



**African
Petroleum**
CORP LTD

ABN 87 125 419 730

NOTICE OF GENERAL MEETING

TIME: 9:00am (WST)
DATE: 2 April 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.

CONTENTS PAGE

Notice of General Meeting (setting out the proposed resolutions)	4
Explanatory Statement (explaining the proposed resolutions)	8
Glossary	18
Schedule 1 – Terms and Condition of Director Options	
Schedule 2 – Terms and Condition of Options	
Proxy Form Attached	

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9:00am (WST) on 2 April 2014 at:

32 Harrogate Street
West Leederville WA 6007

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

To vote in person, attend the 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 31 March 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).

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 GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 9:00am (WST) on 2 April 2014 at 32 Harrogate Street, West Leederville, Western Australia.

The Explanatory Statement provides additional information on matters to be considered at the 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 General Meeting are those who are registered Shareholders at close of business on 31 March 2014.

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

AGENDA

RESOLUTION 1 – 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 37,852,000 Shares at an issue price of A\$0.24 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 2 – APPROVAL FOR A RELATED PARTY TO PARTICIPATE IN PLACEMENT

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, Shareholders approve the participation in the Placement by Sarella Investments Limited (an entity controlled by related party Frank Timis, a former Director of the Company) by the issue of 42,574,000 Shares in the Company at an issue price of A\$0.24 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 Sarella Investments Limited or any of its 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 3 – PLACEMENT – SHARES

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 other purposes, approval is given for the Directors to allot and issue up to 2,908,000 Shares in the Company at an issue price of A\$0.24 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 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.

RESOLUTION 4 – APPROVAL TO ISSUE OPTIONS – STUART LAKE

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 5,000,000 Director Options (post Consolidation) 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:

- (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 5 – APPROVAL TO ISSUE OPTIONS – CHARLES MATTHEWS

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 1,666,667 Director Options (post Consolidation) to Charles Matthews (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 Charles Matthews (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:

- (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 6 – ADOPTION OF NEW CONSTITUTION AND APPROVAL OF PARTIAL TAKEOVER PROVISIONS

To consider and, if thought fit, to pass the following resolution as a **special** resolution:

“That, for the purpose of Section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to adopt the Constitution marked “A” for identification purposes, as the new Constitution of the Company with effect from the date of this Meeting and to renew clause 36 for a period of 3 years from the date of approval of this Resolution.”

RESOLUTION 7 – APPROVAL TO ISSUE SHARES

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 other purposes, approval is given for the Directors to allot and issue up to 175,000,000 Shares in the Company (**Capital Raising**) 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.

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 up to 174,999 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.

RESOLUTION 9 – RE-APPOINTMENT OF DIRECTOR – DR STUART LAKE

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 13.4 of the Constitution and for all other purposes, Dr Stuart Lake, a Director who was appointed on 1 February 2014, being eligible, is re-appointed as a Director.”

DATED: 27 February 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 General Meeting to be held at 9:00am (WST) on 2 April 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. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – SHARES

1.1 General

As announced to NSX on 24 February 2014, the Company secured commitments for a placement to institutions and sophisticated investors of 83,334,000 fully paid ordinary shares (**Shares**) at A\$0.24 per Share raising A\$20,000,160 prior to the costs of the placement (**Placement**). As announced, major shareholder Sarella Investments Limited (**Sarella**), an entity associated with former director Mr Frank Timis has agreed, subject to Shareholder approval, to participate in the Placement for 42,574,000 Shares (refer to Resolution 2).

Accordingly, the Placement will be completed in two tranches – the first tranche was completed on or about 28 February 2014 and the second tranche of 45,482,000 (comprising of the Shares to be issued to Sarella (Resolution 2) and the balance to an institutional investor (Resolution 3)) will be completed subject to Shareholders passing Resolutions 2 and 3.

Resolution 1 seeks Shareholder ratification pursuant to NSX Listing Rule 6.25 for the issue of the 37,852,000 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.

