



**African
Petroleum**
CORP LTD

ABN 87 125 419 730

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9:00am (WST)
DATE: 31 May 2013
PLACE: 32 Harrogate Street
West Leederville WA 6007

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9388 0744.

CONTENTS PAGE

Notice of Annual General Meeting (setting out the proposed resolutions)	4
Explanatory Statement (explaining the proposed resolutions)	7
Glossary	
Proxy Form	Attached

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9:00am (WST) on 31 May 2013 at:

32 Harrogate Street
West Leederville WA 6007

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return:

- (a) by post to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria, 3001; or
- (b) by facsimile to Computershare Investor Services Pty Ltd on facsimile number 1800 783 447 (within Australia) and +61 3 9473 2555 (outside Australia),

so that it is received not later than 9:00am (WST) on 29 May 2013.

Proxy Forms received later than this time will be invalid. Enquiries in respect of the proxy form should be made on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Changes to Proxy Voting

Shareholders and their proxies should be aware that pursuant to sections 250BB and 250BC of the Corporations Act:

- (a) if the proxy votes, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB (1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 9:00am (WST) on 31 May 2013 at 32 Harrogate Street, West Leederville, Western Australia.

The Explanatory Statement provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at opening of business on 30 May 2013.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the period ended 31 December 2012 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company’s annual financial report for the period ended 31 December 2012.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GIBRIL BANGURA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Gibril Bangura, a Director, retires, and being eligible, is re-elected as a Director.”

RESOLUTION 3 – RE-ELECTION OF DIRECTOR –JEFFREY COUCH

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Jeffrey Couch, a Director, retires, and being eligible, is re-elected as a Director.”

RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MARK ASHURST

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mark Ashurst, a Director, retires, and being eligible, is re-elected as a Director.”

RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for all purposes Shareholders ratify the allotment and issue of 62,963,000 Shares at an issue price of A\$1.35 per Share on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for all purposes Shareholders ratify the allotment and issue of 1,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (c) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (d) a Closely Related Party of such a member.

However, a person (**voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE - OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for all purposes Shareholders ratify the allotment and issue of 5,525,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 8 – APPROVAL TO ISSUE OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of NSX Listing Rule 6.25 and for all purposes, Shareholders approve the allotment and issue of 8,916,534 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 23 April 2013

BY ORDER OF THE BOARD



**CLAIRE TOLCON
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 9:00am (WST) on 31 May 2013 at 32 Harrogate Street, West Leederville, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the period ended 31 December 2012 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is on its website at www.africanpetroleum.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene a general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors who were in office when the directors' report (as included in the Company's annual financial report for the year ended immediately before the second annual general meeting) was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

At the Company's 2012 Annual General Meeting, the votes cast against the remuneration report considered at the Annual General Meeting was less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company including service agreements and details of any share based compensation. The remuneration report is part of the Directors' report

contained in the annual financial report of the Company for the financial year ended 31 December 2012.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

3. RESOLUTIONS 2, 3 AND 4 – RE-ELECTION OF DIRECTORS

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in 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 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

Messrs Gibril Bangura (Resolution 2), Jeffrey Couch (Resolution 3) and Mark Ashurst (Resolution 4), retire by rotation and seek re-election.

A profile of each of Messrs Gibril Bangura, Jeffrey Couch and Mark Ashurst are contained in the 2012 Annual Report.

4. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES

4.1 General

As announced to NSX on 24 and 30 July 2012, the Company completed a placement to institutions and sophisticated investors of 62,963,000 fully paid ordinary shares (**Shares**) at A\$1.35 per Share raising A\$85 million, prior to the costs of the placement (**Placement**).

Resolution 5 seeks Shareholder ratification pursuant to NSX Listing Rule 6.25 for the issue of the 62,963,000 Shares as part of the Placement (**Share Ratification**).

NSX Listing Rule 6.25 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

By ratifying the issue of Shares pursuant to the Placement, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25 without the requirement to obtain prior Shareholder approval.

4.2 Technical Information

The following information is provided in relation to the Share Ratification:

- (a) 62,963,000 Shares were issued on 30 July 2012;
- (b) the Shares were issued at an issue price of A\$1.35 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to institutional and sophisticated investors, none of whom were a related party of the Company; and
- (e) funds raised pursuant to the Placement were applied towards contracting an additional oil rig, and general working capital.

5. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES

5.1 General

As announced to NSX on 11 October 2013, the Company issued 1,000,000 Shares pursuant to the terms of an employment contract with a senior executive.

Resolution 6 seeks Shareholder ratification pursuant to NSX Listing Rule 6.25 for the issue of the 1,000,000 Shares (**Share Ratification**).

A summary of NSX Listing Rule 6.25 is contained in section 4.1 of this Notice of Meeting.

5.2 Technical Information

The following information is provided in relation to the Share Ratification:

- (a) 1,000,000 Shares were issued on 9 October 2012;
- (b) the Shares were issued for nil cash consideration as they were issued to an employee as part of their employment contract with the Company;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to an employee of the Company who is not a related party of the Company; and
- (e) no funds were raised from the issue of the Shares as they were issued for nil cash consideration, pursuant to the terms of an employment contract with the Company.

6. RESOLUTION 7 – RATIFICATION OF ISSUE OF OPTIONS

6.1 General

Since the Company's Annual General Meeting held in May 2012, the Company has issued a total of 5,525,000 Options to consultants and employees of the Company as part of their contracts with the Company.

None of the recipients of the 5,525,000 Options were related parties of the Company.

Resolution 7 seeks Shareholder ratification pursuant to NSX Listing Rule 6.25 for the issue of those Options (**Option Ratification**).

A summary of NSX Listing Rule 6.25 is set out in Section 4.1.

By ratifying the issue of options, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25 without the requirement to obtain prior Shareholder approval.

6.2 Technical Information

The following information is provided in respect of the Option Ratification:

- (a) 5,525,000 Options were issued since the last Annual General Meeting that seek ratification under this resolution;
- (b) the Options were issued for nil cash consideration as they were issued to employees and consultants pursuant to their contracts with the Company. None of the recipients were related parties of the Company;
- (c) the Options were issued on the terms set out in Schedule 1 to the Explanatory Statement; and
- (d) no funds were raised from the issue of Options as they were issued to employees and contractors of the Company pursuant to contracts with the Company.

7. RESOLUTION 8 – APPROVAL TO ISSUE OPTIONS

7.1 General

The Company proposes to issue 8,916,534 Options to Mirabaud Securities Limited (**Mirabaud**) in part consideration for advisory services provided by Mirabaud to the Company (**Option Placement**).

Mirabaud is not a related Party of the Company.

A summary of NSX Listing Rule 6.25 is set out in Section 4.1 above.

The effect of Resolution 8 will be to allow the Directors to issue the Options pursuant to the Options Placement and retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25 without the requirement to obtain prior Shareholder approval.

7.2 Technical information

The following information is provided in relation to the Share Placement:

- (a) the maximum number of Options to be issued is 8,916,534;
- (b) the Options will be issued no later than 3 months after the date of the Meeting and it is intended that allotment will occur on the same date;
- (c) the Options will be issued for nil cash consideration as they are being issued in part consideration for advisory services provided by Mirabaud to the Company;

- (d) the Options will be issued to Mirabaud, who is not a related party of the Company;
- (e) the Options will be issued on the terms set out in Schedule 2; and
- (f) no funds will be raised from the issue of the Options as they are being issued in consideration for services provided by Mirabaud to the Company.

8. ENQUIRIES

Shareholders are requested to contact the Company Secretary on (+ 61 8) 9388 0744 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

2012 Annual Report means the Company's annual financial statements for the period ended 31 December 2012.

A\$ means Australian dollars.

Annual General Meeting or Meeting means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that NSX declares is not a business day.

Closely Related Party of a member of the Key Management Personnel, a spouse or child of the member; a child of the member's spouse; a dependent of the member or the member's spouse; anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; a company the member controls; or a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means African Petroleum Corporation Limited (ACN 125 419 730).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice or Notice of Meeting or Notice of Annual General Meeting means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

NSX means the National Stock Exchange of Australia Limited.

NSX Listing Rules means the Listing Rules of NSX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Placement means the placement of Shares referred to in Section 4.1.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's Report section of the Company's annual financial report for the year ended 31 December 2012.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

The Options that were issued since the 2012 Annual General Meeting were issued on the same terms and conditions other than exercise price, expiry date and vesting conditions. Outlined below is a summary of the terms and conditions of the Options that were issued, followed by a table showing the exercise price, expiry date and vesting conditions of the Options that were issued:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5:00pm (WST) 5 years from the date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) If a vesting condition is not satisfied within a prescribed time frame, it will automatically lapse.
- (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 not 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 NSX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on NSX within 10 Business Days after the date of allotment of those Shares.
- (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 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.

