and CEO

Dr. Lake's role as Chief Executive Officer and Executive Director is governed by a contract between African Petroleum Corporation Services and Dr. Lake. The agreement stipulates the following terms and conditions:

- a. Rate: a fee of GBP 600,000 per annum is payable to Dr. Lake less deductions required by law.
- b. Guaranteed cash bonus: For the first year of employment only, as a deferred sign-on bonus, the Company guarantees to pay Dr. Lake a bonus of at least 50 per cent of basic salary. Such guaranteed bonus shall be paid on or around the first anniversary of the date of commencement of employment.
- c. A discretionary annual bonus of up to 100 per cent of base salary may be awarded in the Company's discretion. In addition to the discretionary bonus the Group must pay a bonus of 100 per cent of basic salary in the event the Company makes a discovery during the executive's employment. Discovery means finding oil or gas that can be proven to flow either via MDTs, DSTs or cased hole tests and will require further appraisal either with 3D seismic or a well.
- d. Shares: as a part of his remuneration package Dr. Lake shall receive 5,000,000 Shares in the Company which will be issued in five tranches of 1,000,000 Shares upon on the achievement of either of the following milestones (achievement of the milestones will be determined by the Remuneration Committee):
 - The finding of oil or gas by the Company or any company in its Group that can be proven to flow either via MDTs, DSTs or cased hole tests and will require further appraisal either with 3D seismic or a well; or
 - Completion of a significant sale or farm-out of assets of the Company (or its subsidiaries)

In addition, the Shareholders General Meeting held on 16 March 2015 resolved to issue up to 2,000,000 additional Shares to Dr. Stuart Lake as part of his remuneration package for his appointment as CEO, which will be issued in two tranches of 1,000,000 Shares upon the completion of a significant sale or farm-out of assets of the Company (or its subsidiaries).

- e. Options: Dr. Lake is granted 5 million options over the Company's shares with an exercise price of AUD 0.24 per share and exercisable for a period of three years, one third on each anniversary from the commencement of employment.
- f. Term and termination: Dr. Lake's employment continues on a one year rolling basis until he or the Company gives the other party six months written notice of termination. The notice period is not applicable in certain circumstances of misconduct or non-performance.

Mr. Ian Philliskirk

- a. Remuneration: basic salary of GBP 200,000 per annum less deductions required by law.
- b. Cash bonus: Sign-on bonus of GBP 10,000. A discretionary annual performance of up to 100 per cent of the basic salary may be awarded at the Company's discretion.
- c. Pension: There is no company pension scheme, there is a 'pension' contribution/payment of 10 per cent of basic salary on a yearly basis.
- d. Options: Mr. Philliskirk has been awarded a total of 500,000 options over the Company's shares; please refer to section 16.5 for further description of the exercise price and conditions of the options.
- e. Term and termination: Mr. Philliskirk's employment continues until he or African Petroleum Services gives the other party three months written notice of termination. The notice period is not applicable in certain circumstances of misconduct or poor performance.

12.3 EMPLOYEES

As at the date of the Prospectus, the Group has approximately 42 employees, whereof 15 are employed in the United Kingdom, 2 are employed in Australia and 25 are employed in West Africa. The table below illustrates the average number of employees over the last three years, as per the end of each calendar year.

Table 12.8: Employee overview

Geographical location	2014	2013
United Kingdom employees	15	18
Australia employees	2	2
West Africa employees	25	33
Total Number of employees	42	53

Source: African Petroleum

12.3.1 Employee incentive schemes

The Company does not have a bonus incentive scheme or an option scheme for its employees. For the senior management, the right to receive bonus is governed in the individual employee contract. For all employees including senior management, the bonus is paid out the following year.

12.3.2 Pensions

The Group does not have any collective pension schemes for its employees, the employee's rights to receive pension benefits from the Group are governed in the individual employee contract. As of 31 December 2014, the total amounts set aside or accrued by the Group to provide pension, retirement or similar benefits amounted to USD 0.

12.4 CONFLICT OF INTEREST

There are no family relations between any of the Directors or the senior management.

As further described under section 12.8 below, the Company has entered a loan agreement with Mr. Pace for the amount to cover the tax payable on the 333,334 treasury shares (1,000,000 shares before share consolidation) that Mr. Pace was awarded upon his commencement of employment with the Company. In consideration of the

Company providing such loan, Mr. Pace has agreed that the received shares are restricted from trading until (i) repayment of the loan, or (ii) notification that the borrower will sell some of the treasury shares to repay the loan to the Company. Thus, such shares may be transferred, but any proceeds from the sale of such shares must be paid to the Company to cover the loan commitment to the Company.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the Board of Directors and/or the senior management has been selected.

Save as disclosed in Section 12.1.6 above and herein, the Company is not aware of any conflict of interest between any duties to the Company, of the members of the senior management and of the Directors, and their private interests and or other duties.

12.5 ADDITIONAL INFORMATION CONCERNING THE SENIOR MANAGEMENT AND THE BOARD OF DIRECTORS

None of the members of the senior management or the Directors as listed above have, or have had during the last five years preceding the date of this Prospectus:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

12.6 BENEFITS UPON TERMINATION OF CONTRACT

None of the Directors' service agreements with the Group provides for benefits upon termination of employment. Whereas the same applies in respect of members of the senior management, they are however entitled to salary in relation to notice periods of 3 or 6 months.

12.7 CORPORATE GOVERNANCE

The Board of Directors of the Company is responsible for establishing the corporate governance framework of the Company having regard to the Australian Corporations Act 2001 and the applicable Listing Rules related to the listing on NSX. The Board of Directors of African Petroleum is committed to administering its corporate governance policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with African Petroleum's needs. Given its NSX listing, the Company's corporate governance framework has been constructed in recognition of, and with regard to, the Australian Corporations Act; the ASX Corporate Governance Council's ("CGC") 'Principles of Good Corporate Governance and Best Practice Recommendations' (Recommendations) and CGC published guidelines; and an extensive range of varying legal, regulatory and governance requirements applicable to publicly listed companies in Australia.

The Board of Directors supports the principles of effective corporate governance and is committed to adopting high standards of performance and accountability, commensurate with the size of the Company and its available resources. Accordingly, the Board of Directors has adopted corporate governance principles and practices designed to promote responsible management and conduct of the Company's business.

The current corporate governance plan adopted by the Company is available on the Company's website www.africanpetroleum.com.au. The Company is in compliance with the NSX Corporate Governance Principles.

12.8 RELATED PARTY TRANSACTIONS

12.8.1 Transactions between the Company and its related parties

The Group's related party transactions for the last three financial years ended 31 December 2014 are set out below. All transactions with related parties have been based on arm's length principles (estimated fair market value).

- i. **Conversion of Loan into Shares in International Petroleum Limited:** On 2 October 2014 the Company was issued 233,890,450 shares in International Petroleum Limited (IPL) and granted 5,000,000 two year AUD 0.06 share options in IPL in full satisfaction of USD 13,184,231 owed by IPL to the Company ("Total Loan Amount").

The Total Loan Amount is the aggregate of two separate amounts (including interest) owed by IPL to the Company calculated as at 31 July 2014:

- a) Loan agreement dated 16 May 2011: the Company provided a loan facility of USD 10 million to IPL which was fully drawn down during 2011. Under the loan agreement, IPL agreed to pay a commitment fee of USD 250,000 for the provision of the facility and a further USD 225,000 for extension of the repayment date. Interest accrued on the loan as at 31 July 2014 amounted to USD 1,474,231 (year ended 31 December 2013: USD 324,903; year ended 31 December 2012: USD 318,552). As at 31 July 2014, the total amount receivable from IPL in relation to this loan facility was USD 11,949,231 (31 December 2013: USD 11,304,365; 31 December 2012: USD 10,879,462); and
- b) Exclusivity agreement dated 17 April 2013: the Company paid a good faith deposit of USD 1,235,000 for the sole and exclusive right to acquire up to 100% of IPL's rights and obligations under the exploration and production sharing contracts in Niger. As the exclusivity period expired, IPL was obligated to refund the deposit without interest.

During the year ended 31 December 2014, a further USD 96,844 (year ended 31 December 2013: USD 379,586) was advanced to IPL to cover an employee's costs in relation to work on the exploration and production sharing contracts in the Republic of Niger. The payment was made to protect and preserve the Company's security interest in relation to the loan to IPL as described above and on 12 September 2014 IPL repaid the total outstanding balance. During the year ended 31 December 2014 a further USD 64,923 was paid on IPL's behalf to cover travel costs and USD 76,464 was recharged to IPL for these expenses in line with the Company's recharge of services policy. A further USD 43,814 was recharged to IPL for employment services provided.

- ii. **Loan to former CEO Mr Karl Thompson:** During 2012, USD 841,994 (GBP 521,252) was loaned to Mr Thompson to cover tax payable on performance shares awarded to Mr Thompson. In January 2013, an additional USD 200,658 (GBP 124,107) was loaned to Mr Thompson to cover an additional 10 per cent tax payable on these performance shares. The loan can only be used for the payment of the relevant tax (upon presentation of the tax amount) and must be repaid within 5 years or from the sale of any shares prior to this time. The shares are subject to a voluntary escrow, whereby the shares cannot be sold or transferred until the loan is discharged and the proceeds are to be applied to discharge the loan. Interest is charged on the loan at 4 per cent for the first year and thereafter at the official rate as published by HM Revenue & Customs, with USD 45,327 (GBP 27,641) of interest recognised during 2014 (2013: USD 40,916 (GBP 26,139); 2012: USD 11,221 (GBP 6,946)). If prior to the repayment date the proceeds from the sale of the performance shares are insufficient in total to cover the loan, the Company will waive the remaining balance of the loan. If such waiver results in a tax liability for Mr. Thompson, his gross salary may be increased in order to cover such tax liability (even after resignation from his position as CEO). The limited recourse feature of the loan has been accounted for as a share based payment and an amount of USD 117,763 (2013: USD 886,210) has been recognised within the line item "Employee benefits USD 7,645,453 (2013: USD 11,194,043)" within the Statement of Comprehensive Income.
- iii. **Loan to Mr Jens Pace:** During 2012, USD 630,497 (GBP 390,321) was loaned to Mr Pace to cover tax payable on performance shares awarded to Mr Pace. The loan can only be used for the payment of the relevant tax (upon presentation of the tax amount) and must be repaid within 5 years or from the sale of any shares prior to this time. The shares are subject to a voluntary escrow, whereby the shares cannot be sold or transferred until the loan is discharged and the proceeds are to be applied to discharge the loan. Interest is charged on the loan at 4 per cent for the first year and thereafter at the official rate as published by HM Revenue & Customs, with USD 27,431 (GBP 16,701) of interest recognised during 2014 (2013: USD 25,123 (GBP 16,047); 2012: USD 5,752 (GBP 3,561)). If prior to the repayment date the proceeds from the sale of the performance shares are insufficient in total to cover the loan, the Company will waive the remaining balance of the loan. If such waiver results in a tax liability for Mr. Pace, his gross salary may be increased in order to cover such tax liability. The limited recourse feature of the loan has been accounted for as a share based payment and an amount of USD 9,437 (2013: USD 604,927) has been recognised within the line item "Employee benefits USD 7,645,453 (2013: USD 11,194,043)" within the Statement of Comprehensive Income.

- iv. **Payments to Cape Lambert Resources Limited:** During the year ended 31 December 2014 USD 32,581 was paid to Cape Lambert Resources Limited for occupancy costs (31 December 2013: USD 56,278; 31 December 2012: USD 58,068). The occupancy costs were based on the Company's share of overall office floor space. Former deputy chairman of the Board of Directors, Antony Sage and board member Timothy Turner are directors of Cape Lambert Resources Limited.
- v. **Rental of Corporate Aircraft by Related Parties:** During 2011, a corporate aircraft was purchased which, when not being used by the Company, is leased to related parties. For the period 1 January 2014 to 31 October 2014, the indirect cash costs of the aircraft were shared equally between the Company, African Minerals Limited and Pan African Minerals Limited. For the period 1 November 2014 to 31 December 2014, the indirect cash costs of the aircraft were shared equally between the Company, Pan African Minerals Limited and Timis Corporation. During 2014, when the aircraft was leased by International Petroleum Limited USD 3,000 per flying hour was charged for indirect costs and subsequently refunded to the cost sharing parties. During 2014, related parties were charged the direct cash costs of their own use of the aircraft. Before 2014, all related parties were charged a rate of GBP 6,000 per flying hour for lease of the aircraft. African Petroleum Limited disposed of the corporate aircraft on 6 January 2015 for a consideration amount of USD 1,000,000. During the year ended 31 December 2014 USD 1,353,003 was paid, or was due and payable by African Minerals Limited and its subsidiaries for rental of the Company's corporate aircraft (31 December 2013: USD 589,184; 31 December 2012: USD 1,056,078). As at 31 December 2014 USD 1,429,204 was outstanding (31 December 2013: USD 510,669; 31 December 2012: USD 157,675). Mr Timis and Mr Bangura are directors of African Minerals Limited. On 6 March 2015, African Minerals Limited announced that its board had decided to apply to appoint administrators. Due to the financial position of African Minerals Limited, the Company has considered it prudent to recognise an impairment provision for the outstanding balance of USD 1,429,204. This impairment loss may be reversed if African Minerals Limited secures additional funding that facilitates the repayment of this outstanding balance. During the year ended 31 December 2014 USD 1,672,999 was paid, or was due and payable by Pan African Minerals Ltd and its subsidiaries for rental of the Company's corporate jet (31 December 2013: USD 850,912; 31 December 2012: USD 1,336,412). As at 31 December 2014 USD 1,034,223 was outstanding (31 December 2013: USD 1,441,801; 31 December 2012: Nil). The balance has since been repaid. Mr Timis, Mr Bangura and Mr Ashurst are directors of Pan African Minerals Ltd. During the year ended 31 December 2014 USD 132,359 was paid, or was due and payable by Mr Timis for personal use of the Company's corporate aircraft (31 December 2013: USD 388,721; 31 December 2012: USD 322,079). As at 31 December 2014 USD 87,749 was payable as a result of an advance payment (31 December 2013: USD 388,720 receivable; 31 December 2012: USD 322,079 receivable). During the year ended 31 December 2014 USD 529,834 was paid, or was due and payable by Timis Corporation and its subsidiaries for rental of the Company's corporate aircraft (31 December 2013: USD Nil). As at 31 December 2014 USD 90,089 was outstanding (31 December 2013: USD Nil). Mr Timis is a director of Timis Corporation. During the year ended 31 December 2014 USD 264,949 was paid, or was due and payable by International Petroleum Limited and its subsidiaries for rental of the Company's corporate aircraft (31 December 2013: USD Nil). As at 31 December 2014 USD 224,969 was outstanding (31 December 2013: USD Nil). Mr Timis and Mr Turner are directors of International Petroleum Limited.
- vi. **Office Rental from African Minerals:** During the year ended 31 December 2014 USD 537,535 was paid, or was due and payable to African Minerals Limited and its subsidiaries for office rental costs (31 December 2013: USD 252,594; 31 December 2012: USD 710,959). As at 31 December 2014 USD 312,775 was outstanding (31 December 2013: USD 252,594; 31 December 2012: USD 57,000). The rental fees were determined on the Company's share of the overall floor space. Mr Timis and Mr Bangura are directors of African Minerals Limited.
- vii. **Payments to Bedaam Pty Ltd:** During the year ended 31 December 2014 USD 44,753 was paid, or was due and payable to Bedaam Pty Ltd for legal and company secretarial services (31 December 2013: USD 84,837; 31 December 2012: USD 125,242). As at 31 December 2014 no amount was outstanding (31 December 2013: USD Nil; 31 December 2012: USD 8,691). Former Company Secretary Claire Tolcon (resigned 6 June 2014) is a director of Bedaam Pty Ltd.
- viii. **Payments to Okewood Pty Ltd:** During the year ended 31 December 2014 no amounts were paid, or was due and payable to Okewood Pty Ltd for consultancy services (31 December 2013: USD 22,636; 31 December 2012: USD 103,541). As at 31 December 2014 no amount was outstanding (31 December 2013: Nil; 31 December 2012: Nil). Former deputy chairman of the Board of Directors, Antony Sage (resigned 30 June 2013) is a director of Okewood Pty Ltd.

- ix. **Payments to Cadence Energy UK Ltd:** During the year ended 31 December 2014 USD 26,268 was paid, or was due and payable to Cadence Energy UK Ltd for geological and geophysical consultancy services (31 December 2013: USD 130,168; 31 December 2012: USD 263,768). As at 31 December 2014 no amount was outstanding (31 December 2013: USD 21,385; 31 December 2012: Nil). Mr James Smith (resigned as a director of the Company on 1 August 2014) is a director of Cadence Energy Ltd. This agreement has been terminated as at 1 May 2014.
- x. **Aircraft Management Expenses:** During 2011 African Petroleum Limited (a wholly owned UK subsidiary company of the Company) purchased a corporate aircraft. The Directors of African Petroleum Limited are Stephen West, Chris Butler and Ian Middleton. During the year ended 31 December 2014 Nil was paid, or was due and payable to Direct Aviation Management Limited for ongoing management of the corporate aircraft and acquisition in 2011 (31 December 2013: USD 494,193; 31 December 2012: USD 1,004,444). As at 31 December 2014 no amount was outstanding (31 December 2013: Nil; 31 December 2012: Nil). During the year ended 31 December 2014 USD 6,156,553 was paid, or was due and payable to DA International Air Support Limited for management of the corporate aircraft (31 December 2013: USD 3,801,206; 31 December 2012: USD 3,792,504). As at 31 December 2014 USD 937,259 was outstanding (31 December 2013: USD 158,948; 31 December 2012: USD 77,118). Mr Ian Middleton is a director of both Direct Aviation Management Limited and DA International Air Support Limited.
- xi. **Consulting Agreement with Frank Timis:** The Company had a consultancy agreement with Mr Frank Timis, which commenced on 1 August 2010 and terminated on 11 October 2013 following his resignation from the Board of Directors and from his position as Non-Executive Chairman. During the year ended 31 December 2013 no amounts were paid to Mr Timis for consultancy services (31 December 2012: Nil).
- xii. **Costs Incurred and Recharged to Related Party:** During the year ended 31 December 2014 USD 144,770 was paid by the Company on behalf of Pan African Minerals Limited and its subsidiaries to cover IT costs in relation to the service they share with the Company in London (2013: Nil). USD 159,687 was recharged to Pan African Minerals Limited for these expenses in line with the Company's recharge of services policy and based on Pan African Minerals Limited's actual share of the total usage plus 10 per cent (2013: Nil). A further USD 15,000 was recharged to Pan African Minerals Limited for the supply of employment services during the year (2013: USD 13,000). As at 31 December 2014 USD 187,687 was outstanding (2013: USD 15,600). During the year ended 31 December 2014 USD 459,941 was paid on the behalf of Pan African Minerals Limited and its subsidiaries to cover employment costs and petty cash advances (2013: USD 778,501). As at 31 December 2014 USD 62,648 was outstanding (2013: USD 59,955). Mr Timis, Mr Bangura and Mr Ashurst are directors of Pan African Minerals Ltd. During the year ended 31 December 2014 USD 195,479 was advanced to The Timis Trust to cover travel and other expenses (2013: Nil). This balance was fully recovered during the year (2013: Nil outstanding). The advance is interest free and on demand with no contractual terms.
- xiii. **Car Expenses:** During the year ended 31 December 2014 USD 26,831 of travel expenses was paid which related to the personal use of the Company car by Mr Timis (2013: Nil). Mr Timis resigned as the chairman of the Company on 10 October 2013. As at 31 December 2014 USD 25,553 was receivable and was determined based on actual cash outgoings (2013: Nil). The advance is interest free and on demand with no contractual terms.
- xiv. **Amounts were payable to directors of the Company or their nominees:** As at 31 December 2014 and 31 December 2013, the following amounts were payable to directors of the Company or their nominees:

Table 12.9: Amounts payable to directors of the Company as of year end

	2014 (USD)	2013 (USD)
Corporate Resource and Mining Services Limited, which is an entity controlled by Mr. Tim Turner	-	3,904
Cadence Energy UK Ltd, which is an entity controlled by Mr. James Smith (resigned from the Board of Directors on 1 August 2014)	-	3,549
Dexwood Ltd, which is an entity controlled by Mr. Charles Matthews ¹⁾	-	16,488
Mr. Gibril Bangura	-	7,098
Phuket Investments Ltd , which is an entity controlled by Mr. Jeffrey Couch	-	21,295
Mr. Bjarne Moe	19,576	-
Dr. David King	26,509	-

Source: African Petroleum

12.8.2 Transactions between the Company and its subsidiaries and associated companies

Loans are provided to subsidiaries to fund the ongoing exploration operations and working capital of the Group. The loans are non-interest bearing and repayable on demand. As at 31 December 2014 and 31 December 2013, the following amounts were due from the subsidiaries of the Company:

Table 12.10: Transactions between the Company and its subsidiaries and associated companies

	2014 (USD)	2013 (USD)
African Petroleum Corporation Ltd (Registered in the Cayman Islands)	537,033,725	500,740,853
African Petroleum Corporation (Services) Ltd (Registered in England & Wales)	1,167,222	-
African Petroleum Gambia Ltd (Registered in Cayman Islands)	-	5,811,900
African Petroleum Senegal Ltd (Registered in Cayman Islands)	-	7,716,280

Source: African Petroleum

13. SELECTED OPERATING AND FINANCIAL INFORMATION

You should read the following discussion of the financial condition and results of operations in conjunction with the financial statements incorporated by reference to this Prospectus.