1.2 Technical Information

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

- (a) 37,852,000 Shares were issued on or about 28 February 2014;
- (b) the Shares were issued at an issue price of A\$0.24 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 will be applied towards maintaining the Company's west African assets in good standing and general working capital.

2. RESOLUTION 2 – PARTICIPATION IN PLACEMENT BY RELATED PARTY

2.1 General

As referred to in section 1.1, the Company received commitments for a placement of shares in February 2014 of a total of 83,334,000 Shares at an issue price of \$A0.24, raising A\$20,000,160 before costs of the Placement. As part of the Placement, major shareholder Sarella Investments Limited (**Sarella**), an entity associated with former director Mr Frank Timis has agreed, subject to Shareholder approval, to participate in the Placement for 42,574,000 Shares.

Resolution 2 seeks Shareholder approval for the issue of up to 42,574,000 Shares to Sarella (or its nominee) arising from the participation by Sarella in the Placement (**Participation**).

Following the Participation by Sarella, Sarella's interest in the Company will increase from 37.2% to 39.0%.

2.2 Chapter 2E of the Corporations Act

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:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (ii) 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.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Sarella is a related party of the Company by virtue of being controlled by a person who was a Director in the last 6 months, Mr Frank Timis.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Sarella on the same terms as Shares issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

2.3 NSX Listing Rule 6.44

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 Shares to Sarella requires the Company to obtain Shareholder approval under NSX Listing Rule 6.44 because Sarella is a related party of the Company by virtue of being controlled by a person who was a Director in the last 6 months, Mr Frank Timis.

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 Shares to Sarella:

- (a) the related party is Sarella and it is a related party by virtue of being controlled by a person who was a Director in the last 6 months, Mr Frank Timis;

- (b) the maximum number of Shares to be issued to Sarella is 42,574,000 Shares;
- (c) the Shares will be issued at an issue price of \$A0.24 per Share, being the same issue price of the Shares issued under the Placement;
- (d) the Shares will be issued to Sarella no later than 1 month after the date of the Meeting and it is anticipated the Shares will be issued on one date;
- (e) the Shares issued will rank equally with existing Shares on issue;
- (f) the funds raised by the issue of the Shares to Sarella will be used by the Company to maintain the Company's west African assets in good standing and general working capital.

3. RESOLUTION 3 – PLACEMENT OF SHARES

3.1 General

As referred to in section 1.1, the Company received commitments for a Share Placement in February 2014 of a total of 83,334,000 Shares at an issue price of \$A0.24, raising A\$20,000,160 before costs of the Placement. The Company seeks Shareholder approval for the issue of 2,908,000 Shares comprised in the Placement which will be issued as part of tranche 2. These Shares are not being issued to a related party of the Company.

Resolution 3 seeks Shareholder approval for the issue of up to 2,908,000 Shares as part of the Placement.

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 approving the issue of the 2,908,000 Shares, 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

3.2 Technical Information

The following information is provided in relation to the issue of 2,908,000 Shares:

- (a) the maximum number of Shares to be issued is 2,908,000;
- (b) the Shares 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 issue price will be A\$0.24 per Share, being the same issue price as the other Shares issued under the Placement;
- (d) the Shares will be allotted and issued to institutions and sophisticated investors who provided firm commitments under the Placement to the Company, none of whom are related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of the Shares for the purposes set out in section 1.2(e).

4. RESOLUTION 4 – ISSUE OF DIRECTOR OPTIONS – STUART LAKE

4.1 General

The Board has resolved, subject to Shareholder approval, to issue 5,000,000 Director Options (post Consolidation) exercisable at A\$0.24 per Director Option (post Consolidation), to Dr Stuart Lake as part of his remuneration package for his appointment as Chief Executive Officer with the Company.