- (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.

OPTIONS	EXERCISE PRICE	ISSUE DATE	EXPIRY DATE	VESTING CONDITION
750,000	\$0.30 each	25 June 2012	31 July 2017	<p>(i) 25% Options will be exercisable over a three year basis, one third on each anniversary from the Optionholder's start date (First Tranche); and</p> <p>(ii) 25% Options will be exercisable on completion of the third well by the Company (Second Tranche); and</p> <p>(iii) 25% Options will be exercisable on completion of the fourth well by the Company (Third Tranche); and</p> <p>(iv) 25% Options will be exercisable in the event of a commercial discovery of hydrocarbons in any one of the Company's wells spudded after the Optionholder's start date (Fourth Tranche).</p>
1,300,000	\$1.00 each	25 June 2012	31 July 2017	<p>(i) 25% Options will be exercisable over a three year basis, one third on each anniversary from the Optionholder's start date (First Tranche); and</p> <p>(ii) 25% Options will be exercisable on completion of the third well by the Company (Second Tranche); and</p> <p>(iii) 25% Options will be exercisable on completion of the fourth well by the Company (Third Tranche); and</p> <p>(iv) 25% Options will be exercisable in the event of a commercial discovery of hydrocarbons in any one of the Company's wells spudded after the Optionholder's start date (Fourth Tranche).</p>

OPTIONS	EXERCISE PRICE	ISSUE DATE	EXPIRY DATE	VESTING CONDITION
600,000	\$1.25 each	1 August 2012	17 January 2017	<p>(i) One third of the Options will be exercisable over a three year basis, one third on each anniversary from the Optionholder's start date (First Tranche); and</p> <p>(ii) One third of the Options will be exercisable on completion of the fourth well by the Company (Second Tranche); and</p> <p>(iii) One third of the Options will be exercisable on completion of the fifth well by the Company (Third Tranche).</p>
25,000	\$1.25 each	31 August 2012	17 January 2017	Options will be exercisable over a three year basis, one third on each anniversary from the Optionholder's start date
300,000	\$1.25 each	8 January 2013	8 January 2018	<p>(i) 150,000 Options will be exercisable over a three year basis, one third on each anniversary from the Optionholder's start date (First Tranche);</p> <p>(ii) 25,000 Options will be exercisable following the completion of the fourth exploration well by the Company (Second Tranche);</p> <p>(iii) 25,000 Options will be exercisable following the completion of the fifth APCL exploration well by the Company (Third Tranche); and</p> <p>(v) 100,000 Options will be exercisable in the event of a commercial discovery of hydrocarbons, as determined by the Board's Remuneration Committee, in any one of the Company's wells (3rd well or later in which the Company operates or participates, excluding an appraisal well on Narina-1 discovery) drilled in 2012 or later (Fourth Tranche).</p>

OPTIONS	EXERCISE PRICE	ISSUE DATE	EXPIRY DATE	VESTING CONDITION
50,000	\$1.25 each	8 January 2013	8 January 2018	The Options will vest in the holder as long as the holder is employed by the Company or providing services to the Company (and the holder is not in receipt of a notice of termination) and the Options will vest in the holder over a three year basis such that one third (being 16,666 Options) will vest on each anniversary from the Optionholder's start date.
2,500,000	\$1.00 each	8 January 2013	8 January 2018	<p>(i) 1,000,000 Options will be exercisable over a three year basis, one third on each anniversary from the Optionholder's start date (First Tranche);</p> <p>(ii) 500,000 Options will be exercisable on completion of the third well by the Company (Second Tranche);</p> <p>(iii) 500,000 Options will be exercisable on completion of the fourth well by the Company (Third Tranche); and</p> <p>(iv) 500,000 Options will be exercisable on the earlier of the Company's fifth well or the signing of a joint venture or farm-in agreement (Fourth Tranche).</p>

SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS (RESOLUTION 8)

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
 - (b) The Options will expire at 5.00pm (WST) on 30 June 2015 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (c) The amount payable upon exercise of each Option will be A\$0.55 (**Exercise Price**).
 - (d) The Options held by the 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 not 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 NSX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on NSX within 10 Business Days after the date of allotment of those Shares.
 - (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 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.
 - (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.