

18 January 2012
NSX Announcement

Cancellation of Unlisted Options and Issue of Replacement Options and New Options

The last 12 months has seen a significant expansion in African Petroleum Corporation Limited's (NSX: AOQ) (the **Company**) activities and acreage. Given this, the Company has been actively recruiting suitably qualified staff from a very competitive marketplace. In order to offer prospective employees' market competitive remuneration packages at this time of rapid growth in the Company's activities and given the current share price, the Board, on the recommendation of the Remuneration Committee, has decided that it is in the best interests of the Company and its shareholders to reissue all staff and consultants replacement share options, which were originally priced at AUD\$0.55, with an exercise price of AUD\$0.30 (**Replacement Options**).

In addition to the Replacement Options, certain staff and consultants are being rewarded a total of 2,045,000 new options as part of their remuneration package (**New Options**). The New Options are only exercisable in the event that the Company makes a commercial discovery of hydrocarbons in any one of the Company's wells.

Together, the New Options and the Replacement Options are an incentive to promote motivation, company ownership and loyalty within the Company's existing staff structure. The issue of Replacement Options and New Options has been recommended by the Remuneration Committee and approved by the Board of Directors, with the aim of ensuring a strong link between remuneration and the creation of shareholder value and encouraging growth.

African Petroleum can therefore advise that it has cancelled 6,705,000 unlisted options exercisable at AU\$0.55 per option held by employees and consultants (**Cancelled Options**) and has issued a total of 10,300,000 new options to employees and consultants, exercisable at AU\$0.30 on or before 5 years from the date of issue. All other terms of the Cancelled Options are mirrored in the Replacement Options, including vesting conditions unless the vesting condition has already been satisfied.

The options held by Directors have not been cancelled and replaced, nor have the Directors been awarded any additional options.

Attached is an Application for Quotation in respect of the cancellation of the Cancelled Options and the issue of the Replacement Options and Additional Options.

Yours faithfully
African Petroleum Corporation Limited

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Non-Executive Deputy Chairman

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Application for Quotation of Additional Securities

File Reference:

I:\Operations\Projects\NETS Project\NSX install package USB key\Issuer Documents\NSX Quotation of Additional Securities.doc



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Introduction

To ensure the efficient processing of this form by NSX, please:

1. Adhere to the suggested number of the annexures required by this form.
2. Complete **all** statements and questions in this form. (NSX can provide an electronic version of this form on request).

More Information and Submission of Form:

Further information can be obtained from and all applications should be sent to:

General Manager
National Stock Exchange of Australia Limited
PO BOX 283
Newcastle NSW 2300

Phone: 61 2 4929 6377
Fax: 61 2 4929 1556
<http://www.nsga.com.au>

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to NSX as soon as available. Information and documents given to NSX become NSX's property and may be made public.

Introduced 11 March 2004.

Name of entity

AFRICAN PETROLEUM CORPORATION LIMITED

ABN/ACN

87 125 419 730

We (the entity) give NSX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | Class of securities issued or to be issued | Unlisted Options |
| 2 | Number of securities issued or to be issued (if known) or maximum number which may be issued | 10,300,000 |
| 3 | Principal terms of the securities (eg, if options, exercise price and expiry date; if partly paid securities, the amount outstanding and due dates for payment; if convertible securities, the conversion price and dates for conversion) | Unlisted Options with an exercise price of \$0.30 per option exercisable on or before 17 January 2017, subject to various vesting terms. |
| 4 | Do the securities rank equally in all respects from the date of allotment with an existing class of quoted securities?

If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | No. The shares issued upon exercise of the options will rank equally with shares on issue. |

- 5 Issue price or consideration Nil cash consideration.
- 6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets) Issued to staff and consultants of the Company.
- 7 Dates of entering securities into uncertificated holdings or despatch of certificates 17 January 2012
- 8 Number and class of all securities quoted on NSX
(including the securities in clause 2 if applicable)
- | Number | Class |
|---------------|--|
| 1,626,777,749 | Ordinary fully paid (633,035,487 of these shares are subject to escrow restrictions) |
- 9 Number and class of all securities not quoted on NSX
(including the securities in clause 2 if applicable)
- | Number | Class |
|------------|---|
| 13,700,000 | Unlisted Options exercisable at \$0.55 each on or before 31 July 2013. |
| 12,108,826 | Unlisted Options exercisable at \$0.55 each on or before 30 June 2013. |
| 10,300,000 | Unlisted Options exercisable at \$0.30 each on or 17 January 2017 (subject to various vesting terms). |
- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) N/A

Part 2 - Bonus issue or pro rata issue

- 11 Is security holder approval required?



- 12** Is the issue renounceable or non-renounceable?
- 13** Ratio in which the securities will be offered
- 14** Class of securities to which the offer relates
- 15** Record date to determine entitlements
- 16** Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17** Policy for deciding entitlements in relation to fractions
- 18** Names of countries in which the entity has security holders who will not be sent new issue documents
Note: Security holders must be told how their entitlements are to be dealt with.
- 19** Closing date for receipt of acceptances or renunciations
- 20** Names of any underwriters
- 21** Amount of any underwriting fee or commission
- 22** Names of any brokers to the issue
- 23** Fee or commission payable to the broker to the issue
- 24** Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders
- 25** If the issue is contingent on security holders' approval, the date of the meeting





- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do security holders sell their entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents





- 35 If the securities are equity securities, the names of the 20 largest holders of the additional securities, and the number and percentage of additional securities held by those holders
- 36 If the securities are equity securities, a distribution schedule of the additional securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional securities

Entities that have ticked box 34(b)

38 Number of securities for which quotation is sought

39 Class of securities for which quotation is sought

40 Do the securities rank equally in all respects from the date of allotment with an existing class of quoted securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

Number	Class
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42 Number and class of all securities quoted on NSX (*including* the securities in clause 38)

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