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 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 grant of Director Options to Stuart Lake constitutes a 'financial benefit' as defined in the Corporations Act. Accordingly, the proposed grant of Director Options 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 grant of the Director Options to Stuart Lake. Accordingly, the Directors (with Stuart Lake abstaining) have determined not to seek shareholder approval under section 208 of the Corporations Act.

4.2 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 grant of Director Options:

- (a) the related party is Stuart Lake and he is a related party by virtue of being a Director;
- (b) the maximum number of Director Options to be granted to Stuart Lake is 5,000,000 Director Options exercisable at \$0.24 per Director Option;
- (c) the Director Options will be granted to Stuart Lake 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 Stuart Lake's remuneration as chief executive officer of the Company.

5. RESOLUTION 5 – ISSUE OF DIRECTOR OPTIONS – CHARLES MATTHEWS

5.1 General

The Board has resolved, subject to Shareholder approval, to issue 1,666,667 Director Options (post Consolidation) exercisable at A\$0.24 per Director Option (post Consolidation), to Mr Charles Matthews as part of his remuneration package for his appointment as chairman of the Company.

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 Charles Matthews requires the Company to obtain Shareholder approval under NSX Listing Rule 6.44 because, as a Director, Charles Matthews is a related party of the Company.

The grant of Director Options to Charles Matthews constitutes a 'financial benefit' as defined in the Corporations Act. Accordingly, the proposed grant of Director Options to Charles Matthews will constitute the provision of a financial benefit to a related party of the Company.

It is the view of the directors (with Charles Matthews abstaining) that the exception under section 211(1) of the Corporations Act (reasonable remuneration benefits) applies to the grant of the Director Options to Charles Matthews. Accordingly, the Directors (with Charles Matthews abstaining) have determined not to seek shareholder approval under section 208 of the Corporations Act.

5.2 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 grant of Director Options:

- (a) the related party is Charles Matthews and he is a related party by virtue of being a Director;
- (b) the maximum number of Director Options to be granted to Charles Matthews is 1,666,667 Director Options exercisable at \$0.24 per Director Option;
- (c) the Director Options will be granted to Charles Matthews 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 Stuart Lake's remuneration as chief executive officer of the Company.

6. RESOLUTION 6 – ADOPTION OF NEW CONSTITUTION AND APPROVAL OF PROPORTIONAL TAKEOVER PROVISIONS

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 6 is a special resolution which will enable the Company to adopt a new constitution. The majority of the differences in the new Constitution relate to the incorporation of changes so that the Constitution is consistent and operable with other jurisdictions in the event the Company pursues a listing on an overseas exchange.

The Constitution contains provisions applicable to a proportional takeover (Clause 36) and the Company seeks approval for these provisions to apply for a period of 3 years from the date of passing the resolution.

Section 648G(1) of the Corporations Act provides that a company's proportional takeover approval provisions, unless sooner omitted from its constitution, cease to apply at the end of 3 years from adoption or renewal as appropriate unless otherwise specified. When the provisions cease to apply the company's constitution is modified by omitting the provisions. A company may renew its proportional takeover approval provisions in the same manner in which a company can modify its constitution (i.e. by special resolution of shareholders).

Resolution 6 is a special resolution to adopt a new Constitution which will also include the approval of the proportional takeover approval provisions. The Company's existing Constitution, which was approved in June 2010, included proportional takeover provisions which ceased to apply in June 2013, after the expiration of 3 years from their adoption.

The Company is permitted to seek further Shareholder approval to renew this clause for further periods of up to 3 years on each occasion.

Further details of the proportional takeover provisions are set out below.

(a) General

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

The proportional takeover provisions set out in clause 36 of the Constitution provides that a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause will cease to have effect on the third anniversary of the date of the adoption of the last renewal of the clause.

(b) Information required by section 648G of the Corporations Act

(i) Effect of proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed or the deadline for obtaining such approval has passed.