13.1 ACCOUNTING PRINCIPLES

13.1.1 General

The consolidated financial statements of the Group are prepared in accordance with Australian Accounting Standards, which are consistent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The historical financial statements for the years ended 31 December 2014 and 2013 has been audited by Ernst & Young. For further information regarding the statutory auditor of the Company, please refer to section 13.4 below. The Company has published quarterly interim financial information in accordance with IAS 34 Interim Financial Reporting since Q1 2014. In addition, the Company prepares unaudited quarterly cash flow statements substantially in accordance with Australian Accounting Standard AASB 107 "Statement of Cash Flows".

The historical financial information referred to above has been included in this prospectus by reference as set out in section 20.5 below.

13.1.2 Exploration and evaluation expenditure accounting policy

Oil and gas exploration and development expenditure is accounted for using the full cost method of accounting, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. At 31 December 2014, the Company's entire capitalised oil and gas costs relate to the exploration and evaluation stage. The Group's exploration and evaluation expenditure accounting policy is as follows:

- a) Exploration, evaluation and development expenditure is recorded at historical cost on an area of interest basis. Expenditure on an area of interest is capitalised and carried forward where rights to tenure of the area of interest are current and:
 - (i) it is expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale; or
 - (ii) exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.
- b) Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the period in which the decision to abandon the area is made. The Company treats each licence as a separate area of interest.

This accounting policy is in-line with AASB 6, which sets out the following principles:

Paragraph 7.1 An entity's accounting policy for the treatment of its exploration and evaluation expenditures shall be in accordance with the following requirements. For each area of interest, expenditures incurred in the exploration for and evaluation of mineral resources shall be:

- a. *expensed as incurred; or*
- b. *partially or fully capitalised, and recognised as an exploration and evaluation asset if the requirements of paragraph Aus7.2 are satisfied.*

An entity shall make this decision separately for each area of interest.

From its definition the Company has elected to capitalise expenditure on an area of interest. All licence acquisitions and annual licence costs are capitalised as intangible fixed assets. Examples of such capitalized licence costs include but are not limited to:

- Surface Rentals
- Annual Training Fees (Include contributions to university degrees)
- Social Welfare contributions
- Hydrocarbon development Funds.

Paragraph 7.2 An exploration and evaluation asset shall only be recognised in relation to an area of interest if the following conditions are satisfied:

- a. *the rights to tenure of the area of interest are current; and*
- b. *at least one of the following conditions is also met:*
 - i. *the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and*
 - ii. *exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing*

Please see the Company's accounting policy as described above.

Paragraph 7.3 An area of interest refers to an individual geological area whereby the presence of a mineral deposit or an oil or natural gas field is considered favourable or has been proved to exist. It is common for an area of interest to contract in size progressively, as exploration and evaluation lead towards the identification of a mineral deposit or an oil or natural gas field, which may prove to contain economically recoverable reserves. When this happens during the exploration for and evaluation of mineral resources, exploration and evaluation expenditures are still included in the cost of the exploration and evaluation asset notwithstanding that the size of the area of interest may contract as the exploration and evaluation operations progress. In most cases, an area of interest will comprise a single mine or deposit or a separate oil or gas field.

The Company treats each of its licences, as further described in section 10, as a separate area of interest.

13.2 CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

13.2.1 Selected Statement of Comprehensive Income Information

The table below sets out a summary of the Group's consolidated statement of comprehensive income for the years ended 31 December 2014 and 2013.

	Year ended	
	31/12/2014 Audited	31/12/2013 Audited
USD '000		
Continuing operations		
Revenue	5,623	2,794
Aircraft expenses	-4,851	-3,748
Depreciation expense	-1,016	-1,699
Impairment of exploration and evaluation expenditure	-22,675	-31,221
Impairment of consumable spares	-	-3,841
Rig demobilisation/cancellation costs	-	-3,753
Gain/(loss) on disposal of consumable spares	44	-4,547
Impairment of aircraft	-	-1,708
Impairment of related party loans and deposits	-1,694	-12,919
Consulting expenses	-5,781	-7,622
Compliance and regulatory expenses	-831	-792
Administration expenses	-1,262	-3,044
Employee benefits	-7,645	-11,194
Occupancy costs	-1,013	-2,259
Travel expenses	-1,211	-1,838
Net foreign currency gains/(losses)	38	-555
Finance Costs	73	-284
Loss from continuing operations before income tax	-42,203	-88,230
Income tax expense	-	-
Loss for the period, from continuing operations	-42,203	-88,230

Other comprehensive gains/losses

Foreign exchange gain / loss on translation of functional currency to presentation currency	-	-138
Other comprehensive losses for the period, net of tax	-	-138
Total comprehensive loss for the period	-42,203	-88,368

Loss for the period is attributable to:

Non-controlling interest	-66	-126
Owners of the parent	-42,137	-88,103
Total	-42,203	-88,230

Loss per share attributable to members

Basic/diluted loss per share (US cents)	-6.47	-15.59
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13.2.2 Selected Consolidated statement of financial position information

The table below sets out a summary of the Group's consolidated statement of financial position as of 31 December 2014 and 2013.

	31/12/2014 audited	31/12/2013 audited
USD '000		
ASSETS		
Current assets		
Cash and cash equivalents	3,869	7,914
Trade and other receivables	3,426	6,218
Restricted cash	12,070	12,074
Prepayments	736	1,266
Non-current assets held for sale	931	-
Total current assets	21,032	27,472
Non-Current assets		
Property, plant and equipment	1,407	3,158
Exploration and evaluation expenditure	396,327	403,273
Intangible Assets	170	352
Total non-current assets	397,904	406,783
Total assets	418,936	434,255
EQUITY AND LIABILITIES		
LIABILITIES		
Current liabilities		
Trade and other payables	32,876	30,893
Total current liabilities	32,876	30,893
Total Liabilities	32,876	30,893
Net Assets	386,059	403,362
Equity		
Issued capital	600,592	575,912
Reserves	17,502	17,282
Accumulated losses	-231,708	-189,571
Parent interest	386,386	403,623

Non controlling interest	-327	-261
Total Equity	386,059	403,362

As at 31 December 2014 the Group has provided for a potential claim for withholding tax of USD 13.6 million related to payment to subcontractors. The potential claim has been included as a potential liability (trade and other payables) in the statements of financial position. The Company's management consider this matter as an uncertainty for the whole industry and the Company has adopted a cautious approach. The outcome of the potential claim is not known at the date of this Prospectus.

13.2.3 Selected Consolidated Cash flow statement information

The table below sets out a summary of the Group's consolidated cash flow information for the years ended 31 December 2014 and 2013.

USD '000	Year ended	
	31/12/2014 audited	31/12/2013 audited
Cash flows from operating activities		
Payments to suppliers and employees	-18,140	-32,587
Rental income	3,533	1,442
Interest received	31	151
Finance costs	-137	-74
Net cash flows used in operating activities	-14,713	-31,068
Cash flows from investing activities		
Proceeds from sale of plant, equipment and aircraft	27	-
Payment for plant, equipment and aircraft	-	-276
Payment for exploration and evaluation activities	-15,061	-75,246
Cash received for sale of consumable spares	714	2,976
Payment of deposit to related party	-	-1,235
Loan to related parties	-363	-1,297
Loan repaid by related parties	939	1,060
Cash backing security returned	-	60,453
Acquisition of a subsidiary, net of cash acquired	-14	-
Net cash used in investing activities	-13,758	-13,565
Cash flows from financing activities		
Proceeds from issue of shares	26,175	-
Capital raising costs	-1,495	-
Net Cash from financing activities	24,680	-
Net decrease in cash and cash equivalents	-3,792	-44,633
Cash and cash equivalents at the beginning of the year	7,914	52,599
Net foreign exchange differences	-254	-52
Cash and cash equivalents at the end of year	3,869	7,914

13.2.4 Selected Consolidated statement of Changes in Equity

The table below sets out a summary of the Group's consolidated changes in equity information for the years ended 31 December 2014 and 2013.

USD'000	Total
Balance at 1 January 2013	488,153
Loss for the year	-88,230
Foreign currency exchange differences arising on translation from functional currency to presentation currency	-138
Total comprehensive loss for the year	-88,368
Transactions with owners in their capacity as owners:	
Issue of capital - capital raising	-
Share-based payments	3,577
Balance at 31 December 2013	403,362
Balance at 1 January 2014	403,362
Loss for the year	-42,203
Foreign currency exchange differences arising on translation from functional currency to presentation currency	-
Total comprehensive loss for the year	-42,203
Transactions with owners in their capacity as owners:	
Issue of capital - capital raising	24,680
Share-based payments	220
Balance at 31 December 2014	386,059

13.2.5 Significant changes in financial trading position after 31 December 2014

On 10 February 2015 the Company announced the allocation of the Private Placement raising approximately NOK 95.1 million in gross proceeds. The Private Placement is further described in section 6 of this Prospectus. Furthermore, on 29 January 2015, the Company announced that it had agreed to extend the date by which completion of the farm-out transaction in relation to the Liberian licence LB-08 must be satisfied or waived to 20 March 2015.

On 26 January 2015 the Company announced an update to its prospective oil resources at its 90 per cent owned and operated CI-509 and CI-513 offshore licence blocks in Côte d'Ivoire and its 100% owned and operated LB-08 and LB-09 offshore blocks in Liberia.

The Company engaged the independent petroleum consultant, ERC Equipoise, to prepare an updated assessment of prospective oil resources attributable to the Company's Côte d'Ivoire and Liberia Licences.

The updated assessment of prospective resources includes the addition of eight new prospects and has taken into account information gathered from third party drilling campaigns in the margin during 2014, particularly the oil discovery made by Total in CI-514 in April 2014. The updated assessment, in conjunction with the CPR from April 2014, estimates the net prospective oil resources relating to the Côte d'Ivoire Licences and Liberia Licences are as follows:

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

**Liberia values include four new prospects reviewed in the updated assessment as well as unchanged prospects from April 2014 CPR*

The impact of de-risking through regional third party drilling activity in Côte d'Ivoire and the addition of new Turonian and Cenomanian prospects as outlined in the CPR letter dated 23 January 2015 translates into the addition of 410 MMstb in the net risked mean prospective oil resources from the April 2014 CPR (increase of 58 per cent).

Except as mentioned above, there have been no significant changes in the financial trading position of the Group since 31 December 2014.

13.3 SEGMENT INFORMATION

The Group operates only one segment, which is exploration for hydrocarbons.

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

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

USD'000	31 December 2014 Unaudited	31 December 2013 Unaudited
Australia	-	-
Côte d'Ivoire	55,637	51,492
The Gambia	593	133
Liberia	280,315	291,028
Senegal	28,018	37,952
Sierra Leone	32,907	24,064
United Kingdom	434	2,113
Total	397,904	406,783

13.4 STATUTORY AUDITORS

The Company's independent auditor is Ernst & Young, 11 Mounts Bay Road, Perth Western Australia 6000.

Ernst & Young has been the Group's auditor since the period ending 31 December 2010. Ernst & Young is a Chartered Firm with the Institute of Chartered Accountants Australia.

The 2014 independent auditor's report included the following emphasis of matter paragraphs:

"Without qualifying our opinion, we draw attention to the following matters:

- *the conditions set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.*
- *Note 13 Exploration and Evaluation Costs sets out the Directors' judgments which form the basis by which the consolidated entity's exploration and evaluation licenses are carried at \$396,326,784 in the Statement of Financial Position at 31 December 2014. The Directors have formed their judgment on the basis that active and significant operations in relation to these licenses are planned into the future. The active and significant operations to be undertaken are dependent on the on-going plan to seek license extensions from regulatory bodies, additional funding from farm-out partners and capital raisings. Without extensions to the licenses to allow further studies to be completed and/or additional funding via farm-out or capital raising to meet the consolidated entity's exploration and drilling obligations, the consolidated entity may be required to either relinquish or sell licenses and in such circumstances may not be able to realise the carrying value of the Exploration and Evaluation Costs as at 31 December 2014. "*

The 2013 independent auditor's report included the following emphasis of matter paragraph:

"Without qualifying our opinion, we draw attention to Note 2 in the financial report. The conditions as set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business."

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Company is of the opinion that such emphasis is customary for E&P companies operating within the exploration phase as they normally do not generate any income during this stage.

The ability of the Group to continue its exploration and evaluation activities in accordance with the minimum work commitments under the terms of its licences will be dependent on the Group raising additional capital. The Company has raised further funds in conjunction with the Private Placement and is raising further funds in conjunction with the Subsequent Repair Offering. Going forward the Company may raise additional capital by way of either equity raising, debt financing or by strategic transactions, such as the entering into of farm-out agreements on one or more of the Group's exploration projects, as further described in section 9.5.1 above.

14. CAPITAL RESOURCES AND LIQUIDITY

For the period covered by the historical financial information and up to the date of this Prospectus, the Company has completed one capital placement in the amount of AUD 20 million (approximately USD 18 million) in February and April 2014, one capital placement in May 2014 raising NOK 48.6 million (approximately USD 8.2 million) (the "IPO") and the Private Placement raising NOK 95.1 million (approximately USD 12.5 million) in gross proceeds in February 2015.

As per 31 December 2014, the Company had available liquid funds in the form of cash and cash equivalents amounting to USD 3.9 million. The Group does not have any financial debt at the date of this Prospectus.

14.1 CASH FLOW

For the full year ended 31 December 2014 the Company's cash and cash equivalents balance decreased by a net amount of USD 3.8 million (FY 2013: USD 44.6 million). After allowing for cash inflows from interest income of USD 0.03 million (FY 2013: USD 0.15 million), rental income from aircraft of USD 3.5 million (FY 2013: USD 1.4 million), the sale of equipment inventories of USD 0.7 million (FY 2013: 2.98 million), net repayments received from related parties of USD 0.6 million (FY 2013: net loans paid of USD 0.24 million) and the return of cash backed securities of Nil (FY 2013: 60.45 million), the decrease in cash was mainly attributable to cash outflows from payments towards suppliers and employees of USD 18.1 million (FY 2013: USD 32.6 million), exploration and evaluation of the Company's licences of USD 15.1 million (FY 2013: USD 75.2 million), the acquisition of plant, equipment & aircraft of Nil (FY 2013: USD 0.3 million) and the payment of finance costs of USD 0.1 million (FY 2013: USD 0.07 million). In addition, an aggregate net amount of USD 24.7 million was raised through the issue of Shares in 2014 (FY 2013: nil).

In February 2015, the Company completed a private placement in the amount of NOK 95.1 in gross proceeds. The funds from the Private Placement are expected to be received by the Company in connection with the issuance of the New Shares, expected to take place on or about 18 March 2015. Except from the Private Placement, there have been no material changes in cash inflows and outflows since 31 December 2014.

14.2 RESTRICTIONS ON THE USE OF CAPITAL

As further described in section 9.9.3, the Company has deposited USD 12 million to secure a bank guarantee for the performance of the minimum work program during the first exploration period of the CI Licences. The USD 12 million is classified as restricted cash in the Company's 2013 audited balance sheet. Please refer to section 9.9.3 for more information regarding the conditions for the release of these funds.

As of the date of this Prospectus, the Group does not have any interest bearing debt that restricts or has restricted the use of capital and that have materially affected, or could materially affect, directly or indirectly, the Group's operations.

14.3 INVESTMENTS

14.3.1 Principal investments

The Group and the Company invests funds on acquiring licences and on exploration and evaluation of these licences. For accounting purposes these amounts are not classified as investments – they are capitalised on the balance sheet under non-current assets as "exploration and evaluation expenditure".

