



International  
Petroleum

**ABN 76 118 108 615**

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## **NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10:00am (WST)

**DATE:** 31 May 2013

**PLACE:** 32 Harrogate Street  
West Leederville WA 6007  
Australia

*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 10:00am (WST) on 31 May 2013 at:

32 Harrogate Street  
West Leederville WA 6007  
Australia

### 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 by:

- (a) post to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria, 3001, Australia; or
- (b) 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 10:00am (WST) on 29 May 2013.

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

**Proxy Forms received later than this time will be invalid.**

### *Changes to Proxy Voting*

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

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- (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 10:00am (WST) on 31 May 2013 at 32 Harrogate Street, West Leederville, Western Australia.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at opening of business on 29 May 2013.

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

## AGENDA

### ORDINARY BUSINESS

### FINANCIAL STATEMENTS AND REPORTS

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

## RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

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

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

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

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

However, a person 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 2 – RE-ELECTION OF DIRECTOR – TONY SAGE

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, Mr Tony Sage, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

## RESOLUTION 3 – RE-ELECTION OF DIRECTOR – WILLIAM MCAVOCK

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, Mr William McAvoock, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

## RESOLUTION 4 – RE-ELECTION OF DIRECTOR – FRANK TIMIS

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, Mr Frank Timis, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

## RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – OPTIONS

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

*“That, for all purposes, Shareholders ratify the allotment and issue of 7,000,000 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 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.

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**DATED: 18 APRIL 2013**

**BY ORDER OF THE BOARD**



**CLAIRE TOLCON  
COMPANY SECRETARY**

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10:00am (WST) on 31 May 2013 at 32 Harrogate Street, West Leederville, Western Australia.

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

### 1. FINANCIAL STATEMENTS AND REPORTS

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

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is on its website at [www.internationalpetroleum.com.au](http://www.internationalpetroleum.com.au).

### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

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

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

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

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

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company including service agreements and details of any share based compensation. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ended 31 December 2012.

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

### **3. RESOLUTIONS 2, 3 AND 4 – RE-ELECTION OF DIRECTORS – MR TONY SAGE, WILLIAM MCAVOCK AND FRANK TIMIS**

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.

The Company currently has eight Directors and accordingly three must retire.

Messrs Tony Sage (Resolution2), William McAvoock (Resolution3) and Frank Timis (Resolution 4) are the Directors longest in office since their last election, retire by rotation and seek re-election. A profile of each of Messrs Sage, McAvoock and Timis is contained in the 2012 Annual Report.

### **4. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – OPTIONS**

#### **4.1 General**

On or about 19 July 2012, the Company issued a total of 6,000,000 unlisted Options to employees and consultants pursuant to their terms of engagement with the Company. Additionally, on 16 April 2013, the Company issued 1,000,000 unlisted Options to employees of the Company in consideration for services to the Company.

None of the recipients of the Options were related parties of the Company.

Resolution 5 seeks Shareholder ratification pursuant to NSX Listing Rule 6.25 for the issue of those 7,000,000 Options (**Option 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 this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25 without the requirement to obtain prior Shareholder approval.

## **4.2 Technical information**

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

- (a) 7,000,000 unlisted Options were allotted and issued on or about 19 July 2012;
- (b) the Options were issued for nil cash consideration as they were issued pursuant to the terms of the recipients' engagement with the Company and for services to the Company;
- (c) the Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Options were issued to employees and consultants of the Company, none of whom were related parties of the Company;
- (e) no funds were raised from the issue of the Options as they were issued to employees and consultants of the Company in part consideration for the services the recipients will provide, or have provided, to the Company pursuant to the terms of their engagement with the Company.

## **5. ENQUIRIES**

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



## GLOSSARY

**2012 Annual Report** means the financial statements of the Company for the year ended 31 December 2012.

**A\$** means Australian dollars.

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

**ASIC** means the Australian Securities and Investments Commission.

**Board** means the current board of directors of the Company.

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

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

**Company** means International Petroleum Limited (ABN 76 118 108 615).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means 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.

**Option** means an option to acquire a Share.

**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 OPTIONS

2,500,000 Options were issued 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 30 June 2013 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option and the vesting conditions in respect of the Options is set out below:
  - (i) 500,000 Options will vest on the Company share price on NSX reaching A\$0.25 and staying at or above this price for 10 consecutive days. These 500,000 Options have an exercise price of A\$0.25 each;
  - (ii) 500,000 Options will vest on the Company share price on NSX reaching A\$0.35 and staying at or above this price for 10 consecutive days. These 500,000 Options have an exercise price of A\$0.35 each;
  - (iii) 500,000 Options will vest on the Company share price on NSX reaching A\$0.45 and staying at or above this price for 10 consecutive days. These 500,000 Options have an exercise price of A\$0.45 each;
  - (iv) 500,000 Options will vest on the Company share price on NSX reaching A\$0.55 and staying at or above this price for 10 consecutive days. These 500,000 Options have an exercise price of A\$0.55 each; and
  - (v) 500,000 Options will vest on the Company share price on NSX reaching A\$0.65 and staying at or above this price for 10 consecutive days. These 500,000 Options have an exercise price of A\$0.65 each.

