



**African
Petroleum**
CORP LTD

ABN 87 125 419 730

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9:00am (WST)
DATE: 30 May 2014
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.

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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 30 May 2014 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 28 May 2014.

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).

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 30 May 2014 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 29 May 2014.

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 year ended 31 December 2013 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 2013.”

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 – TIMOTHY TURNER

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, Timothy Turner, a Director, retires, and being eligible, is re-elected as a Director.”

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – JAMES SMITH

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, James Smith, a Director, retires, and being eligible, is re-elected as a Director.”

RESOLUTION 4 – RE-ELECTION OF DIRECTOR – ANTHONY WILSON

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, Anthony Wilson, a Director, retires, and being eligible, is re-elected as a Director.”

RESOLUTION 5 – APPROVAL TO ISSUE OPTIONS – MARK ASHURST

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

“That, for the purposes of NSX Listing Rule 6.44 and for all other purposes, approval is given for the Directors to allot and issue 1,000,000 Director Options to Mark Ashurst (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mark Ashurst (or his nominee) or any of his 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:

- (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 described above may vote on this Resolution if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) the vote is not cast on behalf of a person described in sub paragraphs (a) or (b) above.

RESOLUTION 6 – APPROVAL TO ISSUE OPTIONS – GIBRIL BANGURA

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

“That, for the purposes of NSX Listing Rule 6.44 and for all other purposes, approval is given for the Directors to allot and issue 500,000 Director Options to Gibril Bangura (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Gibril Bangura (or his nominee) or any of his 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:

- (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 described above may vote on this Resolution if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and

- (b) the vote is not cast on behalf of a person described in sub paragraphs (a) or (b) above.

RESOLUTION 7 – APPROVAL TO ISSUE OPTIONS – JEFFREY COUCH

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

“That, for the purposes of NSX Listing Rule 6.44 and for all other purposes, approval is given for the Directors to allot and issue 500,000 Director Options to Jeffrey Couch (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Jeffrey Couch (or his nominee) or any of his 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:

- (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 described above may vote on this Resolution if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) the vote is not cast on behalf of a person described in sub paragraphs (a) or (b) above.

RESOLUTION 8 – APPROVAL TO ISSUE OPTIONS – JAMES SMITH

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

“That, for the purposes of NSX Listing Rule 6.44 and for all other purposes, approval is given for the Directors to allot and issue 500,000 Director Options to James Smith (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by James Smith (or his nominee) or any of his 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:

- (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 described above may vote on this Resolution if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) the vote is not cast on behalf of a person described in sub paragraphs (a) or (b) above.

RESOLUTION 9 – APPROVAL TO ISSUE OPTIONS – ANTHONY WILSON

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

“That, for the purposes of NSX Listing Rule 6.44 and for all other purposes, approval is given for the Directors to allot and issue 500,000 Director Options to Anthony Wilson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Anthony Wilson (or his nominee) or any of his 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:

- (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 described above may vote on this Resolution if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) the vote is not cast on behalf of a person described in sub paragraphs (a) or (b) above.

RESOLUTION 10 – 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 purposes of NSX Listing Rule 6.25 and for all other purposes, approval is given for the Directors to allot and issue 1,000,000 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 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.

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 described above may vote on this Resolution if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (d) the vote is not cast on behalf of a person described in sub paragraphs (a) or (b) above.

RESOLUTION 11 – APPROVAL TO ISSUE SHARES

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

“That, for the purposes of NSX Listing Rule 6.44 and for all other purposes, approval is given for the Directors to allot and issue a total of 5,000,000 Shares conditional upon the satisfaction of certain milestones to Stuart Lake (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Stuart Lake (or his nominee) or any of his 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:

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

However, a person described above may vote on this Resolution if:

- (e) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (f) the vote is not cast on behalf of a person described in sub paragraphs (a) or (b) above.

DATED: 22 April 2014

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 30 May 2014 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 year ended 31 December 2013 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.

In accordance with the Corporations Act, 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 2013 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 2013.

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 Timothy Turner (Resolution 2), James Smith (Resolution 3) and Anthony Wilson (Resolution 4), retire by rotation and seek re-election.

A profile of each of Messrs Timothy Turner, James Smith and Anthony Wilson are contained in the 2013 Annual Report.