The table below sets out the Group's total capitalised exploration and evaluation expenditure as at 31 December 2014 and 2013:

Table 14.1: Overview

USD'000	As at 31 December 2014					As at 31 December 2013				
	Seismic and G&G	Drilling	Licence fees & training	Licence acquisition costs	Total	Seismic and G&G	Drilling	Licence fees & training	Licence acquisition costs	Total
Côte d'Ivoire	30,022	919	12,409	12,233	55,583	28,578	134	8,240	12,233	49,185
Liberia	39,149	233,632	7,295	-	280,076	49,557	234,576	6,598	-	290,731
Senegal	16,370	-	3,834	7,716	27,920	26,391	-	3,834	7,716	37,941
Sierra Leone	22,853	-	4,338	5,000	32,191	17,731	-	2,681	5,000	25,412
The Gambia	302	-	255	-	557	-	-	-	-	-
Other	-	-	-	-	-	4	-	-	-	4
Total	108,696	234,551	28,131	24,949	396,327	122,261	234,710	21,353	24,949	403,273

Source: African Petroleum

The reduction in capitalised exploration and evaluation expenditure from USD 403.3 million in 2013 to USD 396.3 million in 2014 is mainly attributable to an impairment loss of USD 22.3 million recognised in respect of licences in Liberia and Senegal in the year ended 31 December 2014, USD 5.1 million invested in a 3D seismic programme and geological and geophysical evaluation work in Sierra Leone, USD 1.4 million invested in geological and geophysical evaluation work in Cote d'Ivoire, USD 4.2 million and USD 1.6 million recognised for annual licence fees and training obligations in Cote d'Ivoire and Sierra Leone respectively.

14.3.2 Current and future commitments for investments

Although not considered as investments, the Company has undertaken work and spending commitments in relation to its Licences. Please refer to sections 10.1.77, 10.2.6, 10.3.6, 10.4.6 and 10.5.6 for a detailed description of such commitments in relation to each of the Licences. The table below outlines the commitments of the Group.

As further described in section 9.5.1, the Company is targeting to reduce its working interest in some or all of its exploration licences through an ongoing structured farm-out process. The farm-out process is part of a process of maturing the Company's asset portfolio and is initiated to *inter alia* reduce the Company's capital commitments, generate cash sales proceeds for funding of future operations as well as the introduction of technically and operationally competent joint venture partners to the Company's licences. The Company intends to fund its existing and future drilling commitments through such farm-out agreements. The Company is actively in communication with several potential farm-out partners and will announce any material agreements to the market as they materialise.

Table 14.2: Current work program

Country	Licence	Commitment	Minimum Investment Requirement (USD)	Due date	Status	Outstanding commitment	Intended Financing Method
Liberia	LB-08	No current commitments	10 million	Jun 2016	No current commitments	None ¹	-
Liberia	LB-09	No current commitments	10 million	Jun 2016	No current commitments	None ¹	-
Côte d'Ivoire	CI-509	G&G works, acquisition and interpretation of 1100 km ² 3D seismic data, and one well	60 million	Mar 2016	G&G and 3D seismic commitment completed	One well	Farm-out well commitment or raise additional equity funds
Côte d'Ivoire	CI-513	Acquisition and interpretation of 1446 km ² 3D seismic data, G&G studies and one well	60 million	Dec 2015	G&G and 3D seismic commitment completed	One well	Farm-out well commitment or raise additional equity funds
Sierra Leone	SL-03	Purchase/Interpretation of 2D seismic data + acquisition/interpretation of 500 km ² 3D seismic data	5 million	Apr 2015	3D seismic commitment completed	None ²	-
Sierra Leone	SL-4A-10	Acquire 1,500 km ² 3D seismic data + 1 exploration well	10 million	Sep 2015	3D seismic commitment completed. Well contingent on results of 3D seismic interpretation and drilling rig technology for ultra-deep water	One contingent well	Farm-out well commitment or raise additional equity funds
Senegal	ROP	Acquisition of existing seismic data + 1 exploration well	22 million	Oct 2015	3D seismic commitment completed	One well	Farm-out well commitment or raise additional equity funds
Senegal	SOSP	1 contingent well	- ³	Oct 2017	-	Further Geoscience and one contingent well	Farm-out well commitment or raise additional equity funds
The Gambia	A1	1 exploration well to be drilled on either A1 or A4	-	Sep2016		One well on either A1 or A4	Farm-out well commitment or raise additional equity funds
The Gambia	A4	1 exploration well to be drilled on either A1 or A4	-	Sep2016		One well on either A1 or A4 ⁴	Farm-out well commitment or raise additional equity funds

¹ Group working with NOCAL to outline strategy for additional 3D seismic acquisition.

² Ongoing interpretation of seismic data.

³ For SOSP the first renewal period was split into two 18 month sub periods. At the end of the first sub period APCL has the right to relinquish without penalties. If APCL decide to enter into the second sub period a \$20m parent guarantee will need to be issued.

⁴ Reprocessing of existing 3D seismic

Source: African Petroleum

In the view of the Company, the deep water rig market is softening and there are an increasing number of opportunities to secure rigs in this market. Farm-out partners may have access to a contracted fleet of drilling units, which may reduce drilling costs to the Company and increase the availability of rigs to the Company. The Company's internal estimates indicate drilling costs of approximately USD 40 million per well for the blocks on which the Company currently conducts its operations, depending on drilling depth, rig availability and length of

drilling program. As described above and in sections 10.1.7, 10.2.6, 10.3.6, 10.4.6 and 10.5.6 the Group has minimum investment requirements in relation to the current phases of the Group's licences, with gross aggregate minimum investment requirements totalling an approximate of USD 250 million. The Company's aggregate budgeted costs for the drilling of six wells in the current exploration phases of its licenses is estimated to a total of USD 240 million, based on the following assumptions:

- Deep water rigs, preferably 6th generation rigs
- A daily rate of approximately USD 350,000
- Number of drilling days between 25 and 40 days, in addition to 10-15 days mobilisation and 10-15 days demobilisation

There is a variance between the total Minimum Investment Requirement shown in Table 14.2 of USD 177 million and the gross aggregate minimum investment requirements of USD 250 million as the former is a minimum investment amount imposed by the licences that includes amounts already invested by the Company and does not allow for actual budgeted costs for completing the outstanding commitments, whereas the latter is the actual budgeted costs for the Company to complete and fulfil the outstanding commitments.

The specific drilling costs per well is dependent on the drilling depth, rig availability and length of drilling program. In a success case, the Company is intending to use a leased floating production, storage offloading unit (FPSO) to produce oil, which is more cost efficient and efficient than utilising onshore facilities

The Company is a proven operator, having already drilled three wells. In addition to the Company's in-house staff that will lead the operation and well design, the Company will, when required, contract internationally recognised industry service contractors, suppliers and equipment.

Should the Group not be able to meet the minimum commitments under its licences as set out above, the Group is at risk of making aggregate payments of up to USD 3,989,089 under corporate guarantees and be at risk of forfeiting up to USD 12 million held in escrow accounts should it not be able to meet minimum investment work program requirements. Please refer to section 9.9.3 for a description of the guarantees and escrow amount provided by the Company.

14.4 OFF BALANCE SHEET COMMITMENTS

The Group has entered into obligations in respect of its exploration projects. Outlined below are the minimum expenditures required as at 31 December 2014 and 2013 in order to maintain the exploration projects in good standing:

Table 14.3: Off balance sheet commitments

	2014 USD'000	2013 USD'000
Within 1 year	54,924	40,507
Later than 1 year and not later than 5 years	40,533	66,611
Later than 5 years	-	-
	95,457	107,118

Source: African Petroleum

The Company's minimum expenditure commitments falling within one year was approximately USD 54.9 million as at 31 December 2014, while spending commitments later than 1 year until 5 years is approximately USD 40.5 million as at 31 December 2014.

15. DIVIDENDS AND DIVIDEND POLICY

This Section provides information about the dividend policy and dividend history of the Company, as well as certain legal constraints on the distribution of dividends under the Australian Corporations Act. Any future dividends declared by the Company will be converted to and paid in NOK to shareholders registered in the VPS as this is the currency that currently is supported by the VPS, although the Company declares its dividends in USD, prepares its financial statements in USD and its dividend policy refers to amounts in USD. Shareholders registered in the VPS and whose address is outside and who have not supplied the VPS with details of any NOK bank account, will receive dividends by check in a local currency or in USD (following conversion to NOK).

15.1 DIVIDEND POLICY

The Group's principal activity is exploration for hydrocarbons and the licences held by the Group are still in an early stage of exploration and development. Consequently, the Group has insofar no expectation to be in a position to distribute dividends in the foreseeable future.

15.2 DIVIDEND HISTORY

Up to and including the date of this Prospectus, the Company has neither declared nor paid any dividends.

15.3 LEGAL CONSTRAINTS ON THE DISTRIBUTION OF DIVIDENDS

The Company's Constitution does not provide for any time limit after which entitlement to dividends lapses.

The Directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend shall (subject to the Company's Constitution and to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Australian Corporations Act. The Directors may from time to time pay to the shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company. There are no dividend restrictions or specific procedures for the right of non-Australian resident shareholders to claim dividends. However, where a non-resident investor holds Shares in the Company, any dividends (or other amounts treated as dividend for Australian income tax purposes) paid by the Company may be subject to dividend withholding tax as further described in Section 188 "Taxation".

Under Australian law, a company must not pay a dividend unless:

- (a) Assets exceed liabilities immediately before the dividend is declared and the excess is sufficient to cover the payment of the dividend;
- (b) The payment of the dividend is fair and reasonable to the shareholders as a whole; and
- (c) The payment of the dividend does not materially prejudice the company's ability to pay its creditors.

Directors may determine that a dividend is payable and fix the amount, time for payment and the method of payment.

16. SHARES AND SHARE CAPITAL

16.1 GENERAL

As of the date of this Prospectus, the Company has 685,857,457 issued Shares fully paid in accordance with Australian law. The Shares do not have a par value. Generally, all Shares are freely transferable, subject to the registration of the transfer not resulting in a contravention of a failure to observe the provisions of a law of Australia and the transfer not being in breach of the Australian Corporations Act or applicable listing rules. The lock-up provisions as described in section 16.10 below, prior FIRB approval as further described in section 16.13.9 and certain provisions of the NSX listing rules as further described in section 16.11 may have an impact in the free transferability of the Shares. All of the Shares are issued in accordance with the laws of Australia with ISIN number AU000000AOQ0. As at 13 March 2015 all of the Company's Shares are registered with the Company's share register in Australia, of which the beneficial rights to 338,427,252 Shares were registered in the VPS. The beneficial rights to the Offer Shares will be registered in the VPS.

As customary for listed companies in Australia, the Company's share register is comprised of two sub-registers: (i) the Chess sub-register for Shares which have been or are to be traded on a regulated market, and (ii) the issuer sponsored sub-register where Shares can be transferred off-market. There is a free flow of shares between the Chess and issuer sponsored sub-registers, and consequently the number of shares on either of them is not static. However, there is no overlap between sub-registers and a particular share is only on one sub-register at any point in time.

The Company only has one class of Shares on issue. The Shares are equal in all respects and each Share carries one vote at the Company's general meeting.

16.2 SHARE CAPITAL DEVELOPMENT

The following table presents the historical development in share capital and number of Shares issued by the Company for the period covered by the historical financial information:

Table 16.1: Overview of share capital development

Date	Type of change in share capital	Change in number of Shares	Issue price per Share (AUD)	Total number of issued Shares following change
31 Dec 2012	Opening balance 2013			1,695,433,051
31 Dec 2012	Opening balance 2014			1,695,433,051
Feb 2014	Share consolidation	Divided by 3	-	565,144,636
Feb 2014	Private placement (first tranche)	37,852,000	0.24	602,996,636
Apr 2014	Private placement (second tranche)	45,482,000	0.24	648,478,636
May 2014	Public Share Offering	37,378,820	0.24	685,857,457
Feb 2015	Private Placement	271,732,000	AUD 0.057 (NOK 0.35)	957,589,457 ¹
Mar 2015	Subsequent Repair Offering ²	54,346,000	AUD 0.057 (NOK 0.35)	1,011,935,457

¹ Issuance of the New Shares is expected to take place on or about 18 March 2015

² Assuming full subscription

Source: African Petroleum

16.3 AUTHORISATION TO INCREASE THE SHARE CAPITAL AND TO ISSUE SHARES

Pursuant to section 198A of the Australian Corporations Act, the business of a company is managed by or under the direction of the Board of Directors. Pursuant to Clause 2.2 of the Company's Constitution, the Board of Directors has the power to issue Shares. According to the NSX Listing Rules, the Board of Director's power to issue Shares is limited to a number of Shares equal to 15 per cent of the Company's total share capital on a 12 months rolling basis. If the Company has used the 15 per cent authority, share issuances can be subsequently approved by the shareholders in a general meeting. In such case, the authority will be renewed.

At a shareholders general meeting of the Company held 16 March 2015, the Board of Directors was granted an authorisation to issue up to 330,000,000 new Shares. Furthermore, the shareholders approved the issuance of up to 165,000,000 Options which may be converted into Shares within the 15 per cent annual placement capacity as explained above without the requirement to obtain prior shareholder approval. Please refer to section 7.1.2 above for further details.

16.4 TREASURY SHARES

The Company does not hold any treasury shares.

16.5 OPTIONS

16.5.1 General overview

The Company does not currently have any option plan for its employees or its senior management.

As at the date of this Prospectus, the Company has issued a total of 23,102,749 options (including Directors Options as described below). In addition, 135,866,000 Options were allocated in the Private Placement and up to 27,173,000 Options may be allocated in the Subsequent Repair Offering.

The table below shows an overview of all outstanding options issued by the Company (not including Options to be issued in the Private Placement and the Subsequent Repair Offering):

Table 16.2: Overview of issued options

Terms	Number
Options exercisable at AUD 1.65 each on or before 31 July 2017	2,400,002
Options exercisable at AUD 1.65 each on or before 30 June 2015	2,972,175
Options exercisable at AUD 0.90 each on or before 17 January 2017 (subject to various vesting terms)	2,292,784
Options exercisable at AUD 3.00 each on or before 27 March 2017	6,667
Options exercisable at AUD 0.90 each on or before 27 March 2017	3,334
Options exercisable at AUD 1.65 each on or before 27 March 2017	91,667
Options exercisable at AUD 3.00 each on or before 17 January 2017	130,557
Options exercisable at AUD 3.75 each on or before 17 January 2017	25,001
Options exercisable at AUD 3.00 each on or before 8 January 2018	166,667
Options exercisable at AUD 3.75 each on or before 8 January 2018	22,223
Options exercisable at various prices on or before 10 April 2015 (subject to various vesting terms)	833,334
Options exercisable at AUD 0.30 each on or before 22 November 2018 (subject to various vesting terms)	2,716,672
Options exercisable at AUD 0.24 each on or before 22 April 2019	6,666,667
Options exercisable at AUD 0.30 each on or before 22 April 2019	174,999
Options exercisable at AUD 0.24 each on or before 3 June 2019	4,000,000
Options exercisable at AUD 0.30 each on or before 5 June 2019	600,000
Total	23,102,749

Source: African Petroleum

16.5.2 Options currently held by the members of the Management and Directors

The terms and conditions of the options currently held by the members of the management and Directors are listed below:

Table 16.3: Overview of issued options to members of the Management and Directors

Name	Number of options	Details on options
Dr. Stuart Lake	5,000,000	Dr. Lake currently holds 5,000,000 options expiring 22 April 2019 and with an exercise price of AUD 0.24 per share. In addition Dr. Lake was allocated 1,304,250 Options in the Private Placement on the terms set out in section 7.1.5 above.
Mr. Charles Matthews	1,666,667	Mr. Matthews currently holds 1,666,667 options with an exercise price of AUD 0.24 per share exercisable over three years, one third on each anniversary from the commencement of employment.
Mr. Mark Ashurst	1,000,000	Mr. Ashurst currently holds 1,000,000 options expiring 3 June 2019 and with an exercise price of AUD 0.24 per share
Mr. Stephen West	1,583,334	Mr. West currently holds 1,583,334 options, whereof: <ul style="list-style-type: none"> 583,334 options expiring 22 November 2018 and with an exercise price of AUD 0.30 per share; 1,000,000 options expiring 3 June 2019 and with an exercise price of AUD 0.24 per share. In addition Mr. West was allocated 1,304,250 Options in the Private Placement on the terms set out in section 7.1.5 above.
Mr. Jens Pace	750,001	Mr. Pace currently holds a total of 750,001 options, whereof <ul style="list-style-type: none"> 116,667 options expiring 8 January 2018 and with an exercise price of AUD 3.00 per share; 583,334 options expiring 22 November 2018 and with an exercise price of AUD 0.30 per share, subject to continued employment (194,444 options vested on 1 January 2014; 194,445 options to vest on 1 January 2015; 194,445 options to vest on completion of a farm-out or joint venture contract).
Mr. Michael Barrett	1,158,335	Mr. Barrett currently holds a total of 1,158,335 options, whereof: <ul style="list-style-type: none"> 533,334 options have an exercise price of AUD 0.90 and an expiry date of 17 January 2017; 41,667 options have an exercise price of AUD 1.65 and an expiry date of 27 March 2017; 583,334 options expiring 22 November 2018 and with an exercise price of AUD 0.30 per share, subject to continued employment (194,444 options vested on 1 January 2014; 194,445 options to vest on 1 January 2015; and 194,445 options to vest on completion of a farm-out or joint venture contract).
Mr. Gibril Bangura	500,000	Mr. Bangura currently holds 500,000 options expiring 3 June 2019 and with an exercise price of AUD 0.24 per share
Mr. Jeffrey Couch	500,000	Mr. Couch currently holds 500,000 options expiring 3 June 2019 and with an exercise price of AUD 0.24 per share
Mr. James N. Smith	500,000	Mr. Smith currently holds 500,000 options expiring 3 June 2019 and with an exercise price of AUD 0.24 per share
Mr. Timothy Turner	166,667	Mr. Turner currently holds 166,667 options expiring 31 July 2017, and with an exercise price of AUD 1.65 per share
Mr. Anthony Wilson	500,000	Mr. Wilson currently holds 500,000 options expiring 3 June 2019 and with an exercise price of AUD 0.24 per share
Total:	13,325,004	

Except from the Options allocated to Dr. Lake and Mr. West the Private Placement, all options granted to the members of the senior management have been granted as a part of the remuneration for services provided to the Company and are non-transferable.

16.5.3 Amended terms of Directors' options

On 16 March 2015 the Shareholders General Meeting resolved to replace the options being held by the Directors of the Company (not including Options issued in the Private Placement). These options shall be granted to the option holder no later than one month after the Shareholders General Meeting, e.g. by 16 April 2015. Each of the Director options gives the right to subscribe for one Share.

The amended terms and conditions for the Director options are listed in the table below:

Table 16.4: Overview of amended terms of Director options

Name	Amended terms of Directors' options
Dr. Stuart Lake	<ul style="list-style-type: none"> 5,000,000 options expiring 5 years from the date of issue and with an exercise price of NOK 0.40 per share.
Mr. Mark Ashurst	<ul style="list-style-type: none"> 1,000,000 options expiring 5 years from the date of issue and with an exercise price of NOK 0.40.
Mr. Charles Matthews	<ul style="list-style-type: none"> 1,666,667 options with an exercise price of NOK 0.40 per share expiring 5 years from the date of issue.
Mr. Gibril Bangura	<ul style="list-style-type: none"> 500,000 options expiring 5 years from the date of issue and with an exercise price of NOK 0.40 per share.
Mr. Jeffrey Couch	<ul style="list-style-type: none"> 500,000 options expiring 5 years from the date of issue and with an exercise price of NOK 0.40 per share.
Mr. Anthony Wilson	<ul style="list-style-type: none"> 500,000 options expiring 5 years from the date of issue and with an exercise price of NOK 0.40 per share.
Mr. Bjarne Moe	<ul style="list-style-type: none"> 500,000 options expiring 5 years from the date of issue and with an exercise price of NOK 0.40 per share

Source: African Petroleum

All options provided to the Directors have been granted as a part of the remuneration for services provided to the Company and are non-transferable.