**(Exercise Price).**

- (d) Subject to the Options vesting in accordance with (c) above, the Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) If there is a Change of Control Event prior to 30 June 2013 the Options shall automatically vest. "Change of Control Event" means the occurrence of:
  - (i) the offeror under a takeover offer in respect of all the shares in the Company (Shares) announces that it has achieved acceptances in respect of 50.1% or more of the Shares; and
  - (ii) that takeover bid has become unconditional; or
  - (iii) the announcement by the Company that shareholders of the Company have at a court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:

- A. cancelled; or
- B. transferred to a third party; and
- C. the court, by order, approves the proposed scheme of arrangement.

- (f) Subject to the Options vesting in accordance with (c) above, the 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.

1,500,000 Options were issued on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
  - (b) Subject to (c), the Options will expire at 5.00pm (WST) on 18 July 2017 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) All Options (whether vested or not) will automatically lapse 90 days after the Optionholder ceases to be employed by the Company or providing services to the Company unless the Board otherwise determines.
  - (d) The amount payable upon exercise of each Option will be A\$0.25 (**Exercise Price**).
  - (e) Subject to the Options vesting in accordance with (f) below, 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) The Options will vest in the holder as long as the Optionholder is employed by the Company or providing services to the Company and the following milestones are met:
    - a. 375,000 Options will vest on the Company share price on NSX reaching A\$0.50 and staying at or above this price for 30 consecutive days;
    - b. 375,000 Options will vest on the Company share price on NSX reaching A\$0.75 and staying at or above this price for 30 consecutive days;
    - c. 375,000 Options will vest on the Company share price on NSX reaching A\$1.00 and staying at or above this price for 30 consecutive days; and
    - d. 375,000 Options will vest on the Company share price on NSX reaching A\$1.50 and staying at or above this price for 30 consecutive days.
  - (g) Subject to the Options vesting in accordance with (f) above, the Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
    - a. a written notice of exercise of Options specifying the number of Options being exercised; and
    - b. a cheque or electronic funds transfer for the Exercise Price for the number of 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 Options specified in the Exercise Notice.
  - (j) The Options are not transferable.
  - (k) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.

- (l) 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.
- (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 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.
- (o) 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.

1,500,000 Options were issued on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) Subject to (c), the Options will expire at 5.00pm (WST) on 5 March 2017 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) All Options (whether vested or not) will automatically lapse 90 days after the Optionholder ceases to be employed by the Company unless the Board determines otherwise.
- (d) The amount payable upon exercise of each Option will be A\$0.25 (**Exercise Price**).
- (e) Subject to the Options vesting in accordance with clause (f), 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) The Options will vest in the holder as long as the Optionholder is employed by the Company or providing services to the Company and the following conditions are met:
  - a. 500,000 Options will vest on 5 March 2013 (being the anniversary of the Optionholders start date with the Company);
  - b. 500,000 Options will vest on 5 March 2014; and
  - c. 500,000 Options will vest on 5 March 2015.
- (g) Subject to the Options vesting in accordance with clause (f) above, the Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - a. a written notice of exercise of Options specifying the number of Options being exercised; and

- b. a cheque or electronic funds transfer for the Exercise Price for the number of 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 Options specified in the Exercise Notice.
- (j) The Options are not transferable.
- (k) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (l) 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.
- (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 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.
- (o) 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.

500,000 Options were issued on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) Subject to (c), the Options will expire at 5.00pm (WST) on 18 July 2017 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) All Options will automatically lapse 90 days after the Optionholder ceases to be employed by the Company unless the Board determines otherwise.
- (d) The amount payable upon exercise of each Option will be A\$0.25 (**Exercise Price**).
- (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) The Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
- a. a written notice of exercise of Options specifying the number of Options being exercised; and
  - b. 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.

1,000,000 Options were issued 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 15 April 2018 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option is A\$0.10 per Option (**Exercise Price**).

- (d) The Options will vest in the holder as long as the holder is employed by the Company and the following conditions are met:
- (i) 200,000 immediately vest on issue;
  - (ii) 200,000 Options will vest on 7 March 2014 if the International Petroleum Limited group (Group) still possesses (without any restriction being in place) a valid Production Sharing Contract and Exclusive Exploration Authorization for hydrocarbons covering the four licence blocks known as Manga 1, Manga 2, Aborak and Ténéré Ouest in the Republic of Niger;
  - (iii) 200,000 Options will vest on 7 March 2015 if Group still possesses (without any restrictions being in place) a valid Production Sharing Contract and Exclusive Exploration Authorization for hydrocarbons covering the four licence blocks known as Manga 1, Manga 2, Aborak and Ténéré Ouest in the Republic of Niger; and
  - (iv) 200,000 options will vest on the Group obtaining a fully-executed and approved Production Sharing Contract and being granted an Exclusive Development Authorization for hydrocarbons covering areas with audited 2P reserves greater than 50 million boe or unrisked prospective resources on a P50 basis of over 200 million boe and where the Board considers (acting reasonably) the holder to be instrumental in that process.
- (e) If a vesting condition referred to in (d) is not satisfied, the Options will automatically lapse.
- (f) All Options (whether vested or not) will automatically lapse 90 days after the Optionholder ceases to be employed by the Company, unless the Board determines otherwise.
- (g) Subject to the Options vesting in accordance with (d) above, 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.
- (h) Subject to the Options vesting in accordance with (d) above, the 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).**

- (i) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (j) 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.
- (k) The Options are not transferable.



- (l) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (m) 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.
- (n) 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.
- (o) 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.
- (p) 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.