4. RESOLUTIONS 5, 6, 7, 8 & 9 – ISSUE OF DIRECTOR OPTIONS

4.1 General

The Board has resolved, subject to Shareholder approval, to issue a total of 3,000,000 Director Options as part of the recipients remuneration package with the Company as follows:

- (a) Mark Ashurst – 1,000,000 Director Options (Resolution 5);
- (b) Gibril Bangura – 500,000 Director Options (Resolution 6);
- (c) Jeffrey Couch – 500,000 Director Options (Resolution 7);
- (d) James Smith – 500,000 Director Options (Resolution 8); and
- (e) Anthony Wilson – 500,000 Director Options (Resolution 9).

The Board considers the grant of the Director Options to Messrs Ashurst, Bangura, Couch, Smith and Wilson to be reasonable, given the necessity to attract the highest calibre of professionals to the Company whilst maintaining the Company's cash reserves. If the Director Options are not issued, the Company could remunerate the Directors through cash reserves. However, the Board considers it reasonable for the remuneration of Directors to have a cash component and an equity component to further align the Directors' interests with Shareholders and maintain a strong cash position for the Company.

As at the date of this Notice of Meeting the Shares are trading on NSX at a price greater than the exercise price of the Director Options. The Board resolved to issue the Director Options, subject to Shareholder approval, at a time when the Shares were trading at the same price as the exercise price of the Director Options and considered that the exercise price was reasonable in the circumstances. It is also proposed that upon issue of the Director Options, the existing Options held by Messrs Ashurst, Bangura, Couch, Smith and Wilson will be cancelled.

4.2 Corporations Act and NSX Listing Rules

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, NSX Listing Rule 6.44 also requires shareholder approval by special resolution to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in NSX's opinion, such that approval should be obtained unless an exception in NSX Listing Rule 6.44 applies.

The grant of the Director Options to Messrs Ashurst, Bangura, Couch, Smith and Wilson requires the Company to obtain Shareholder approval under NSX Listing Rule 6.44 because each of these persons are Directors of the Company and as such, are each a related party of the Company.

The grant of Director Options to each of Messrs Ashurst, Bangura, Couch, Smith and Wilson constitutes a 'financial benefit' as defined in the Corporations Act. Accordingly, the proposed grant of Director Options to each of Messrs Ashurst, Bangura, Couch, Smith and Wilson will constitute the provision of a financial benefit to a related party of the Company.

It is the view of the Directors (with each of Messrs Ashurst, Bangura, Couch, Smith and Wilson abstaining) that the exception under section 211(1) of the Corporations Act (reasonable remuneration benefits) applies to the grant of the Director Options to each of Messrs Ashurst, Bangura, Couch, Smith and Wilson. Accordingly, the Directors (with each of Messrs Ashurst, Bangura, Couch, Smith and Wilson abstaining) have determined not to seek shareholder approval under section 208 of the Corporations Act.

4.3 Shareholder Approval (Listing Rule 6.44)

Pursuant to and in accordance with the requirements of NSX Listing Rule 6.44, the following information is provided in relation to the proposed grant of Director Options pursuant to Resolutions 5 – 9 (inclusive):

(a) The related parties are:

- (i) Mark Ashurst (Resolution 5);
- (ii) Gibril Bangura (Resolution 6);
- (iii) Jeffrey Couch (Resolution 7);
- (iv) James Smith (Resolution 8); and
- (v) Anthony Wilson (Resolution 9).

Each of Messrs Ashurst, Bangura, Couch, Smith and Wilson are related parties of the Company by virtue of being a Director;

(b) the maximum number of Director Options to be granted to Messrs Ashurst, Bangura, Couch, Smith and Wilson is 3,000,000 Director Options, comprising the following:

- (i) Mark Ashurst – 1,000,000 Director Options (Resolution 5);
- (ii) Gibril Bangura – 500,000 Director Options (Resolution 6);
- (iii) Jeffrey Couch - 500,000 Director Options (Resolution 7);
- (iv) James Smith - 500,000 Director Options (Resolution 8); and
- (v) Anthony Wilson - 500,000 Director Options (Resolution 9)

(c) the Director Options will be granted to each of Messrs Ashurst, Bangura, Couch, Smith and Wilson no later than 1 month after the date of the Meeting and it is anticipated the Director Options will be issued on one date;

(d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;

(e) the terms and conditions of the Director Options are set out in Schedule 1; and

(f) no funds will be raised pursuant to the issue of the Director Options as they are being issued as part of each of Messrs Ashurst, Bangura, Couch, Smith and Wilson remuneration package with the Company.

