

18 January 2012 NSX Announcement

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

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

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

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

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

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

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

Yours faithfully African Petroleum Corporation Limited

Tony Sage
Non-Executive Chairman

## For further information, please contact:

Tony Sage Non Executive Deputy Chairman African Petroleum Corporation Limited

Ph: +61 8 9388 0744

David Tasker Professional Public Relations Ph: +61 8 9388 0944/ +61 433 112 936

Em: david.tasker@ppr.com.au

Claire Tolcon Company Secretary African Petroleum Corporation Limited Ph: +61 8 9388 0744

Eloise von Puttkammer Investor Relations African Petroleum Corporation Limited

Ph: +61 8 9388 0744

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Newcastle

Level 2, 117 Scott Street, Newcastle NSW, 2300

Melbourne

Level 3, 45 Exhibition Street Melbourne, VIC, 3000

www.nsxa.com.au

ABN: 11 000 902 063

# **Application for Quotation of Additional Securities**

File Reference:

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

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## Introduction

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

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

### More Information and Submission of Form:

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

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

Phone: 61 2 4929 6377 Fax: 61 2 4929 1556 http://www.nsxa.com.au

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

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

Introduced 11 March 2004.

Name	of	entity
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## AFRICAN PETROLEUM CORPORATION LIMITED

#### ABN/ACN

87 125 419 730

We (the entity) give NSX the following information.

## Part 1 - All issues

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

1 Class of securities issued or to be issued

**Unlisted Options** 

2 Number of securities issued or to be issued (if known) or maximum number which may be issued

10,300,000

3 Principal terms of the securities (eg, if options, exercise price and expiry date; if partly paid securities, the amount outstanding and due dates for payment; if convertible securities, the conversion price and dates for conversion)

Unlisted Options with an exercise price of \$0.30 per option exercisable on or before 17 January 2017, subject to various vesting terms.

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

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

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

No. The shares issued upon exercise of the options will rank equally with shares on issue.

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

12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the securities will be offered	
14	Class of securities to which the offer relates	
15	Record date to determine	
	entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has security holders who will not be sent new issue documents	
	Note: Security holders must be told how their entitlements are to be dealt with.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
	Trained of any andominion	
21	Amount of any underwriting fee or commission	
22	Names of any hydron to the	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee	
£ <del>7</del>	payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the icous is continuent	
25	If the issue is contingent on security holders' approval, the	

26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do security holders dispose of their entitlements (except by sale through a broker)?	
33	Despatch date	
	t 3 - Quotation of sec	
34	Type of securities (tick one)	
(a)	Securities described in Part 1	
(b)		d of the escrowed period, partly paid securities that become fully paid, when restriction ends, securities issued on expiry or conversion of
Entiti	as that have ticked hav 24(a)	

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35		If the securities are equity securities, the names of the 20 largest holders of the additional securities, and the number and percentage of additional securities held by those holders		
36		If the securities are equity s securities setting out the num 1 - 1,000 1,001 - 5,000 5,001 - 10,000 10,001 - 100,000 100,001 and over		
37		A copy of any trust deed for t	he additional securities	
Entitie	es that	have ticked box 34(b)		
38		per of securities for which tion is sought		
39		of securities for which tion is sought		
40	all reallotme quote lif the rank of the pading true parts of the rank of the pading parts of the rank	ne securities rank equally in espects from the date of nent with an existing class of a securities?  additional securities do not equally, please state: e date from which they do extent to which they articipate for the next vidend, (in the case of a list, distribution) or interest syment extent to which they do not not extent to the next dividend, stribution or interest payment		
41	Reas	on for request for quotation		
		e: In the case of restricted securities, end ction period		
	anoth	sued upon conversion of er security, clearly identify ther security)		
			Number	Class

42	Number and class of all securities quoted on NSX ( <i>including</i> the securities in clause 38)	

## **Quotation agreement**

- 1 Quotation of our additional securities is in NSX's absolute discretion. NSX may quote the securities on any conditions it decides.
- We warrant the following to NSX.
  - The issue of the securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those securities should not be granted quotation.
  - An offer of the securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any
  applications received by us in relation to any securities to be quoted and that
  no-one has any right to return any securities to be quoted under sections 737,
  738 or 1016F of the Corporations Act at the time that we request that the
  securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the securities to be quoted, it has been provided at the time that we request that the securities be quoted.
- If we are a trust, we warrant that no person has the right to return the securities to be quoted under section 1019B of the Corporations Act at the time that we request that the securities be quoted.
- We will indemnify NSX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- We give NSX the information and documents required by this form. If any information or document not available now, will give it to NSX before quotation of the securities begins. We acknowledge that NSX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:	(Company secretary)	Date:18/01/2012
Print name:	CLAIRE TOLCON	