16.6 UNDERTAKING TO INCREASE THE GROUP CAPITAL AND TRANSFER OF SHARES

Pursuant to the service agreement entered into between the Group and Mr. Pace, Mr. Pace shall receive 500,000 Shares, upon the Company securing a commercial discovery of hydrocarbons. This milestone has not yet occurred. Furthermore, as a part of his remuneration package, Dr. Lake may be issued a total of 7,000,000 Shares upon completion of certain milestones as further described in section 12.2.5 above.

16.7 SHAREHOLDER STRUCTURE

As at 13 March 2015, the Company had 1,841 registered shareholders.

The Company's 20 largest shareholders as at 19 February are shown in the table below (excluding the New Shares to be issued in the Private Placement):

Table 16.5: 20 largest shareholders

Investor	19 February 2015	%
1 Sarella Investments Ltd	252,846,329	36.9
2 M&G Investment Mgt	78,300,178	11.4
3 Capital Research Global Investors	42,687,354	6.2
4 Banque Heritage	30,724,175	4.5
5 Dundee Securities	22,558,688	3.3
6 Banca Credinvest	14,961,913	2.2
7 Telinet Energi AS	13,740,000	2.0
8 Salida Capital	15,537,165	2.0

9	Mr Georgia Lambriandes	13,487,497	2.0
10	Goldman Sachs Investment Partners	11,899,231	1.7
11	Actus Investments	11,117,739	1.6
12	Henderson Global Investors	11,035,498	1.6
13	Mirabaud & Cie Banquiers Prives	10,666,666	1.6
14	Centerpol Mgt	8,833,333	1.3
15	Elliot Associates	6,506,570	0.9
16	Nordnet Bank	5,332,115	0.8
17	RAB Capital	4,950,868	0.7
18	BSI	4,552,937	0.7
19	Ng Geok Lan	4,258,854	0.6
20	Hunderi Holdings	4,205,000	0.6
Total		566,202,110	82.6
Total outstanding shares		685,857,456	100.0

Source: African Petroleum

Sarella is a company controlled by the Timis Trust of which Mr. Timis is the principle beneficiary. Mr. Timis will, through his indirect ownership in the Company through Sarella Investments Ltd, have the ability to significantly influence the outcome of matters submitted for the vote of the Shares of the Company as majority shareholder. Although the Shares have no differences in voting rights, a shareholder is not allowed to vote for his Shares in the Company in connection with a shareholder resolution that relates to his or her Shares. However, please refer to section 16.11 for a description of the situations where such a vote is permitted (e.g. on a proposal to vary class rights or to approve an equal access to buy-back).

In accordance with the disclosure obligations under the Norwegian Securities Trading Act, shareholders acquiring ownership to or control over 5 per cent or more of the share capital of a company listed on Oslo Axess must notify the stock exchange and the Company immediately. The table above shows the percentage held by such notifiable shareholders. See also Section 17.6 "Disclosure Obligations" below for a detailed description of the disclosure obligations under the Norwegian Securities Trading Act.

As at the date of this Prospectus, and taken into account the New Shares allocated in the Private Placement, Sarella Investments Ltd (indirectly owned by Mr. Frank Timis) and M&G Investment Mgt own approximately 26.4 per cent and 13.2 per cent of the share capital of the Company respectively. In addition, Capital Research Global Investors and Henderson Global Investors own approximately 6.9 per cent and 6.6 per cent of the share capital of the Company respectively. After completion of the Subsequent Repair Offering, and assuming (i) issuance of the maximum number of Offer Shares set forth herein and (ii) no allocation of Offer Shares to such shareholders, Sarella Investments Ltd will hold approximately 25.0 per cent of the share capital, M&G Investment Mgt will hold approximately 12.5 per cent of the share capital, Capital Research Global Investors will own approximately 6.6 per cent of the share capital and Henderson Global Investors will own approximately 6.3 per cent of the share capital.

Furthermore, under the Australian Corporations Act requirements, a shareholder needs to notify ASX/NSX if they have a relevant interest in 5 per cent or more of the share capital of a listed company and lodge a change in their interest where there is a movement of 1 per cent or more. This obligation will not apply if the Company is only listed on Oslo Axess.

As a result of the Company's obligations to issue Shares under the existing options and the Options to be issued in relation to the Private Placement and the Subsequent Repair Offering, as well as additional agreements to issue Shares as described in sections 16.5 and 16.6 above, a total of 193,641,749 additional Shares may be issued. If such Shares are issued, this would entail a total dilution of approximately 22 per cent in relation to the current number of Shares issued by the Company, and approximately 16 per cent post the issuance of the New Shares in the Private Placement and the Offer Shares in the Subsequent Repair Offering (assuming full subscription).

The Company is not aware of any arrangements which may at a subsequent date result in a change in control of the Company.

The minority shareholders of the Company are afforded a number of protections as set out in the Australian Corporations Act, including, but not limited to those described in Section 16.13.6.

16.8 MINIMUM SHAREHOLDING

Pursuant to Clause 3 of the Constitution, the Company may elect to implement a sale of unmarketable parcels of shares (being less than AUD 500 in shares). The Company can invoke this right once every 12 months and needs to follow the process as detailed in Clause 3 of the Constitution.

16.9 SHAREHOLDERS' AGREEMENTS

To the extent known to the Company, there are currently no shareholder agreements entered into by and amongst the shareholders of the Company in relation to the Company. The shareholder agreement in relation to African Petroleum Senegal is described in section 0 above.

16.10 LOCK-UP

As further described under section 12, the Company has entered into loan agreements with Mr. Pace and former CEO, Mr. Thompson for the amounts to cover the tax payable on the treasury Shares the borrowers were awarded upon their commencement of employments with the Company, being 1,000,000 and 3,275,000 treasury shares respectively, on a pre-consolidated basis. In consideration of the Company providing such loans, the borrowers agreed that the received shares should be restricted from trading until (i) repayment of the loan, or (ii) notification that the borrower will sell some of the treasury shares to repay the loan to the Company. Thus, such shares may be transferred, but any proceeds from the sale of such shares must be paid to the Company to cover the borrower's respective loan commitments to the Company.

Further, in connection with the listing on Oslo Axess, the Manager entered into lock-up agreements with the Company, Sarella Investments Limited and members of Board of Directors and senior management. Under such lock-up agreements, the Company has agreed for a period of 365 days calculated from the first day of the listing on Oslo Axess not to issue new Shares, unless the Manager has granted prior written approval. Furthermore, Sarella Investments Limited and members of senior management and Directors of the Company have agreed not to dispose of or sell the Shares held by them, for the periods described below, unless the Manager has granted prior written approval. As a result of entering into the voluntary restriction arrangements with Sarella, senior management and Directors of African Petroleum, the Manager has technically acquired a relevant interest in the Shares the subject of the voluntary restrictions and this interest will exceed the 20 per cent relevant interest threshold permitted under the Australian Corporations Act. For this reason, the voluntary restriction arrangements apply unconditionally in relation to the first 19.9 per cent of the issued Shares which are held by Sarella for 12 months from the date of the agreements, and for 3 months in relation to the balance of the Shares which are subject to the voluntary restriction arrangements. The restrictions will extend for the full 12 months from the date of the agreements if, within that 3 month period, the Australian Securities and Investments Commission grants relief to the Manager in relation to the 20 per cent limit. This relief has been obtained.

The Lock-up was waived by the Manager in connection with the Private Placement and the Subsequent Repair Offering.

16.11 CONSTITUTION

The following is a summary of certain provisions of the Company's Constitution as of the date of this Prospectus. The Constitution was last amended on 2 April 2014. The summary does not purport to be complete and is qualified in its entirety by the Constitution and all applicable laws.

Share capital

The Company's share capital comprises of ordinary fully paid shares. The Shares are registered in accordance with the Constitution of the Company and the Australian Corporations Act.

The Company may by ordinary resolution and subject to the Australian Corporations Act and applicable Listing Rules:

- consolidate all or any of its share capital into a smaller number of shares than its existing shares;

- sub-divide all or any of its shares into a larger number of shares, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such share is the same as it was in the case of the share from which the sub-divided share is derived;
- cancel shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its share capital by the amount of the shares so cancelled; and
- issue any of the un-issued authorised Shares in the Company.

Board of Directors

The Company's Board of Directors is to consist of a minimum of three Directors and a maximum of twelve Directors. At the Company's annual general meeting held every year, one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest one-third (rounded upwards in the case of doubt), shall retire from office, provided always that no Director except a managing director shall hold office for a period in excess of three years, or until the third annual general meeting following their appointment, whichever is the longer, without submitting themselves for re-election. A retiring Director is eligible for re-election.

No other person than a Director seeking re-election shall be eligible for election to the office of Director at any general meeting unless the person or some shareholder intending to propose his or her nomination has, at least 30 business days before the meeting, left at the registered office a notice in writing duly signed by the nominee giving his or her consent to the nomination and signifying his or her candidature for the office or the intention of the shareholder to propose the person.

According to Clause 13.3 of the Constitution a shareholder intending to propose a director for election at a general meeting must submit such nomination to the Company at least 30 business days prior to the general meeting.

According to Clause 13.4 of the Constitution, the Board of Directors may at any time appoint a person to be a Director, provided that the maximum number of Directors is not exceeded. Any such Director appointed will hold office until the next annual general meeting and will be eligible for re-election.

Pursuant to Clause 14.5 of the Constitution, the Directors may at any time subject to the Listing Rules adopt any scheme or plan that provide retiring or superannuation benefits for both present and future non-executive Directors, provided, however, that such scheme or plan shall not exceed the benefits contemplated by the termination benefits provisions of the Australian Corporation Act. Under section 200B of the Australian Corporations Act, shareholder approval is required in order for an Australian company to give a benefit in connection with a person's loss of or retirement from a managerial or executive office with the company or a related body corporate, or in connection with the person's death at a time when they held that office. However, shareholder approval is not required if:

- the benefit is either (i) a genuine payment by way of damages for breach of contract, (ii) a payment for past services or (iii) given under a contract made between the company and the executive before he or she was appointed to the office as consideration for them agreeing to the appointment; and
- the value of the benefit, in conjunction with any other payments made in connection with the person's loss of or retirement from office, is no more than one year's average annual base salary.

Pursuant to Clause 15.3 of the Constitution, no business shall be transacted at any meeting of Directors unless a quorum is present, comprising two Directors present in person, or by instantaneous communication device, notwithstanding that less than two Directors may be permitted to vote on any particular resolution or resolutions at that meeting for any reason whatsoever. Where a quorum cannot be established for the consideration of a particular matter at a meeting of Directors, one or more of the Directors may call a general meeting of the Company to deal with the matter.

Restrictions on transfer of Shares and Lien on Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Australian Corporations Act or applicable Listing Rules. There are very limited restrictions on share transfers under the Australian Corporations Act and the Listing Rules. Under the Listing Rules, an entity may apply a holding lock to prevent transfers if, for example, the entity has a lien on the securities or there is a court order that restricts transfer.

According to the Company's Constitution Clause 5.2, in the event that the Company due to any applicable legislation is required to make payment in respect of any Shares, or in respect of any transfer of shares or of any dividends, bonuses or other moneys due or payable to any shareholder of the Company, the Company shall be fully indemnified by the shareholder and will have a lien on any dividends, bonuses and other monies payable in respect of the Shares held by such shareholder, and may, subject to any applicable listing rules, refuse to register any transfer of such shares by this shareholder until any money and interest mentioned is set off or deducted or paid to the Company.

In addition, the Company's Constitution Clause 8.5 entitles the directors to refuse to register any transfer of shares for any reason, save any transfer made in accordance with the settlement rules applicable to the Company as a consequence of its listing on the NSX and Oslo Axxess.

Please also note that NSX listing rules may impose restrictions on the free transferability of Shares issued to certain persons where shares have been issued as consideration for services, to related parties under an employee incentive scheme and in certain other situations.

Pre-emptive rights

There are no provisions in the Constitution, not in the Australian Corporations Act which grants pre-emptive rights for existing shareholders in future share issues.

General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Please see section 16.13.1 for a description of how the Company calls for general meetings.

Shareholders may requisition meetings in accordance with Section 249D or Section 249F of the Australian Corporations Act and the Constitution of the Company as follows:

- under s. 249D, shareholders with at least 5 per cent of the votes that may be cast at the general meeting, or at least 100 shareholders who are entitled to vote at the general meeting, may request that the directors of a company call and arrange to hold a general meeting. The company must pay the expenses of calling and holding the meeting. The directors must call the meeting within 21 days after the request is given to the company and the meeting must be held within 2 months after the request is given; and
- under s. 249F, shareholders with at least 5 per cent of the votes that may be cast at a general meeting of the company may call, and arrange to hold, a general meeting. The shareholders calling the meeting must pay the expenses of calling and holding the meeting and the meeting must be called in the same way, so far as is possible, in which general meetings of the company may be called.

Change of shareholder rights

Pursuant to Section 246B of the Australian Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

Under Australian law an offeror is entitled to make a proportional takeover bid for the Shares of the Company. The Constitution contains a provision prohibiting the registration of the transfers of shares acquired under a proportional takeover bid unless shareholders who are not associated with the bidder approve the proportional takeover bid in a general meeting to be convened prior to 14 days before the end of the offer period for the proportional takeover bid. This provision of the Constitution must be approved by shareholders every three years otherwise it is deemed to have been removed from the Constitution after the expiration of the third year.

16.12 SHAREHOLDER POLICY

The Company complies with the disclosure requirements of Oslo Børs and informs Oslo Børs, the Company's shareholders and the market on an ongoing basis of the Company's development, activities and special events,

ensuring that as far as possible the pricing of the Shares reflects the underlying values and expectations on future profits. Such information will, among other things, consist of annual reports, quarterly reports, stock exchange bulletins, press releases and investor presentations when appropriate.

16.13 CERTAIN ASPECTS OF AUSTRALIAN CORPORATE LAW

16.13.1 General meetings

The Company is required to give shareholders at least 28 days' notice of a meeting of shareholders. Each shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Australian Corporations Act, Constitution and the listing rules applicable to the companies listed on the NSX and Oslo Axess.

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Australian Corporations Act and the Constitution of the Company.

16.13.2 Voting rights

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with Section 249D of the Australian Corporations Act and the Constitution of the Company.

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

16.13.3 Additional issuances

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, unissued shares shall be under the control of the Directors, and subject to the Australian Corporations Act, applicable listing rules and the Constitution of the Company, the Directors may at any time issue such number of Shares either as ordinary shares or shares of a named class or classes at the issue price that the Directors determine and with such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return on capital or otherwise as the Directors shall in their absolute determine.

The Company currently only has fully paid ordinary shares on issue.

To issue shares to shareholders who are residents of the United States upon the exercise of any pre-emptive rights, the Company may be required to file a registration statement in the United States under U.S. securities laws.

16.13.4 Rights of redemption and repurchase of shares

The Company is not entitled to hold its own shares, subject to exceptions set out in Section 259A of the Australian Corporations Act. Any Shares repurchased by the Company will need to be cancelled.

Subject to the requirements in the Australian Corporations Act, an Australian Company may purchase its own shares in accordance with the buy-back provisions of the Australian Corporations Act, on such terms and at such

times as may be determined by the Directors from time to time and approved by the shareholders as required pursuant to the Australian Corporations Act.

The Australian Corporations Act recognises five basic types of share buy-backs. These are an equal access scheme buy-back, an on-market buy-back, an employee share scheme buy-back, a selective buy-back and a minimum holding buy-back.

In addition to differences in approvals required for the different buy-back types, different rules also apply depending on if the share buy-back involves 10 per cent or less of the total shares to be purchased within a twelve-month period. This is called the 10/12 limit. The requirements for share buy-backs within the 10/12 limits are less onerous than those over that limit. The equal access, on-market, and selective buy-backs are most commonly used and are described in more detail below.

Shares which are bought back by a company are automatically cancelled.

Equal access buy-backs

In an equal access buy-back, all ordinary shareholders are offered a reasonable opportunity to consider the offer, which is to buy back the same percentage of their ordinary shares under an off-market offer. Acceptance of the offer is voluntary.

If a proposed equal access share buy-back is over the 10/12 limit, it requires simple majority approval by shareholders in general meeting. A proposed equal access share buy-back within the 10/12 limit does not require a resolution.

Broadly, limits on an equal-access buy-back include:

- a minimum of 14 days' notice to shareholders and creditors must be given by lodging the buy-back documents with ASIC;
- shareholders must receive a reasonable time to consider the buy-back offer;
- offers are to be made to every person who holds ordinary shares to buy back the same percentage of their ordinary shares; and
- the buy-back must be commenced and completed within a reasonable time of the notice being lodged with ASIC.

On-market buy-backs

An on-market buy-back is a different form of equal access buy-back, in that offers are not made directly to all shareholders. Instead, a company may purchase its shares directly on a licensed Australian stock exchange in the ordinary course of trading. On-market buy-backs conducted within the 10/12 limit do not require prior shareholder approval.

Selective buy-back

In addition to the requirements set out above for equal access buy-backs, a selective buy-back (one in which identical offers are not made to every shareholder and is not on-market) must first be approved by a special resolution (requiring a 75 per cent majority) of the shareholders in which no vote is cast by selling shareholders or their associates. Selling shareholders may not vote in favour of a special resolution to approve a selective buy-back.

16.13.5 Shareholder vote on mergers and demergers

For a scheme of arrangement, the threshold voting is 50 per cent in number of those persons/entities that vote representing 75 per cent of the shares of the votes cast on the resolution. There are no other specific thresholds for a merger or demerger under the Australian Corporations Act.

16.13.6 Minority Rights

The Australian Corporations Act provides remedies of oppressed minority shareholders. Section 232 of the Australian Corporations Act provides courts with wide-ranging powers to grant relief to a shareholder of a company if the conduct of a company's affairs (including any actual or proposed act, omission or resolution) is either:

- (a) Contrary to the interests of the shareholders as a whole; or

- (b) Oppressive to, unfairly prejudicial to, or unfairly discriminatory against, a shareholder or shareholders whether in that capacity or in any other capacity.

The section targets conduct that subjects the minority shareholder to some commercial unfairness. It is not enough that a shareholder is prejudiced or discriminated against, there must be an element of unfairness that goes beyond mere disadvantage.