5. RESOLUTION 10 – APPROVAL TO ISSUE OPTIONS

5.1 General

The Company proposes to issue a total of 1,000,000 Options to an employee as part of their employment contract with the Company (**Option Placement**).

The employee is not a related party of the Company.

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.

The effect of Resolution 10 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.

5.2 Technical information

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

- (a) the maximum number of Options to be issued is 1,000,000;
- (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 services to the Company;
- (d) the Options will be issued to an employee of the Company 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.

6. RESOLUTION 11 – APPROVAL TO ISSUE OF SHARES

6.1 General

The Board has resolved, subject to Shareholder approval, to issue a total of 5,000,000 Shares to Dr Stuart Lake as part of his remuneration package for his appointment as Chief Executive Officer with the Company, which will be issued in 5 tranches of 1,000,000 Shares upon the achievement of either of the following:

- (a) the finding of oil or gas by the Company or any company in its group (or any joint ventures any of them are a party to) 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
- (b) completion of a Significant sale or farm in of assets of the Company (or its subsidiaries),

(the **Milestones**).

“Significant” means a sale or farm out of the Company’s assets, or a farm in acquiring an interest in a licence which would include but not be limited to:

- (a) any sale of assets by the Company or any Group Company where the consideration received for such sale is worth in excess of US\$60 million; and
- (b) any farm in or farm out which involves the Company or a Group Company acquiring or assigning to a third party an interest in a licence where the consideration is worth in excess of US\$60 million.

The Remuneration Committee (acting reasonably) will determine the satisfaction of a Milestone.

Notwithstanding the foregoing, if there is a “Change in Control” of the Company, all remaining Shares not issued to Dr Lake will be immediately issued to Dr Lake without the achievement of the Milestones. A “**Change in Control**” means the occurrence of any of the following events:

- (a) the purchase or acquisition of any Shares which results in any holder beneficially owning, or exercising control or direction over, an aggregate shareholding of Shares carrying 50% or more of the voting rights of the Company or the right to control the composition of its Board or the right directly or

indirectly to exercise or control the exercise of 50% or more of the voting power at meetings of the Board;

- (b) the Company completes an amalgamation, arrangement, merger or other consolidation or combination of the Company with another company in which the Shareholders of the Company own less than 50% of the Shares of the combined entity; or
- (c) the liquidation, dissolution or winding-up of the Company; or
- (d) the sale, lease or other disposition of all or substantially all of the assets of the Company; or
- (e) a determination by the Board that there has been a change, whether by way of a change in the holding of the Shares of the Company or otherwise, in the ownership of the Company's securities or assets or by any other means (including, without limitation, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Company).

A change of control is not deemed to have taken place where a change of control arises by virtue of a reorganization, the effect of which is that a holding company is interposed between the Company and the existing Shareholders of the Company and the holdings of such shareholders in such holding company immediately following the reorganization corresponds to their holdings in the Company immediately before such reorganization.

If Dr Lake's employment with the Company is terminated before the issue of the 5,000,000 Shares for achievement of the Milestones, no further Shares will be issued to Dr Lake by the Company.

The Board considers it usual practice for the executive's remuneration to have a cash component and an equity component to further align the executive's interest with that of Shareholders.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (f) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (g) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, NSX Listing Rule 6.44 also requires shareholder approval by special resolution to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in NSX's opinion, such that approval should be obtained unless an exception in NSX Listing Rule 6.44 applies.

The issue of the Shares to Stuart Lake requires the Company to obtain Shareholder approval under NSX Listing Rule 6.44 because, as a Director, Stuart Lake is a related party of the Company.

The issue of the Shares to Stuart Lake constitutes a 'financial benefit' as defined in the Corporations Act. Accordingly, the proposed grant of issue of the Shares to Stuart Lake will constitute the provision of a financial benefit to a related party of the Company.

It is the view of the directors (with Stuart Lake abstaining) that the exception under section 211(1) of the Corporations Act (reasonable remuneration benefits) applies to the issue of the Shares to Stuart Lake. Accordingly, the Directors (with Stuart Lake abstaining) have determined not to seek shareholder approval under section 208 of the Corporations Act.