(ii) Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(iii) Knowledge of any acquisition proposals

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

(iv) Advantages and disadvantages of proportional takeover provisions during the period in which they have been in effect

The Directors consider that the proportional takeover provisions had no advantages or disadvantages for them during the period in which they have been in effect (between June 2010 and June 2013).

The advantages and disadvantages of the proportional takeover provisions for Shareholders include those set out immediately below, which were applicable during the period in which they have been in effect.

(v) Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (A) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (B) assisting in preventing Shareholders from being locked in as a minority;
- (C) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (D) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of

Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (A) proportional takeover bids may be discouraged;
- (B) lost opportunity to sell a portion of their Shares at a premium; and
- (C) the likelihood of a proportional takeover bid succeeding may be reduced.

(c) Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of renewing the proportional takeover provisions and as a result consider that renewal of the proportional takeover provision set out in clause 36 of the Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 6.

A copy of the proposed Constitution is available on request.

7. RESOLUTION 7 – APPROVAL TO ISSUE SHARES

7.1 General

Resolution 7 seeks Shareholder approval for the issue of up to 175,000,000 Shares as part of a placement to existing and new investors in connection with the listing of the Company's shares on another recognised stock exchange (**Capital Raising**).

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 approving the issue of up to 175,000,000 Shares, 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

7.2 Technical Information

The following information is provided in relation to the issue of up to 175,000,000 Shares:

- (a) the maximum number of Shares to be issued is 175,000,000;
- (b) the Shares 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 Shares will be issued at an issue price of no less than the lower of i) \$0.24; and ii) 80% of the VWAP of the Shares as traded on NSX over the previous 10 days;
- (d) the Shares will be allotted and issued to investors, none of whom will be related parties as defined by the Corporations Act of the Company. No recipient will hold greater than 19.9% of the Company following issue of the Shares under this Placement;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the net funds raised from the issue of the Shares for general corporate purposes and working capital.

8. RESOLUTION 8 – APPROVAL TO ISSUE OPTIONS

8.1 General

The Company proposes to issue a total of 174,999 Options to employee and consultants upon cancellation of Options held by these holders (**Option Placement**).

None of the recipients are related Party of the Company.

A summary of NSX Listing Rule 6.25 is set out in Section 7.1 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.

8.2 Technical information

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

- (a) the maximum number of Options to be issued is 174,999;
- (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 and are being issued upon cancellation of Options held by the recipients;
- (d) the Options will be issued to employees and consultants, none of whom will be 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.

9. RESOLUTION 9 – RE-APPOINTMENT OF DIRECTOR

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Dr Stuart Lake was appointed a Director on 1 February 2014 (Resolution 9) and accordingly, Dr Stuart Lake will retire in accordance with clause 13.4 of the Constitution and being eligible, seek re-election.

A profile of Dr Stuart Lake is set out below.

Dr Lake has over 27 years of experience in a wide variety of roles in international oil and gas companies including the Hess Corporation, four years in the Apache Corporation overseeing Global New Ventures and later Exploration/Exploitation activity in Argentina and over 19 years in Shell, where he was Vice President Exploration for Shell, Russia and held a wide variety of positions in both Exploration and Production throughout the world.

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

Dr Lake has demonstrated himself to be a proven oil finder, maintaining a high 85% geological success rate in all three companies, based on drilling over 300 wells in 11 countries over his 27 year career. He has a BSc Hons in Geology from the University of Wales and a PhD in Geology from the University of Durham, England supervised by Professor J. F. Dewey. Dr Lake also remains on the Advisory Board of the Energy and Geoscience Institute (E.G.I.) at the University of Utah.

10. 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

A\$ means Australian dollars.

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.

Capital Raising means the proposed capital raising by the Company via the issue of Shares as referred to in Section 7.1.

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 Option 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 General Meeting** means this notice of 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 1.1.

Proxy Form means the proxy form accompanying the Notice.

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 DIRECTOR OPTIONS

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 holders start date.
- (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

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\$0.30 (**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.