Pursuant to the Australian Corporations Act, the court has the discretion (but is not obliged) to grant a range of remedies for the purposes of relieving the minority shareholder from the effects of oppression including an order:

- (a) That the company's existing constitution be modified or repealed;
- (b) That one or more shareholders purchase the minority shares at a price to be determined by the court;
- (c) That the company purchase the shares with an appropriate reduction of the company's share capital;
- (d) That a receiver and manager be appointed;
- (e) Requiring a person to do a specified act;
- (f) Regulating the conduct of the company's affairs in the future;
- (g) Restraining the company or any other person from doing an a specified act;
- (h) That the company institute, prosecute, defend or discontinue specified proceedings; and
- (i) That the company be wound up.

16.13.7 Distribution of assets on liquidation

If the Company is wound up the liquidator may, with the authority of a special resolution of the Company and any other sanction required by law, divide among the shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. Subject to the rights of shareholders (if any) entitled to shares with special rights in a winding-up and the Australian Corporations Act, all monies and property that are to be distributed among shareholders on a winding-up, shall be distributed in proportion to the shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on the shares.

16.13.8 Mandatory take-over regime

Takeovers of Australian incorporated companies are regulated under Chapter 6 of the Australian Corporations Act.

The regime under the Australian Corporations Act relates not only to takeover bids for voting shares in publicly listed entities, but also for non-voting shares and other securities, such as convertible debt securities and options over issued or unissued securities or other securities. It also regulates the shares and securities in Australian incorporated companies which are not publicly listed but which have more than fifty holders.

The regulation of takeovers is underpinned by a set of principles which aim to protect security holders and ensure that the transition of control in a public company occurs in a manner which is transparent, fair and treats all security holders equally. The principles are enshrined in section 602 of Chapter 6 of the Australian Corporations Act and provide that:

- i. the acquisition of control should take place in an efficient, competitive and informed market;
- ii. security holders and directors of a target should:
 - a. know the identity of any bidder who proposes to acquire a substantial interest in the target;
 - b. have a reasonable time to consider a proposal; and
 - c. are given enough information to assess its merits; and
- iii. target security holders should have a reasonable and equal opportunity to participate in any benefits flowing from a proposal.

These principles form the basis for the fundamental takeovers prohibition (discussed below) and underpin the further provisions of Chapter 6 which regulate in detail the various aspects of takeovers in Australia. They also form the basis of challenges to, and decisions made by, the Takeovers Panel in relation to takeovers.

The fundamental feature of Chapter 6 is a general takeovers prohibition, contained in section 606 of the Australian Corporations Act, which prohibits a person from acquiring (whether by way of a purchase of existing securities or an issue of new securities) a 'relevant interest' in securities in an Australian company if because of the acquisition:

- i. any person's voting power in the company would increase from below 20 per cent to more than 20 per cent; or
- ii. any person's voting power in the company that is above 20 per cent and below 90 per cent would increase,

unless the acquisition is expressly permitted by one of the exceptions set out at section 611 of the Australian Corporations Act.

The prohibition can limit the options available to a security holder wanting to sell a large holding in an Australian public company as it will prevent the potential acquirer from acquiring an interest in more than 20 per cent of the voting shares.

A summary of the types of acquisitions commonly permitted by section 611 is set out below.

Table 16.6: Permitted exceptions through the 20 per cent prohibition

Off market takeover bid	Acquisitions under a takeover offer made to all target security holders where security holders sell securities to a bidder by way of off-market acceptances.
On-market takeover bid	Acquisitions under a takeover offer (must be a cash offer) made to all target security holders where security holders sell securities to a bidder through the a prescribed stock exchange (which does not include OSE).
Scheme of arrangement	Acquisitions under a scheme of arrangement approved by the target security holders and the Court. For a scheme of arrangement, a court must first approve the calling of the shareholder meeting and the material sent to shareholders for the meeting. Following the meeting, the company needs court approval of the resolutions passed at the shareholder meeting. At the second court meeting the court has the discretion whether or not to approve the scheme and will consider whether the scheme is fair and reasonable in exercising this discretion. Once a court order is lodged approving the scheme of arrangement, it is then filed with the Australian Securities & Investments Commission to take effect.
Security holder approval	Acquisitions made with the approval of independent target security holders not affiliated with the acquisition.
Creeping acquisition	Acquisitions of not more than 3 per cent of the voting power in a company in a 6 month period by a security holder already holding at least 19 per cent.
Rights issue	Acquisitions resulting from pro-rata rights issues offered equally to all security holders.
Underwriting	Acquisitions by an underwriter of an issue of securities made pursuant to a prospectus or other disclosure document which includes disclosure as to the effect that the acquisition would have on the person's voting power in the company.
Downstream	Indirect acquisitions resulting from an acquisition of securities in an 'upstream' company listed on a prescribed stock exchange (which does not include OSE) which itself has a relevant interest in a 'downstream' company listed on a prescribed stock exchange (which does not include OSE).

16.13.9 Ownership restrictions

According to statutory Australian law, foreign ownership of substantial interests in Australian companies is subject to prior approval by the FIRB. The regulation applies to all Australian incorporated companies valued in excess of AUD 252 million by either (i) market capitalisation and/or (ii) by gross assets on the balance sheet. The Company currently satisfies criteria (ii) which implies that prior approval by FIRB apply to certain foreign shareholdings in the Company. Prior approval is required for any foreign person, alone or together with their associates, acquiring a substantial interest, being 15 per cent or more of the Shares in the Company. While prior

notification is not mandatory for holdings by a foreign person of less than a substantial interest (15 per cent or less) in the Company, the Australian Treasurer has the power to prohibit transactions, or order divestment where several foreign persons hold 40 per cent or more of the Shares, even where those foreign persons are not associated, and where the Australian Treasurer is satisfied the result would be contrary to the Australian national interest.

While the Treasurer has the ability to block proposals that are contrary to the national interest, require such a transaction to be unwound or apply conditions to the way such a proposal is implemented, in practice this power is exercised in limited circumstances. In determining if a proposal is contrary to the Australian national interest, the Treasurer takes into account a number of key factors, namely the impact of the proposal on Australian national security, impact on competition, impact on Australian government policies and impact on the Australian economy and community.

In addition, the Australian Treasurer has released a policy which states that all foreign government investors acquiring 10 per cent or more of the share capital (including investments which are purely commercial) should notify the proposed acquisition to FIRB. This also applies to, *inter alia*, government related investment funds and managed investment schemes, provided that a foreign government holds 15 per cent (or otherwise through a controlling group). If prior approval is required, the transaction cannot be completed until approval is received. FIRB has 30 days, with the option to extend for another 90 days to consider and make a decision and other parties can make enquiries to FIRB to confirm it will need to apply for government approval.

Under the Australian Corporations Act, it is an offence for a person who is in possession of inside information in relation to an Australian company to (in general terms) apply for, acquire or dispose of securities of that company, which includes derivatives and other financial products traded on a market (such as the Depository Receipts, even if not traded in Australia). It is also an offence for such a person to procure another to engage in a prohibited transaction, and to communicate the inside information to another person if the person knows (or ought reasonably to know) that the recipient would be likely to engage in a prohibited transaction. For these purposes, inside information is information which is both price sensitive and non-public. Information will be price sensitive if it would be likely to influence an investor's decision whether to acquire or dispose of the securities. This is a general overview only and should not be relied on as legal advice, and certain exemptions may be available in limited circumstances. The Australian Corporations Act prohibition on insider trading applies to all Australian incorporated companies, whether listed or not.

17. SECURITIES TRADING IN NORWAY

Set out below is a summary of certain aspects of securities trading in Norway. The summary is based on the rules and regulations in force in Norway as at the date of this Prospectus which may be subject to changes occurring after such date. The summary does not purport to be a comprehensive description of securities trading in Norway. Shareholders who wish to clarify the aspects of securities trading in Norway should consult with and rely upon their own advisors.

17.1 TRADING AND SETTLEMENT

Trading of equities on Oslo Axess is carried out in the electronic trading system Millennium Exchange. Millennium Exchange is supplied by the London Stock Exchange (LSE), which has used the system for its own marketplaces since 2011.

Official trading on Oslo Axess takes place between 9:00 a.m. (CET) and 4:20 p.m. (CET) each trading day, with pre-trade period between 8:15 a.m. (CET) and 9:00 a.m. (CET), closing auction from 4:20 p.m. (CET) to 4:25 p.m. (CET) and a post-trade period from 4:25 p.m. (CET) to 5:30 p.m. (CET).

The settlement period for trading on Oslo Axess is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days.

Oslo Clearing ASA, a wholly owned subsidiary of SIX x-clear AG, a company in the SIX group, has a licence from the Norwegian FSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on Oslo Axess.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

17.2 INFORMATION, CONTROL AND SURVEILLANCE

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA acts as the Norwegian prospectus authority.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or is subject to the application for listing on such market, must promptly and on its own initiative release any inside information (that is, precise information about financial instruments, the Company thereof or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market) to the market. A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Such company must promptly and on its own initiative on a confidential basis inform Oslo Børs about the existence of undisclosed inside information and the reason for the delay in disclosure. Oslo Børs may levy fines on companies violating these requirements.

17.3 THE VPS AND TRANSFER OF SHARES

17.3.1 VPS Norway

The VPS is the Norwegian paperless centralised securities register. The ownership, and all transactions relating to, securities which are listed on a Norwegian regulated market, such as Oslo Axess, are required to be registered in a securities register which is licenced to operate in Norway. Currently the VPS is the only securities register which is licenced to operate in Norway. The VPS and Oslo Axess are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with an account agent, licenced to operate in Norway. Norwegian banks, Norges Bank (that is, Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA, or credit institutions established within the EEA operating cross-border into Norway are allowed to act as account agents.

In order to enable registration of depository receipts in the VPS, the New Shares and the Offer Shares to be registered in the VPS in connection with the Private Placement and the Subsequent Repair Offering will be placed in a custodian account of the VPS Registrar in Chess, with the Australian Custodian, as custodian for the VPS Registrar. Although the Australian Custodian will hold the Shares in Chess it will only do so as the registered owner and custodian for the VPS Registrar to the benefit of the holders.

The VPS Registrar will, in its capacity as such, operate the Company's register in the VPS which will record the beneficial owners of the Shares as owners of a corresponding number of Depository Receipts. The VPS Registrar has been granted an approval by FIRB to hold the Shares on behalf of the holders as a "bare trustee". The approval is valid to the extent the Company remains listed on the NSX. If the Company decides to de-list from the NSX, the VPS Registrar will need to apply to FIRB in order to renew its approval.

The technical settlement of any trading of VPS Registered Shares on Oslo Axess will be carried out by transfer of such Depository Receipts in the VPS Register. Each Depository Receipt will represent the beneficial ownership to one Share. The VPS Registrar's address is: P.O. Box 1600 Sentrum, Oslo, Norway.

In accordance with market practice in Norway and system requirements of VPS and Oslo Axess, the investors will be registered in VPS as beneficial owners of the VPS Registered Shares and the instruments listed and traded on Oslo Axess will be referred to as shares in the Company. For the purpose of Australian law, the Australian Custodian will, however, be regarded as the legal owner of the VPS Registered Shares and investors registered as the beneficial owners of the Offer Shares in the VPS will have to exercise all rights of ownership relating to the shares, indirectly through the VPS Registrar as their nominee. The investors registered as owners in the VPS must look solely to the VPS Registrar for the payment of dividends, for the exercise of voting rights attached to the shares, and for all other rights arising in respect of the shares. The Registrar Agreement provides that whenever the VPS Registrar receives any notice, report, accounts, financial statements, circular or other similar document relating to the Company's affairs, including notice of a shareholders meeting, the VPS Registrar shall ensure that a copy of such document is promptly sent to the investors registered as owners in VPS, along with any proxy form or other relevant materials.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's Constitution or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS's control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

17.3.2 Cross border trading of shares

Shareholders may execute cross border trading between the VPS and Chess via the VPS Registrar in its capacity as Company sub-registrar in the VPS and the Australian Custodian.

If a shareholder wishes to transfer the trading of its Shares from Australia to Norway or from Norway to Australia, the procedure outlined below must be followed, the shareholder being both the "delivering party" and the "receiving party".

When shares are to be transferred into Norway, the recipient party to the Shares authorises the VPS Registrar to receive the Shares, and instructs to the delivering party in Australia to have the Shares transferred to the Australian Custodian. Upon the VPS Registrar's receipt of confirmation from the Australian Custodian that the Shares have been received, the Depository Receipts will be created and delivered to the VPS account of the recipient party in Norway.

When Depository Receipts are to be transferred out of Norway for receipt and trading in Australia, the delivering party in Norway advises the VPS Registrar on delivery and transfer its Depository Receipts to an intermediary VPS account of the VPS Registrar. Further, the delivering party advises the recipient party that it is to receive the Shares from the Australian Custodian. Upon the VPS Registrar's receipt of the Depository Receipts, the VPS Registrar will instruct the Australian Custodian to deliver the shares to the recipient party in Australia. Once the Australian Custodian confirms the delivery of the shares to the recipient Party, the VPS Registered Shares will be delivered to the intermediary VPS account of the VPS Registrar is terminated from registration in the VPS system. Transfers may only be done "free of pay", thus cash settlement will have to be agreed upon separately between the trading parties. The transfer of trading between Norway and Australia will normally take between one and two business days.

Please note that a charge (currently NOK 650 per transfer) in addition to any broker fees will apply for any transfers in or out of the VPS.

17.4 NOMINEE ACCOUNTS

Holders of shares in non-Norwegian companies may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

17.5 FOREIGN INVESTMENT IN NORWEGIAN SHARES

Foreign investors may trade in shares listed on Oslo Børs and Oslo Axess through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

17.6 DISCLOSURE OBLIGATIONS

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5 per cent, 10 per cent, 15 per cent, 20 per cent, 25 per cent, 1/3, 50 per cent, 2/3 or 90 per cent of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the Company immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital, even if such persons' holding of shares does not change as a result of the change.

17.7 INSIDER TRADING

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to an application for listing on a Norwegian regulated marketplace, or incitement to such dispositions, must not be undertaken by anyone who has inside information. Inside information is defined in Section 3-2 of the Norwegian Securities Trading Act and refers to precise information about financial instruments issued by the listed company, about the listed company itself or about other circumstances which are likely to have a noticeable effect on the price of financial instruments issued by the listed company or related

to financial instruments issued by the listed company, and which is not publicly available or commonly known in the market. Information that is likely to have a noticeable effect on the price shall be understood to mean information that a rational investor would probably make use of as part of the basis for his investment decision. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

17.8 MANDATORY OFFER REQUIREMENT

As the Company is listed on a regulated market place in its home jurisdiction and subject to the Australian take-over code, the Norwegian take-over rules do not apply. The Oslo Stock Exchange has granted the Company an exemption from the Norwegian rules which takes effect from the time when the Company de-lists from the NSX. As such, the Company and its shareholders will only be subject to the Australian take-over code, as further described in section 16.13.8 above.

17.9 FOREIGN EXCHANGE CONTROLS

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder in Norway, and there are currently no restrictions that would affect the right of shareholders of a non-Norwegian company who are residents in Norway to dispose of their shares and receive the proceeds from a disposal in or outside of Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

There are currently Australian exchange controls which restrict remittance of dividends, interest or other payments by the Company to non-resident shareholders outside of Australia, if the non-resident holders are certain persons or entities designated by the Australian Minister of Foreign Affairs or Minister for Trade (as applicable) as being associated with specified foreign governments (including North Korea, Iran and Syria). The Australian Government has also implemented certain financial sanctions made by the United Nations Security Council which prevents dealing with financial resources owned by or giving financial resources to designated persons or entities.

18. TAXATION

Set out below is a summary of certain Norwegian and Australian tax matters related to the purchase, holding and disposal of the Offer Shares. The statements below regarding Norwegian and Australian taxation are based on the laws in force and administrative practice in Norway and Australia as of the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis. Shareholders should be aware that the ultimate interpretation of tax law rests with the Courts. The summary does not address tax laws in other jurisdictions.

The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian and Australian tax considerations that may be relevant for a decision to purchase, own or dispose of shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway or Australia and shareholders who cease to be resident in Norway or Australia for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway or Australia for tax purposes. The summary only applies to shareholders who are beneficial owners of the shares.

Please note that for the purpose of the summary below, a reference to a Norwegian or Australian or non-Norwegian/non-Australian shareholder refers to the tax residency rather than the nationality of the shareholder.

18.1 TAXATION OF THE COMPANY

As the Company is an Australian resident for income tax purposes, it will be taxed on its worldwide income at the Australian corporate tax rate which is currently 30 per cent. The payment of Australian corporate tax by the Company will generate franking credits which may be passed onto shareholders upon payment of dividends (see below).

Losses which the Company makes whether on revenue or capital account may be used by the Company to offset its taxable income provided it satisfies certain company loss rules. Such losses cannot be distributed to shareholders for their benefit.

18.2 NORWAY

Set out below is a summary of certain Norwegian tax matters related to the purchase, holding and disposal of the Offer Shares and the Options. Please note that for these purposes, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

There may be Australian tax consequences for Norwegian holders of the Offer Shares, including on disposal of the shares, as well as tax consequences for holders of the Options. These are discussed below in section 18.3 - "Australian taxation".

18.2.1 Individual investors

Dividends

Dividends from the Company received by shareholders who are individuals resident in Norway for tax purposes are taxable as ordinary income for such shareholders at a flat rate of 27 per cent to the extent the dividend exceeds a tax-free allowance.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate. The risk free interest rate is based on the effective rate after tax of interest on treasury bills (Norwegian: "statskasserveksler") with three months maturity. The allowance is calculated for each calendar year, and is allocated solely to Norwegian individual shareholders holding shares at the expiration of the relevant calendar year. Norwegian individual shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share the following years.

To the extent withholding tax is levied in Australia (up to 15 per cent according to the tax treaty), double taxation will in general be avoidable in Norway in accordance with the tax treaty and/or domestic Norwegian Tax legislation, through a credit in Norwegian tax for tax paid in Australia. The Company will be responsible for withholding tax at the applicable rate of withholding.

Disposal of shares

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian individual shareholder through a realization of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a rate of 27 per cent. The gain is subject to tax and the loss is tax-deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share, as the difference between the consideration for the share and the Norwegian individual shareholder's cost price of the share, including any costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian individual shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income. See above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a share will be annulled (and may not be set off against gains from realization of other shares).

If the Norwegian individual shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

If a Norwegian individual shareholder cease to be a tax resident of Norway certain specific regulations applies with regard to realization of shares held by such person.

Taxation of options

Any gain related to the realisation, transfer or redemption of financial options will be taxable at a rate of 27 per cent and losses will be tax deductible.

For the holder of the option the gain/loss will be calculated by the taking the output value less the input value of the option. The input value equals the premium, or the cost price of the option. If the option has been sold, the output value will be the sales price, whereas if the option has lapsed the output value will be zero.

If a call option has been exercised, the output value will be the market value of the underlying object at the execution time less the exercise price.

For listed options and non-listed options with an underlying asset that is listed, the market value of the underlying asset will as a main rule equal the last quoted price of the asset on the day the option is realised. For other non-listed options, the underlying value is set at the expected sales price on the date of the realisation.