6.2 Shareholder Approval (Listing Rule 6.44)

Pursuant to and in accordance with the requirements of NSX Listing Rule 6.44, the following information is provided in relation to the proposed issue of the Shares:

- (a) the related party is Stuart Lake and he is a related party by virtue of being a Director;

- (b) the maximum number of Shares to be issued to Stuart Lake is 5,000,000 which will be issued in 5 tranches of 1,000,000 upon the achievement of a Milestone;
- (c) the Shares will be issued to Stuart Lake within 2 Business Days of achievement of a Milestone;
- (d) the Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) the Shares, when issued, will rank equally of existing Shares on issue; and
- (f) no funds will be raised pursuant to the issue of the Shares as they are being issued as part of Stuart Lake's remuneration as chief executive officer of the Company.

7. 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

2013 Annual Report means the Company's annual financial statements for the year ended 31 December 2013.

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).

Director Options means an option to acquire a Share on the terms set out in Schedule 1.

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.

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 2013.

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.

US\$ means United States dollars.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS (RESOLUTION 5-9 INCLUSIVE)

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

- (a) Each Director Option gives the Optionholder the right to subscribe for one Share.
 - (b) The Director Options will vest in the holder as long as the holder is employed by the Company and one third shall vest on each anniversary from the date of grant of the Director Options (being 30 May 2014).
 - (c) The Director Options will expire at 5.00pm (WST) on that date which is 5 years from the date of issue (**Expiry Date**). Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (d) The amount payable upon exercise of each Director Option will be A\$0.24 (**Exercise Price**).
 - (e) The Director 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.
 - (f) All Director Options will automatically lapse 90 days after the holder ceases to be employed by the Company or ceases to provide services to the Company unless the Board determines otherwise.
 - (g) Subject to the Director Options vesting in accordance with (b) above, an Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised;
- (Exercise Notice).**
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (i) 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 Director Options specified in the Exercise Notice.
 - (j) The Director Options are not transferable.
 - (k) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
 - (l) The Company will not apply for quotation of the Director Options on NSX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Director Options on NSX within 10 Business Days after the date of allotment of those Shares.
 - (m) 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.
 - (n) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director 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 Director Options prior to the date for determining entitlements to participate in any such issue.
 - (o) A Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Director Option can be exercised.

SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS (RESOLUTION 10)

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 that date which is 5 years from the date of issue (**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 A\$0.24 (**Exercise Price**).
- (d) All Options will automatically lapse 90 days after the holder ceases to be employed by the Company or ceases to provide services to the Company unless the Board determines otherwise.
- (e) 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.
- (f) 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)**.
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) 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.
- (i) The Options are not transferable.
- (j) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (k) 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.
- (l) 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.
- (m) 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.
- (n) 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.



**African
Petroleum**

CORP LTD

ABN 87 125 419 730

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000



┌ 000001 000 AOQ
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the annual report online

Go to www.investorvote.com.au or scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 9:00am (WST) Wednesday, 28 May 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of African Petroleum Corporation Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of African Petroleum Corporation Limited to be held at 32 Harrogate Street, West Leederville, Western Australia, on Friday, 30 May 2014 at 9:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 5, 6, 7, 8, 9, 10 and 11 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 5, 6, 7, 8, 9, 10 and 11 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 5, 6, 7, 8, 9, 10 and 11 by marking the appropriate box in step 2 below.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

| | | For | Against | Abstain | | | For | Against | Abstain |
|--------------|--|--------------------------|--------------------------|--------------------------|---------------|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 9 | Approval to issue options – Anthony Wilson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Director – Timothy Turner | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 10 | Approval to issue options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Re-election of Director – James Smith | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 11 | Approval to issue shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Re-election of Director – Anthony Wilson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | |
| Resolution 5 | Approval to issue options – Mark Ashurst | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | |
| Resolution 6 | Approval to issue options – Gibril Bangura | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | |
| Resolution 7 | Approval to issue options – Jeffrey Couch | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | |
| Resolution 8 | Approval to issue options – James Smith | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | |

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

| | | |
|--|--|--|
| Individual or Securityholder 1 <input type="text"/> Sole Director and Sole Company Secretary | Securityholder 2 <input type="text"/> Director | Securityholder 3 <input type="text"/> Director/Company Secretary |
|--|--|--|

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____