Transaction costs will be tax deductible at the time a gain is taxed or a loss is deducted for tax purposes. Such cost must be activated until the option is realised, sold, lapsed etc.

Gains and losses related to financial options are subject to taxation in the income year when the tax payer gets an unconditional right to receive the consideration. If the option is sold the gain will be taxable/loss deductible in the income year when the option has been transferred to the buyer. If the option is exercised, the gain will be subject to taxation or the loss will be deductible in the income year when the holder of the option has a right to receive the underlying object, that is normally when the holder of the option has exercised the option and paid the execution price. If the option lapses the gain will be taxable or loss deductible when the execution date has expired.

18.2.2 Corporate investors

Dividends

Dividends from the Company received by shareholders who are Norwegian corporate investors (i.e. limited liability companies and similar) resident in Norway for tax purposes are in general taxable as ordinary income. Ordinary income is subject to tax at a flat rate of 27 per cent.

The Company is tax resident in Australia. Norwegian corporate investors are not taxed on dividends received on shares in limited liability companies and similar entities tax resident in jurisdictions outside the EEA area provided that the jurisdiction is not considered to be a low tax jurisdiction and that the corporate shareholder has been the beneficial owner of at least 10 per cent of the capital and has at least 10 per cent of the votes to be given in a shareholders meeting of the company for a consecutive period of two years. Whether a jurisdiction is a low tax jurisdiction for Norwegian tax purposes is based on a case to case assessment. However, jurisdictions which have a tax rate less than 2/3 of the Norwegian corporate tax rate is considered to be a low tax jurisdiction for Norwegian tax purposes. Based on information available at the date of this Prospectus, the Company does not appear to be located in a low tax jurisdiction. When dividends qualify for the Norwegian exemption method, 3 per cent of the dividend payment is taxed as ordinary income at the 27 per cent rate (i.e. 27 per cent tax on 3 per cent = 0.81 per cent effective tax).

To the extent withholding tax is levied in Australia (up to 15 per cent according to the tax treaty, although 5 per cent if the ownership interest held is at least 10 per cent), double taxation will in general be avoidable in Norway in accordance with the tax treaty and/or domestic Norwegian Tax legislation, through a credit in Norwegian tax for tax paid in Australia. The Company will be responsible for withholding tax at the applicable rate of withholding.

Disposal of shares

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. Capital gains by shareholders who are Norwegian corporate investors (i.e. limited liability companies and similar entities) resident in Norway for tax purposes, from the realisation of shares in the Company, are in general taxable as ordinary income. Ordinary income is subject to a flat tax rate of 27 per cent.

Norwegian corporate investors are however not taxed on gains on shares in limited liability companies and similar entities tax resident in jurisdictions outside the EEA area provided that the jurisdiction is not considered to be a low tax jurisdiction and that the corporate shareholder has been the beneficial owner of at least 10 per cent of the capital and has at least 10 per cent of the votes to be given in a shareholders meeting of the company for a consecutive period of two years. Whether a jurisdiction is a low tax jurisdiction for Norwegian tax purposes is based on a case by case assessment. However, jurisdictions which have a tax rate less than 2/3 of the Norwegian corporate tax rate is considered to be a low tax jurisdiction for Norwegian tax purposes. Based on information available at the date of this Prospectus, the Company does not appear to be located in a low tax jurisdiction.

Taxation of options

Gains related to the realisation, transfer or redemption of financial options will as a main rule be taxable at a rate of 27 per cent and losses will be tax deductible.

For corporate investors gains on financial options will however as a starting point be tax free, and losses will not be tax deductible, to the extent that the underlying assets are subject to the Norwegian participation exemption. There is however an exemption for portfolio investments, whereby corporate investors investing in companies tax resident outside the EEA will not be subject to the participation exemption unless the investors have an ownership share of at least 10 per cent. With regards to options, the underlying assets will not be relevant when determining whether the investor is a portfolio investor or not. As a result, the Options will only be subject to the participation exemption for investors that own 10 per cent of more of the shares in the Company at the time the Options are exercised, and if these shares could be realised without taxation in accordance with the participation exemption.

18.2.3 Net Wealth Tax

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian individual investors. Currently, the marginal wealth tax rate is 0.85 per cent on net wealth of NOK 1.2 million and higher. The value for assessment purposes for shares listed on the Oslo Axess is the listed value as of 1 January in the year of assessment.

Norwegian corporate investors are not subject to wealth tax.

18.3 AUSTRALIAN TAXATION

18.3.1 Share disposals

(i) Capital gains tax - Australian shareholders

Shareholders who hold their shares on capital account will make a capital gain on the disposal of such shares where the capital proceeds received on disposal exceed the shares' cost base. Broadly, a share's cost base will include the price paid by the shareholder, certain incidental costs, and the costs of owning the shares (e.g. interest on money borrowed to acquire the shares where the interest is not otherwise allowable as a tax deduction).

Conversely, a shareholder will make a capital loss on the disposal of a share where the disposal proceeds received are less than the share's reduced cost base. The reduced cost base includes the price paid by the shareholder and incidental costs. However, it does not include the costs of owning the share.

Capital gains and capital losses made by a shareholder in an income year are aggregated, and it is only the net capital gain which is included in the shareholder's assessable income. Net capital losses can only be used to offset capital gains. Capital losses cannot be used to offset other assessable income, but may be carried forward to offset capital gains derived by the shareholder in future income years. Shareholders who are companies are only able to carry forward capital losses where they satisfy certain company loss rules.

A shareholder who has owned their shares for more than 12 months and is either an individual or a trustee may claim the benefit of the capital gains tax ("CGT") discount concession to exempt from tax a portion of any capital gain made on the disposal of the shares. The portion exempted is generally 50 per cent where the shareholder is an individual or a trustee of a trust (other than a trustee of a complying superannuation fund), or 33.33 per cent for a trustee of a complying superannuation fund. Shareholders who are companies are not able to claim the benefit of the CGT discount.

(ii) Capital gains tax - Non-Australian shareholders

Non-Australian shareholders who (together with their associates) hold less than 10 per cent of the interests in the Company are not liable to pay Australian tax on any capital gain made on the disposal of their shares.

Non-Australian shareholders who own a 10 per cent or more interest in the Company would be subject to Australian capital gains tax if, at the time of the disposal, more than 50 per cent of the Company's direct or indirect assets determined by reference to market value, consists of Australian land, leasehold interests or Australian mining, quarrying or prospecting rights. Australian capital gains tax applies to net capital gains at a taxpayer's marginal tax rate.

The Australian government has proposed that a new withholding regime will apply from 1 July 2016. This new regime may require a purchaser of shares to withhold 10 per cent of the purchase price of the shares if the company holds, directly or indirectly, valuable Australian real property assets.

Non-Australian shareholders are not entitled to a CGT discount. Net capital gains are calculated after reduction for capital losses, which may only be offset against capital gains.

(iii) Shareholders holding shares on revenue account

Some shareholders may hold shares on revenue rather than on capital account, for example, share traders. Broadly, Australian shareholders holding their shares on revenue account will include the profit arising from the disposal of their shares in their assessable income and will be taxed on the profit at marginal tax rates. Conversely, a loss arising from the disposal of shares held on revenue account may be allowed as a deduction from assessable income.

Non-Australian shareholders who hold their shares on revenue account and do not have the benefit of a tax treaty may be subject to tax on the profit from the sale if the profit has an Australian source. The Australian law on the source of profits on the sale of shares, and the Commissioner of Taxation's interpretation of that law, is not clear in some circumstances. Non-Australian shareholders holding their shares on revenue account should seek their own Australian tax advice.

To the extent an amount would be included in a shareholder's assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount would generally be reduced, so that the shareholder would not be subject to double tax on any part of the profit or capital gain.

(iv) Other shareholders

Shareholders who are banks, insurance companies, tax exempt organisations, superannuation funds or who acquire their shares under an employee share or option plan may be subject to special or different tax consequences peculiar to their circumstances which are not discussed in this summary.

18.3.2 Dividends

Australia operates a dividend imputation system under which dividends may be declared to be 'franked' to the extent that Australian tax is paid on company profits. Franking credits do not arise in respect of foreign tax paid by an Australian company.

Franked dividends have franking credits attached to them which represent the Australian corporate tax that has already been paid on the profits distributed. An unfranked dividend is paid from profits which have not been subject to Australian corporate tax, and has no franking credits attached.

The tax consequences for a shareholder receiving a dividend differ depending on the residency status of the shareholder and whether a dividend is franked or unfranked.

(i) Australian shareholders

Australian resident shareholders are required to include dividends together with any attached franking credits in their assessable income. Provided a shareholder has held their shares at risk for the requisite holding period, they may claim a tax offset equal to the amount of franking credits attached to the dividend. Shareholders who are individuals or complying superannuation funds may claim a refund to the extent that the tax offset exceeds their tax liability for the income year.

Where a franked dividend is paid to a shareholder who is an Australian resident corporate entity, a franking credit will arise in the corporate entity's franking account to the extent that the dividend is franked. Such a corporate shareholder cannot claim a refund for excess franking credits but may convert them into tax losses.

Unfranked dividends are included in an Australian resident shareholder's assessable income and subject to tax at marginal tax rates. No tax offsets can be claimed in respect of unfranked dividends.

(ii) Non-Australian shareholders

Fully franked dividends are not subject to dividend withholding tax.

Dividends payable to non-Australian resident shareholders that are not operating from an Australian permanent establishment will be subject to dividend withholding tax, to the extent the dividends are not foreign sourced and declared to be conduit foreign income and are unfranked. For shareholders who do not qualify for the benefit of a tax treaty, the rate of withholding will be 30 per cent. For shareholders who qualify for the benefits of a Double Taxation Convention, the rate of withholding may be limited to a lower rate. The Company will be responsible for withholding tax at the applicable rate of withholding.

18.3.3 Tax file number withholding

Whilst Australian resident shareholders are not obliged to, they should provide the Company with their tax file number ("TFN"). Failure to do so may result in the Company being required to withhold tax at the top marginal individual rate including Medicare levy from any dividends paid to the shareholder. Where a shareholder invests in the Company in the course of carrying on an enterprise then they may quote their Australian Business Number instead.

A Shareholder who has been subjected to TFN withholding may claim a credit in their annual income tax return to the extent of the tax withheld. Non-resident shareholders are generally exempt from TFN withholding.

19. LEGAL AND ARBITRATION PROCEEDINGS

The Gambian Government and the Company have settled the arbitration proceedings with respect to the Gambian Licences in November 2014.

Following the purported termination of the Gambia Licences in January 2014, settled as above, Buried Hill claimed that it had suffered loss as a result of African Petroleum Gambia Limited's breach of the 2010 farm-in agreement. The alleged claim was settled between African Petroleum Gambia Limited and Buried Hill by a 'settlement deed' in July 2014, which included a sale and purchase agreement in respect of Buried Hill's Gambian subsidiary. With the re-instatement of the Gambian Licences in November 2014, African Petroleum Gambia Limited became 100% owner and designated operator.

Other than as stated above, the Group is not, and has not for the past 12 months, been involved in governmental, legal or arbitration proceedings which have or have had significant effects on the Company and/or the Group's financial position or profitability.

20. ADDITIONAL INFORMATION**20.1 DOCUMENTS ON DISPLAY**

Copies of the following documents will be available for inspection at the Company's registered office during normal business hours from Monday to Friday each week (excluding public holidays) for a period of 12 months from the date of this Prospectus:

- i. the Constitution of the Company;
- ii. the historical audited financial statements of the Company and its subsidiary undertakings for each of the two financial years preceding the publication of this Prospectus
- iii. stock exchange notices, including quarterly reports, distributed by the Company through Oslo Børs' information system after the submission of the application for listing; and
- iv. all reports, letters, and other documents and statements prepared by any expert at Company's request any part of which is included or referred to in the Prospectus

Certain of the documents have also been made available on the Company's website www.africanpetroleum.com.au.

20.2 INDUSTRY AND MARKET DATA – SOURCED INFORMATION

This Prospectus contains historical economic and industry data, and forecasts of such data. This information has been obtained from industry publications, market research and other independent third-party sources.

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

20.3 STATEMENT REGARDING EXPERT OPINIONS

The CPR and the CPR letters were prepared for the Company as further described in section 9.5.2 in this Prospectus, by Adam Law of ERC Equipoise Limited dated 22 April 2014. The full report and the CPR letters have been incorporated by reference as specified in Section 20.5.

African Petroleum has requested the CPR for the purpose of the Prospectus. The author of the CPR has given his consent to the form and context in which the report is included in this Prospectus. The CPR has been produced by an independent expert. ERC Equipoise is an independent consultancy specialising in petroleum reservoir evaluation. Except for the provision of professional services on a fee basis, ERC Equipoise has no commercial arrangement with any other person or company involved in the interests that are the subject of this report. Adam Law is Geoscience Director of ERC Equipoise, a post-graduate in Geology, a Fellow of the Geological Society and a member of the Society of Petroleum Evaluation Engineers. He has 19 years relevant experience in the evaluation of oil and gas fields and exploration acreage, preparation of development plans and assessment of reserves and resources. Business address for Mr. Law c/o ERC Equipoise Ltd, 6th Floor, Stephenson House, 2 Cherry Orchard Road, Croydon CR0 6BA. Mr. Law does not hold any Shares in African Petroleum.

20.4 ADVISORS AND MANAGER

Pareto Securities AS is the Manager for the Subsequent Repair Offering. Wikborg, Rein & Co. Advokatfirma DA is acting as Norwegian counsel, Steinepreis Paganin is acting as the Australian legal counsel and Andrews Kurth LLP is acting as US legal counsel, to the Company.

20.5 DOCUMENTS INCORPORATED BY REFERENCE

Pursuant to article 28 of the Prospectus Directive, the information set out in the cross reference table below is incorporated in this Prospectus by reference. The information incorporated in this Prospectus by reference as set out below, is also available for inspection at the Company's office address and on <http://www.africanpetroleum.com.au/investors/investment-proposition/financial-reports>.

Table 20.1: Documents incorporated by reference

Section in Prospectus	Disclosure requirements of the Prospectus	Reference document and link	Page in reference document
1, 12, 13, 14	Audited consolidated historical financial information (Annex 1, Section 20.1)	African Petroleum Corporation Limited – Annual Financial Report 2014: http://www.africanpetroleum.com.au/investors/investment-proposition/financial-reports Statement of Comprehensive Income Statement of Financial Position Statement of Changes in Equity Statement of Cash Flows Notes to the Financial Statements Independent Auditor's Report	 43 44 45 47 48 91
		African Petroleum Corporation Limited – Annual Financial Report 2013: http://www.africanpetroleum.com.au/investors/investment-proposition/financial-reports Statement of Comprehensive Income Statement of Financial Position Statement of Changes in Equity Statement of Cash Flows Notes to the Financial Statements Independent Auditor's Report	 35 36 37 39 40 79
1, 13, 14, 15	Accounting Policies (Annex 1, Section 20.1)	African Petroleum Corporation Limited – Annual Financial Report 2014: http://www.africanpetroleum.com.au/investors/investment-proposition/financial-reports	40-51
		African Petroleum Corporation Limited – Annual Financial Report 2013: http://www.africanpetroleum.com.au/investors/investment-proposition/financial-reports	47-56
2, 9, 10		Competent Persons Report dated 22 April 2014	
2, 9, 10		Competent persons letter dated 23 January 2015	
2, 9, 10		Competent persons letter dated 12 March 2015	

21. DEFINITIONS AND GLOSSARY OF TERMS**21.1 DEFINITIONS**

African Oil	African Oil Investing SARL
African Petroleum Cayman	African Petroleum Corporation Limited (Cayman Islands)
African Petroleum Côte d'Ivoire	African Petroleum Côte d'Ivoire Limited
African Petroleum Gambia	African Petroleum Gambia Limited
African Petroleum Senegal	African Petroleum Senegal Limited
African Petroleum Services	African Petroleum Corporation (Services) Limited
African Petroleum Sierra Leone	African Petroleum Sierra Leone Limited
Allocation Rights	Allocation rights to be issued to the Eligible Shareholders as registered in the VPS on the Record Date
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act No. 11 of 6 March 2009 ("Hvitvaskingsloven") and the Norwegian Money Laundering Regulations no 302 of 13 march 2009
Application Office	The office at which application in the Subsequent Repair Offering can be made
Application Period	The period in which applications may be forwarded to the Manager in respect of the Subsequent Repair Offering, starting at 17 March 2015 at 9:00 a.m. (CET) and ending on 27 March 2015 at 12:00 p.m. (CET)
ASIC	Australian Securities and Investments Committee
ASX	Australian Securities Exchange
AUD	Australian Dollars, the lawful currency of Australia
Australian Corporations Act	The Australian Corporations Act of 2001
Australian Custodian	Citibank Melbourne
Board of Directors or Board	The board of directors of the Company
BP	BP Exploration Operating Company Limited
Buried Hill	Buried Hill Gambia BV
Cape Lambert	Cape Lambert Resources Limited
CGC	The NSX Corporate Governance Council
Chess	The Clearing House Electronic Sub-register System, a sub-register of the Company which together with the issuer sponsored sub-register constitutes the share register of the Company
CI Licences	Licences CI-509 and CI-513 in Côte d'Ivoire
CI Subsidiary	African Petroleum Côte d'Ivoire SAU
CISA	The Swiss Federal Act on Collective Investment Schemes
Code	NSX corporate governance principles
Company, APCL or African Petroleum	African Petroleum Corporation Limited, an Australian public limited liability company with Australian organisation number ACN 125 419 730
Computershare	Computershare Investor Services Pty Ltd

Constitution	Means the Constitution of the Company, as last amended on 2 April
CPR	Competent Persons Report
Depository receipts	means the depository receipts issued in the VPS, representing the beneficial interest in the underlying shares.
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EEA	European Economic Area
EHL	European Hydrocarbons Limited (UK)
EHL Cayman	European Hydrocarbons Limited (Cayman Islands)
Eligible Shareholders	Shareholders of the Company as of close on trading on 10 February 2015 as registered in the VPS on 12 February 2015, except for (i) shareholders who were invited or offered to participate in the Private Placement and (ii) shareholders who are resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration of similar action.
ERC Equipoise	ERC Equipoise Ltd.
FIRB	The Australian Foreign Investment Review Board
Forward-looking statements	Statements, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives, and statements such as "anticipate", "believe", "estimate", "expect", "seek to" and similar expressions, as they relate to the Company, its Subsidiaries or its management.
FSMA	Financial Services and Markets Act
GBP	Great British Pounds, the lawful currency of the United Kingdom
G&G	Geological and geophysical
Gambian Government	The Government of the Republic of the Gambia
Global Iron	Global Iron Limited
Group	The Company, together with its subsidiaries
ICSID	International Centre for Settlement of Investment Disputes
IFRS	International Financial Reporting Standards
IPL	International Petroleum Limited
Issuer Sponsored Sub-register.	A sub-register of the Company's Share Register administrated by Computershare and which combined with the Company's shares registered in Chess constitutes the Company's share register
ISM	International Management Safety Code
Ivorian PSCs	The PSC between Petroci, the Ministry of Mining, Petroleum and Energy of the Republic of Ivory Coast, and the Group through its CI Subsidiary, effective on the date of signature, being 19 December 2011 with regard to the CI-513 licence and 16 March 2012 with regard to the CI-509 licence
LIBOR	London Interbank Offered Rate
Listing	Means the listing and admission to trading of the New Shares issued in the Private Placement and the Offer Shares to be issued in the Subsequent Repair Offering
Manager	Pareto Securities AS

New Shares	271,732,000 new shares to be issued by the Company in the Private Placement
NIBOR	Norwegian Inter Bank Offered Rate
NOK	Norwegian Kroner, the lawful currency in Norway.
Non-Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholders	Shareholders who are individuals not resident in Norway for tax purposes.
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian FSA	The Financial Supervisory Authority of Norway.
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 ("Verdipapirhandelloven").
NSX	The National Stock Exchange of Australia
Offer Price	The price to be paid for the Offer Shares
Offer Shares	Up to 54,346,000 new shares to be issued by the Company in the Subsequent Repair Offering.
Options	The options allocated in the Private Placement and offered in the Subsequent Repair Offering
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
Oslo Axess	A regulated market place operated by Oslo Børs ASA.
Oslo Børs	Oslo Børs ASA.
Payment Date	The payment date for the Offer Shares under the Subsequent Repair Offering, expected to be on 31 March 2015
Petroci	Petroci Holding, Société Nationale d'Opérations Pétrolières de la Côte d'Ivoire
Petrosen	Société des Pétroles du Sénégal, the national oil company of Senegal
PPE	Property, plant and equipment
Prestamex	Prestamex Group Inc.
Private Placement	The private placement of 271,732,000 New Shares by the Company on 10 February 2015
Prospectus	This Prospectus dated 16 March 2015
Prospectus Directive	The EC Commission Regulation EC/809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses.
QIB	Qualified Institutional Buyer, as defined in Rule 144A under the U.S. Securities Act.
Record Date	10 February 2015, as further described in section 7.1.8
Regal Liberia	Regal Liberia Limited
Regal Petroleum	Regal Petroleum plc
Registrar Agreement	means the registrar agreement entered into with the VPS Registrar for the purpose of enabling the registration of the Shares in the VPS

Relevant Member State	Each member state of the EEA which has implemented the Prospectus Directive
ROP	The Rufisque Offshore Profond block
Senegal Licences	ROP and SOSF
Sierra Leone Licences	Licences SL-03 and SL-4A-10
SIX	Swiss Exchange
SL-03 Petroleum Agreement	The petroleum agreement entered into between the Sierra Leone government and EHL on 23 April 2010 in respect of Licence SL-03
SL-4A-10 Petroleum Agreement	The petroleum exploration and production licence agreement entered into between the Sierra Leone government and African Petroleum Sierra Leone on 17 September 2012 in respect of Licence SL-4A-10
Sarella	Sarella Investments Limited
Shares	The shares in the Company as of the date of the Prospectus
SOSP	The Senegal Offshore Sud Profond block
Subsequent Repair Offering	The offering contemplated by this Prospectus, pursuant to the terms and conditions set out herein.
The Gambia	The Republic of the Gambia
The Gambia Licences	Licences A1 and A4
TSX	The Toronto Stock Exchange
UK	The United Kingdom
USD	United States Dollars, the lawful currency in the United States
U.S. Exchange Act	The U.S. Securities Exchange Act of 1934, as amended.
U.S. Securities Act	The Securities Act of 1933, as amended.
VaR	Value at risk
VPS	Verdipapirsentralen (Norwegian Central Securities Depository), which organises the Norwegian paperless securities registration system and where the Offer Shares will be registered
VPS account	An account with VPS for the registration of holdings of securities.
VPS Registrar	DNB Bank ASA

21.2 GLOSSARY OF TERMS

AAPG	The American Association of Petroleum Geologists
API	a measure of how heavy or light a petroleum liquid is compared to water
AVO	Amplitude variation with offset
BFF	Basin Floor Fans
BML	Below mud line
bnbbbls	Billion barrels
CGT	Capital gains tax
2D seismic	Powerful echo sounders that receive sound reflected from the underground along

	straight lines.
3D seismic	As 2D seismic, but here the sound is captured in a net of receivers, enabling the construction of a three-dimensional picture of the underground. Smaller oil traps can more often than not be mapped only with the use of 3D seismic
EIA	Environmental Impact Assessment
E&P	Exploration and production
Farm-in/Farm-out	acquire or to dispose of an oil interest to a third party
GST	Goods and services tax
HSE	Health, safety and environmental
ISM	International Management Safety Code
JOA	Joint Operating Agreement
Liberian Effective Date	11 June 2008
Liberian Licences	Licences LB-08 and LB-09
Liberian PSCs	The PSC entered into for each of the Liberian Licences between the Republic of Liberia, NOCAL, EHL and Regal Liberia on 16 June 2005
mD	Millidarcy, a unit of permeability
MMstb	million barrels of oil
Net mean un-risked rec	Volumetric estimate for recoverable hydrocarbons in a prospect on a net basis, i.e. adjusted for the partner's respective shareholding in the licence, but not adjusted for the probability of making discovery.
NOCAL	The National Oil Company of Liberia
N:G	Net to gross
OPEC	Organization of Petroleum Exporting Countries
PSDM	Pre-Stack Depth Migration
PSTM	Pre-Stack Time Migration
Prospect	A defined volume that has been mapped where it is probable that hydrocarbons are present
PRMS	The Petroleum Resources Management System, issued by SPE, AAPG, WPC and SPEE in March 2007
Prospective resources	Estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. This class represents a higher risk than contingent resources since the risk of discovery is also added.
PSCs	Production Sharing Contracts
R&D	Research and Development
SPE	The Society of Petroleum Engineers
SPEE	The Society of Petroleum Evaluation Engineers
TFN	Tax file number
TVD	True Vertical Depth

TVDSS	True Vertical Depth Sub Sea level
TWT	Two-Way Time
WI	Working interest
West African Transform Margin or WATM	An area between two tectonic plates – which extends nearly 1,500 km along the coast from eastern Ghana, across Ivory Coast and Liberia, and to the west of Sierra Leone
WPC	The World Petroleum Council

**AFRICAN PETROLEUM CORPORATION
LIMITED****SUBSEQUENT REPAIR OFFERING****APPLICATION FORM****SECURITIES NO. ISIN AU000000AQOQ**

GENERAL INFORMATION: THE TERMS AND CONDITIONS OF THE SUBSEQUENT REPAIR OFFERING (THE “SUBSEQUENT REPAIR OFFERING”) OF UP TO 54,346,000 NEW SHARES (THE “OFFER SHARES”) IN AFRICAN PETROLEUM CORPORATION LIMITED (THE “COMPANY”), TO BE ISSUED PURSUANT TO A RESOLUTION TO BE PASSED BY THE COMPANY’S BOARD OF DIRECTORS (THE “BOARD OF DIRECTORS”) BASED ON AN AUTHORISATION TO INCREASE THE COMPANY’S SHARE CAPITAL GRANTED TO THE BOARD OF DIRECTORS BY THE COMPANY’S SHAREHOLDER GENERAL MEETING 16 MARCH 2015 ARE SET OUT IN THE PROSPECTUS DATED 16 MARCH 2015 (THE “PROSPECTUS”). IN ADDITION, EACH APPLICANT IN THE SUBSEQUENT REPAIR OFFERING WILL BE ALLOCATED ONE OPTION FOR EVERY TWO OFFER SHARES ALLOCATED IN THE SUBSEQUENT REPAIR OFFERING, CORRESPONDING TO A TOTAL ALLOCATION OF UP TO 27,173,000 OPTIONS. TERMS DEFINED IN THE PROSPECTUS SHALL HAVE THE SAME MEANING IN THIS APPLICATION FORM. THE NOTICE OF, AND MINUTES FROM, THE SHAREHOLDER GENERAL MEETING (WITH ENCLOSURES), THE COMPANY’S ARTICLES OF ASSOCIATION AND THE ANNUAL ACCOUNTS AND ANNUAL REPORT FOR THE LAST TWO YEARS ARE AVAILABLE AT THE COMPANY’S REGISTERED OFFICE AT 32 HARROGATE STREET, WEST LEEDERVILLE, WESTERN AUSTRALIA 6007. ALL ANNOUNCEMENTS REFERRED TO IN THIS APPLICATION FORM WILL BE MADE THROUGH OSLO BØRS’ INFORMATION SYSTEM UNDER THE COMPANY’S TICKER CODE “APCL”.

Application procedure: The application period is from 17 March 2015 to 27 March 2015 at 12:00 hours (CET) (the “Application Period”). Correctly completed Application Forms must be received by Pareto Securities AS (the “Manager”) no later than 27 March 2015 at 12:00 hours (CET): **Pareto Securities AS, Drønning Mauds gate 3, P.O. Box 1411 Vika, N-0115 Oslo, Norway, fax: +47 22 87 87 15.** The applicant is responsible for the correctness of the information inserted on the Application Form. Application Forms received after the end of the Application Period and/or incomplete or incorrect Application Forms may be disregarded at the sole discretion of the Company or Manager. **Applicants who are Norwegian citizens may also apply for Offer Shares through the VPS online subscription system (or by following the link on www.paretosec.com) which will redirect the applicant to the VPS online subscription system).** Applications made through the VPS online subscription system must be duly registered before the expiry of the Application Period. Neither the Company nor any of the Application Offices may be held responsible for postal delays, unavailable fax lines, unavailable internet lines or servers or other logistical or technical problems that may result in applications not being received in time or at all by the Application Offices. Applications are binding and irrevocable upon receipt, and cannot be withdrawn, cancelled or modified by the applicant after being received by an Application Office, or in case of applications through the VPS online subscription system, upon registration of such applications. By signing and submitting this Application Form, the applicant confirms and warrants to have read the Prospectus and to be eligible to apply for Offer Shares under the terms set forth therein. The Board of Directors reserves the right, in its sole discretion, to cancel the Subsequent Repair Offering, during or after the Application Period but before allocation, in the event that the market price of the Shares on Oslo Axxess has been trading below the Offer Price during the Application Period.


Offer Price: The offer price in the Subsequent Repair Offering is NOK 0.35 per Offer Share (the “Offer Price”).

Allocation Rights: Existing shareholders of the Company as of 10 February 2015, as registered in the VPS on 12 February 2015, except for (i) shareholders who were invited or offered to participate in the Private Placement and (ii) shareholders who are resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration of similar action (the “Eligible Shareholders”), are being granted non-transferable allocation rights (the “Allocation Rights”) that, subject to applicable law, provide the right to subscribe for and be allocated Offer Shares in the Subsequent Repair Offering at the Offer Price. Each Eligible Shareholder will be granted 0.2917 Allocation Rights for each Share held by such Eligible Shareholder as of 10 February 2015, rounded down to the nearest whole Allocation Right. Each Allocation Right will, subject to applicable securities laws, give the right to subscribe for and be allocated 1 Offer Share in the Subsequent Repair Offering. Over-subscription (i.e. application for more Offer Shares than the number of Allocation Rights held by the Applicant) and application without Allocation Rights are permitted. Funds which are under management by the same company, group of companies, fund manager(s) or similar will be treated as one shareholder when applying these limitations. **Allocation Rights not used to subscribe for Offer Shares before the end of the Application Period will lapse without compensation to the holder, and consequently be of no value.**

Allocation of Offer Shares and Options: The Offer Shares and Options will be allocated to the applicants based the Allocation Rights and otherwise in accordance with the allocation criteria as further described in the Prospectus. The Company reserves the right to round off, reject or reduce any application for Offer Shares not covered by Allocation Rights. Allocation of fewer Offer Shares than applied for does not impact on the applicants’ obligation to be allocated and pay for the number of Offer Shares allocated. Notification of allocated Offer Shares and the corresponding application amount to be paid by each applicant are expected to be distributed in a letter from the Manager on or about 27 March 2015.

Payment: The payment for Offer Shares allocated to an applicant falls due on 31 March 2015 (the “Payment Date”). By signing and completing this Application Form, or registering an application through the VPS online subscription system, applicants having a Norwegian bank account irrevocably authorise the Manager to debit the applicants’ Norwegian bank account specified below for the application amount payable for the Offer Shares allocated to the applicant for transfer to the Company’s bank account for share issues. Accounts will be debited on or about the Payment Date, and there must be sufficient funds in the stated bank account from and including the date falling one banking day prior to the Payment Date. The Manager is only authorised to debit such account once, but reserve the right (but have no obligation) to make up to three debit attempts if there are insufficient funds on the account on the Payment Date. The authorisation will be valid for up to seven working days after the Payment Date. The applicant furthermore authorises the Manager to obtain confirmation from the applicant’s bank that the applicant has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment. Should any applicant have insufficient funds in his or her account, should payment be delayed for any reason, if it is not possible to debit the account or if payments for any other reason are not made when due, overdue interest will accrue and other terms will apply as set out under the heading “Overdue and missing payments” below.

PLEASE SEE PAGE 2 OF THIS APPLICATION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE APPLICATION**DETAILS OF THE APPLICATION**

DETAILS OF THE ALLOCATION			
Applicant's VPS account	Number of Allocation Rights	Number of Offer Shares subscribed	(For broker: Consecutive no.)
ALLOCATION RIGHTS' SECURITIES NUMBER: ISIN AU000000AQOQ8			
		Offer price per Offer Share NOK 0.35	Application amount to be paid NOK

IRREVOCABLE AUTHORISATION TO DEBIT ACCOUNT (MUST BE COMPLETED BY APPLICANTS WITH A NORWEGIAN BANK ACCOUNT)

Norwegian bank account to be debited for the payment of Offer Shares allocated (number of Offer Shares allocated x NOK 0.35).	(Norwegian bank account no. 11 digits)
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In accordance with the terms and conditions set out in the Prospectus and this Application Form, I/we hereby irrevocably (i) subscribe for the number of Offer Shares specified above, (ii) authorise and instruct the Manager to take all actions required to transfer such Offer Shares allocated to me/us to the VPS Registrar and ensure delivery of the beneficial interests to such Offer Shares to me/us in the VPS, on my/our behalf, (iii) authorise the Manager to debit my/our bank account as set out in this Application Form for the amount payable for the Offer Shares allocated to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are eligible to subscribe for Offer Shares under the terms set forth therein.

Place and date

Must be dated in the Application Period

Binding signature. The applicant must have legal capacity. When signed on behalf of a

company or pursuant to an authorisation, documentation in the form of a company certificate or power of attorney should be attached.

INFORMATION ON THE APPLICANT

APPENDIX 1 – ORDER FROM FOR THE SUBSEQUENT REPAIR OFFERING

VPS account number		
First name		
Surname/company		
Street address		
Post code/district/ country		
Personal ID number / Organisation number		
Norwegian bank account for dividends		
Nationality		
Daytime telephone number		

APPENDIX 1 – ORDER FROM FOR THE SUBSEQUENT REPAIR OFFERING

ADDITIONAL GUIDELINES FOR THE APPLICANT

Regulatory issues: Legislation passed throughout the EEA pursuant to the Markets in Financial Instruments Directive (“MiFID”) implemented in the Norwegian Securities Trading Act No. 75 of June 29, 2007 with accompanying regulations, imposes requirements in relation to business investments. In this respect the Manager must categorise all new clients in one of three categories: Eligible counterparties, Professional and Non-professional clients. All applicants in the Subsequent Repair Offering who/which are not existing clients of the Manager will be categorised as Non-professional clients. Applicants can, by written request to the Manager, ask to be categorised as a Professional client if the applicant fulfils the provisions of the Norwegian Securities Trading Act. For further information about the categorisation, the applicant may contact Pareto Securities AS (Dronning Mauds gate 3, P.O. Box 1411 Vik, N-0115 Oslo, Norway or www.paretosec.com). **The applicant represents that he/she/it has sufficient knowledge, sophistication and experience in financial and business matter to be capable of evaluating the merits and risks of an investment decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

Selling and transfer restrictions: The attention of persons who wish to subscribe for Offer Shares is drawn to section 1.8, 9 and 10 of the Prospectus. The making or acceptance of the Subsequent Repair Offering to or by persons who have registered addresses outside Norway or who are resident in, or citizens of, countries outside Norway, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to subscribe for Offer Shares. It is the responsibility of any person outside Norway wishing to subscribe for Offer Shares under the Subsequent Repair Offering to satisfy himself/herself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Allocation Rights and Offer Shares have not been registered and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or under the securities law of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States. There will be no public offer of the Allocation Rights, Offer Shares and Options in the United States. The Allocation Rights, Offer Shares and Options have not been and will not be registered under the applicable securities laws of Australia, Canada, Hong Kong, Japan or Switzerland and may not be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Hong Kong, Japan or Switzerland. This Application Form does not constitute an offer to sell or a solicitation of an offer to buy Offer Shares and Options in any jurisdiction in which such offer or solicitation is unlawful. The Prospectus will not be distributed in the United States, Australia, Canada, Hong Kong, Japan or Switzerland. The Allocation Rights, Offer Shares and Options may not be transferred, sold or delivered in the United States, Australia, Canada, Hong Kong, Japan or Switzerland. Exercise of Allocation Rights and application of Offer Shares and Options in contravention of the above restrictions may be deemed to be invalid.

Execution only: The Manager will treat the Application Form as an execution-only instruction. The Manager is not required to determine whether an investment in the Offer Shares and Options is appropriate or not for the applicant. Hence, the applicant will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information exchange: The applicant acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Manager there is a duty of secrecy between the Manager and the other entities in the Manager’s group. This may entail that other employees of the Manager and the other entities in the Manager’s group may have information that may be relevant to the applicant and to the assessment of the Offer Shares, but which the Manager will not have access to in their capacity as Manager for the Subsequent Repair Offering.

Information barriers: The Manager is a securities firms that offer a broad range of investment services. In order to ensure that assignments undertaken in the Manager’s corporate finance department are kept confidential, the Manager’s other activities, including analysis and stock broking, are separated from the Manager’s corporate finance department by information walls. The applicant acknowledges that the Manager’s analysis and stock broking activity may act in conflict with the applicant’s interests with regard to transactions of the Shares, including the Offer Shares, as a consequence of such information walls.

Mandatory Anti-Money Laundering Procedures: The Subsequent Repair Offering is subject to the Norwegian Money Laundering Act No. 11 of March 6, 2009 and the Norwegian Money Laundering Regulations No. 302 of March 13, 2009 (collectively the “**Anti-Money Laundering Legislation**”). Applicants who are not registered as existing customers with the Manager must verify their identity in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Application Form are exempted, unless verification of identity is requested by any of the Joint Bookrunners. The verification of identity must be completed prior to the end of the Application Period. Applicants that have not completed the required verification of identity may not be allocated Offer Shares. Further, in participating in the Subsequent Repair Offering, each applicant must have a VPS account. The VPS account number must be stated on the Application Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. Non-Norwegian investors may, however, use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Financial Supervisory Authority of Norway.

Terms and conditions for payment by direct debiting - securities trading: Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer’s bank the following standard terms and conditions will apply:

- a) The service “Payment by direct debiting – securities trading” is supplemented by the account agreement between the payer and the payer’s bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- b) Costs related to the use of “Payment by direct debiting – securities trading” appear from the bank’s prevailing price list, account information and/or information given by other appropriate manner. The bank will charge the indicated account for costs incurred.
- c) The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer’s bank account.
- d) In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act, the payer’s bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- e) The payer cannot authorise payment of a higher amount than the funds available on the payer’s account at the time of payment. The payer’s bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- f) The payer’s account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary’s account between one and three working days after the indicated date of payment/delivery.
- g) If the payer’s account is wrongfully charged after direct debiting, the payer’s right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Overdue and missing payments: Overdue and late payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payment, currently 9.25 % per annum. If the applicant fails to comply with the terms of payment, the Offer Shares will not be delivered to the applicant. The Company and the Manager reserve the right to have the Manager advance the payment on behalf of applicants who have not made payment of the Offer Shares within the Payment Date. To the extent such advanced payment is made, the Company and the Manager reserve the right to sell or assume ownership of the Offer Shares on the fourth day after the Payment Date without further notice to the applicant in question in accordance with Section 10-12 (4) of the Norwegian Public Limited Companies Act. The applicant will be liable for any loss, cost and expenses suffered or incurred by the Company and/or the Manager as a result of or in connection with such disposals. The applicant remains liable for payment of the entire amount due; interest, costs, charges and expenses accrued (and will not be entitled to profits, if any), and the Company and/or the Manager may enforce payment for any such amount outstanding within the frames of applicable Norwegian law..

REGISTRAR AGREEMENT

RELATED TO REGISTRATION IN
THE NORWEGIAN CENTRAL SECURITIES DEPOSITORY

BETWEEN

African Petroleum Corporation Limited

AND

DNB Bank ASA
Registrars Department

This Agreement is entered into this 23 day of April 2014 by and between:

African Petroleum Corporation Limited, ABN 87 125 419 730, a company under the laws of Western Australia with registered address 32 Harrogate Street, West Leederville Western Australia 6007 (hereinafter the "Company")

and

DNB Bank ASA, as represented by the Registrar's Department ("Verdipapirservice"), a company under the laws of the Kingdom of Norway with address P.O. Box 1600 Sentrum, Oslo, Norway (hereinafter the "Registrar").

WHEREAS the Company is existing and operating under the laws of Western Australia;

WHEREAS a portion of all the issued shares of the Company are registered in the Norwegian Central Securities Depository ("Verdipapirsentralen" - hereinafter referred to as "VPS") as VPS Interests;

WHEREAS the Company's main Register of shareholders will be kept with Computershare Investor Services Pty Ltd, with address Level 2, 45 St. George's Terrace, Perth, Western Australia, 6000, Australia;

WHEREAS the Registrar is willing to (i) act as registrar on behalf of the Company in all matters relating to the VPS and thereby as the connecting link between the VPS and the Company and (ii) act as record keeper and intermediary on behalf of the VPS Shareholders whose VPS Interests are registered in the VPS Register;

WHEREAS all the shares of the Company underlying the VPS Interests registered in the VPS Register shall be registered in the Company's main register of shareholders maintained by the Company, via a custodian as determined and appointed by the Registrar from time to time;

NOW, THEREFORE, the parties have entered into the following:

1. DEFINITIONS

Company Share means one fully paid ordinary share in the Company.

VPS The Norwegian Central Securities Depository ("Verdipapirsentralen"), a Norwegian computerised, book-entry based system, in which ownership and transactions related to securities are recorded.

The VPS Register The register of Shareholders maintained in the VPS.

Shareholder a person or legal entity registered in the VPS Register as owner of a VPS Interest or VPS Interests.

VPS Interest means a depository receipt issued by the Registrar and registered in the VPS Register in the name of the VPS Shareholder, and which depository receipt gives to the VPS Shareholder a beneficial interest in one Company Share.

2. UNDERTAKINGS BY THE REGISTRAR

2.1 Subject to the Registrar having received the necessary information from the Company, the **Registrar** undertakes to keep records of entries taken from the VPS Register with regard to the following:

- (a) the name and address of each Shareholder;
- (b) the number of shares held by each Shareholder;
- (c) the date each Shareholder was registered in the VPS Register as a Shareholder;
- (d) the date any person ceased to be a Shareholder; and

- (e) provide service to the Oslo Stock Exchange/Oslo Børs, investment firms and the Shareholders of the Company in matters related to this Agreement and the VPS system.

Information concerning (c) and (d) above will be retained for 10 years following the date referred to in (d). Additional information might be retained in order to comply with any applicable Norwegian legislation in force from time to time.

- 2.2 The Registrar undertakes to hold any Company Shares registered in its name, including any beneficial interest in Company Shares registered in the name of a custodian appointed by the Registrar, on behalf of the Shareholders registered in the VPS as holders of the relevant VPS Interests. The parties agree, that the Shareholders are, and will at all times remain, the sole beneficial owners of a number of Company Shares held in the name of the Registrar equalling the number of VPS Interests registered in their names.
- 2.3 Further, subject to the Registrar having received the necessary information from the Company, the **Registrar** undertakes to distribute to the Shareholders all dividends or other cash amounts declared and paid by the Company in accordance with the VPS system for payment of dividend. Any dividends to be paid through the VPS must be available in a bank account held with the Registrar a minimum of two Norwegian banking days prior to the date of payment to the Shareholders. To Shareholders who maintain a Norwegian address and/or have supplied the VPS with details of their Norwegian kroner account such dividend will be paid in Norwegian kroner. Shareholders registered in the VPS Register whose address is outside Norway and who have not supplied the VPS with details of any Norwegian kroner account, will receive dividends by cheque in their local currency. If it is not practical in the Registrar's sole opinion to issue a cheque in a local currency, a cheque will be issued in U.S dollars (USD). The issuing and mailing of cheques will be executed in accordance with the standard procedures of DNB Bank ASA, Foreign Payments Department. The exchange rate(s) that is applied will be DNB Bank ASA's exchange rate on the date and time of day for execution of the exchange for the issuance of cheque.
- 2.4 Whenever the Company calls for a general meeting of shareholders, the Registrar undertakes, in relation to each Company Share underlying a VPS Interest to vote at such meeting (or cause the custodian to do so) in accordance with proxies from the Shareholder registered as the owner of the relevant VPS Interest in the VPS.
- 2.5 The Company has no right under this Agreement to direct the Registrar to vote or not to vote any Company Shares.
- 2.6 In the event of any change or alteration of the share capital of the Company the Registrar will make all necessary amendments in the VPS system. For the purpose of this clause, any instructions from the Company shall be accompanied by relevant documentation specifying the new share capital of the Company or any other alterations hereto.

In addition to the undertakings stated above, the Registrar can, subject to a separate agreement between the Company and the Registrar, provide advice and technical assistance in connection with:

- Sending the Shareholders of the Company at their registered addresses any notice, report, accounts, financial statements, circular or other similar document (each a "Document") relating to the affairs of the Company.
- Preparing, organising and assisting the Company when a Shareholder meeting and/or an annual or shareholders general meeting of the Company is called for.
- Issues with and without pre-emptive rights for former/existing Shareholders.
- Issues directed towards employees, and/or special groups, both in Norway and abroad.
- Bonus issues, with and without payment for excess holdings of shares.
- Write-downs of the nominal value of the Company's share capital.
- Share splits and reverse share splits.
- Merger(s) and/or demerger(s).
- Sales of shares to employees or purchases of shares in the market.
- Subscriptions of convertible bonds, with or without pre-emptive rights for the Company's existing/former Shareholders, which may be converted to shares at a future date.
- Acquisitions.

- Special assignments.

- 2.5 However, notwithstanding the above, the Registrar does not undertake any obligation to render any tax reporting services to any tax authorities or to collect any tax on behalf of any tax authorities.
- 2.6 The Registrar undertakes to hold any shares registered in its name for the Shareholders only.

3. UNDERTAKINGS BY THE COMPANY

The **Company** undertakes to:

- a) Inform the Registrar of any decision made by the Company that is relevant for the continued registration of the Company and its Shareholders in the VPS Register and other relevant information, in order to enable the Registrar to comply with this Agreement.
- b) Inform the Registrar of all details of any proposed dividend by the Managing Board of Directors of the Company and all other details connected thereto before the General Meeting of the Company announces the proposed dividend in order to enable the Registrar to comply with this Agreement. VPS needs this information in order to process dividend payments.
- c) Pay to the Shareholders of the Company any dividend declared by the Company to a bank account held with the Registrar in accordance with the VPS system for payment of dividends, see clause 2.2.
- d) Provide the Registrar with a copy of its Articles of Incorporation, Articles of Registration, and Articles of Association, or any similar documents, and immediately inform the Registrar of any amendment to such articles, and provide the view of the Company regarding if such changes is relevant for the registration with the Registrar.
- e) To provide the Registrar with the Company shares tax value as of 1 January each calendar year upon request from the Registrar. The tax value provided will be reported to the VPS and to the Shareholders. The Company is liable for the correctness of the tax value stated. Any costs for amending the tax value in the VPS system will be charged the Company.

4. INFORMATION FROM THE VPS REGISTER

- 4.1 Each year the Registrar shall produce and send to the Company an updated list of the Shareholders registered in the VPS Register as at year's end.
- 4.2 At the request of the Company, the Registrar shall order from VPS and send to the Company a printout or printouts of the Company's shareholders' register, address labels or statistics from the VPS.
- 4.3 If anyone other than the Company requests address labels for the Shareholders from the VPS, the Registrar shall request permission from the Company prior to releasing such address labels.
- 4.4 If investment firms, financial newspapers or other persons request a transcript of the Company's 20 largest Shareholders, the Registrar is authorised by the Company to release such transcripts to the requesting party.
- 4.5 Any statistics of the Shareholders of the Company may be released to any requesting party subject to a separate agreement between the Company and the Registrar, or the Company's general consent to release such statistics.
- 4.6 If the shares of the Company are registered in more than one share register, a portion of Company Shares equal to the number of VPS Interests registered in the VPS Register must be registered in the Company's main register in the name of the Registrar or its custodian bank. If instructed by a Shareholder registered in the VPS Register, the Registrar undertakes to cause the transfer of the

Company Shares of which the Shareholder is beneficial owner from the account of the Registrar in the Company's main register to a new account in the name of the Shareholder in question, corresponding to all VPS Interests registered in that Shareholder's name in the VPS Register. Consequently the change in registration in the main register will be reflected in the VPS Register. Such transfer will be executed at the cost of the requesting Shareholder. The Board of Directors should not unreasonably withhold or refuse such an application. Such an application from the Registrar may include, but is not limited to, proceedings in connection with a take-over of the Company.

5. OWNERSHIP RESTRICTIONS

- 5.1 The Registrar may not reject, stop or reverse any transfer of VPS Interests in the VPS system. The Registrar may, upon request from the Company, provide information on the combined number of VPS Interests held by investors sorted by their citizenships, as reported to the VPS system by VPS securities account administrators. Such information will enable the Company to estimate whether it, in accordance with its Articles of Association, should contact any investor in order for the investor to reverse transfer of shares for reason such transfer of shares having violated any Company Articles of Association, as applicable.
- 5.2 The Registrar may, upon request from the Company, enter a restriction legend into the VPS system. Investors will upon purchase of VPS Interests receive a written holding statement via the VPS system on which the restriction legend will be stated, thus notifying investors that the Company may demand the investor to reverse transfer of the VPS Interest and/or underlying Company Shares if it is in violation of any Company Articles of Association, as applicable.

6. PAYMENTS

- 6.1 The Company agrees to pay the Registrar for the latter's services at the Registrar's standard rates as they apply from time to time, which may include reasonable internal and external fees, costs and expenses including internal and external legal fees. The Registrar shall send monthly invoices to the Company detailing the fees, costs and expenses payable including out-of-pocket expenses and costs incurred by the Registrar. In addition, the Company shall pay all expenses (including internal and external legal fees) incurred by Registrar in its capacity as Registrar.
- 6.2 The Company agrees to pay the account operator fee in advance in 3 instalments per year to the Registrar. The total amount of the account operator fee for the previous year will be calculated by the VPS and charged to the Company by the Registrar during the first quarter the following year.
- 6.3 Fees, costs and expenses as described in clause 6.1 and 6.2 shall be paid by the Company on a monthly basis upon receipt of an invoice produced by the Registrar. Each invoice will state each of the VPS costs incurred by the Registrar, and state each of the fees, costs and expenses of the Registrar the preceding month. Payment of such invoices is to be settled by the Company within the time limit stated on such invoices.

7. CONFIDENTIALITY

Any information regarding the Company or otherwise relating to its affairs, which may be obtained by the Registrar in connection with the performance of its duties as Registrar in accordance with this Agreement, will be treated as private and confidential and will not be disclosed to any third person unless required by applicable law.

8. LIABILITY

8.1 VPS' liability

In accordance with article 9-1 of the Norwegian Act Concerning the Registration of Financial Instruments ("The Securities Registry Act") (Office translation):

"The Central Securities Depository is liable for financial loss inflicted on anyone as a result of errors that occur in connection with securities registration operations. This does not apply in the event that the Depository proves that the error is due to circumstances outside the Depository's control, the consequences of which the Depository could not reasonably be expected to avoid or surmount.

The Securities Depository is liable for other financial losses in the event that such loss is due to negligence on the part of the Depository or another entity for which the Depository is answerable.

The liability for damages as specified in the first sub-article above only applies to direct losses and such liability is in any event limited to a maximum of NOK 500 million for any individual error".

As regards liability for other losses, in its business terms and conditions VPS has confined this to only apply to direct losses ensuing from events within VPS' control and limited to a maximum of NOK 2.5 million per wrongful act or omission. In addition, VPS operates with a deductible of NOK 10,000 per damage event.

The Company may have the Registrar, as Registrar for the Company, present any claims the Company has against VPS, but the Registrar cannot under any circumstances be held liable for errors committed by VPS or losses incurred as a result of VPS' conduct.

In the event that the Registrar does not receive full settlement from VPS due to the deductible, the Registrar may demand payment of the corresponding amount from the Company.

8.2 Liability of the parties

Each party is liable for any direct losses suffered by the other party as a result of breach of contract by the first party. The parties are not liable for indirect damage or indirect loss of any nature.

The Registrar cannot under any circumstances be held liable for any loss attributable to circumstances beyond the Registrar's control, including, but not limited to:

- a) errors committed by others, including errors attributable to sub-suppliers, incorrect or incomplete information from VPS, the Company, Shareholders, Shareholders' registrars or investment firms, or
- b) power failures, errors in or outages of electronic data processing systems, telecommunication networks etc., fire, water damage, strike, changes in legislation, orders or injunctions issued by the authorities or the suspension or cessation of monetary or securities settlements.

9. TAX LIABILITY

9.1 The Registrar does not undertake any liability for taxes or duties to any authorities, whether Norwegian or foreign, in its capacity acting as Registrar in accordance with this Agreement. Further, the Registrar does not undertake any obligation to render any tax reporting to any tax authorities, or to collect any tax on behalf of any tax authorities.

9.2 The Company will indemnify the Registrar of any claim for taxes or duties or other liability that may occur as a result of the Registrar either receiving, delivering or holding Company shares in connection with the Company being registered in the VPS or the Company's shares being so registered, or the Registrar issuing or cancelling Company shares in or out of the VPS system in accordance with Company instructions, or by the Registrar performing its duties in accordance with this Agreement.

10. TERMINATION OR CHANGE OF PROVISIONS OF AGREEMENT

10.1 This Agreement may be terminated by either party with a minimum of three months prior written notice.

10.2 Either of the parties may terminate this Agreement immediately on giving written notice to the other party in the event of the non-performance of payment obligations or any other material breach of the

Agreement. The Registrar may terminate this Agreement immediately in the event that the Company becomes unable to pay its debts.

- 10.3 The provisions of this Agreement may be subject to change provided applicable law so requires, or the parties to this Agreement agree in writing, on the provision that nothing in this Agreement or any amendment will result in the Registrar ceasing to be the registered owner of the Company Shares underlying the VPS Interests and the beneficial interest in an equivalent number of Company Shares will at all times remain with the relevant Shareholders.
- 10.4 If this Agreement is terminated, the Company shall appoint a new registrar in the VPS Register replacing the Registrar, and the Registrar shall cause the transfer of all Company Shares to the Australian custodian bank of such new registrar.
- 10.5 Any Shareholder may from time to time pledge their VPS Interests and corresponding beneficial interest in Company Shares recorded in the VPS system. The Registrar will not be informed about such pledges, or have access to such information on a day-to-day basis. In the event the Company should decide to terminate its VPS registration, the Company must allow minimum three months prior to such termination enabling the Registrar have VPS to produce an overview of the pledges recorded, and to notify any and all holders of rights in writing that their pledge will be removed as a consequence of the Company terminating its VPS registration, and that the holder of rights must take actions to either have the rights recorded in the Company primary register maintained in Computershare Investor Services Pty Ltd, or alternatively to enter into an agreement with the debtor in order to obtain a pledge in alternative valuables. The Company will be charged the costs incurred by the Registrar in connection herewith.

11. STANDARD CONDITIONS

The Company approves DNB General Business Terms for Financial Instruments as they appear at any time on the DNB Internet pages at www.dnb.no

12. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the Kingdom of Norway. The Company and the Registrar submit to the exclusive jurisdiction of the Norwegian court with respect to any dispute arising out of or in connection with this Agreement, venue to be Oslo Municipal Court.

This Agreement is issued in two originals, one for each of the parties.

Oslo, 23rd day of April 2014

African Petroleum Corporation Limited

for DNB Bank ASA

To the Directors, African Petroleum Corporation Limited ACN 125 419 730

ordinary shares in the capital of the Company in accordance with your payment instructions which will be issued to Me/Us upon receipt of this Exercise of Options.

My VPS account number is

I/We authorise you to act in accordance with my/our instructions set out above.

Securityholder 3

**Sole Director and
Sole Company Secretary**

Day/Date Month

LODGEMENT INSTRUCTIONS

The executed application for shares on exercise of the options should be lodged at the Company's Head Office, Premier House, 10 Greycoat Place, London SW1P 1SB, United Kingdom or by e-mail at info@africanpetroleum.co.uk.

TERMS AND CONDITIONS OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5:00pm (WST) on 17 March 2017 (**Expiry Date**). Any Option not vested or exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be NOK 0.75 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(**Exercise Notice**).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on the OAX or NSX. However, all Shares allotted pursuant to the exercise of Options will be admitted to listing on the OAX upon issuance of such Shares in the VPS.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act, OAX Listing Rules and the NSX Listing Rules (if applicable) at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

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