



**African
Petroleum**
CORP LTD

ABN 87 125 419 730

NOTICE OF GENERAL MEETING

TIME: 9am(WST)
DATE: 8 January 2014
PLACE: 32 Harrogate Street
West Leederville WA 6007

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

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

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9am (WST) on 8 January 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:

- (a) vote online at www.investorvote.com.au by following the procedures as set out in the attached proxy form; or
- (b) complete and sign the enclosed Proxy Form and return it:
 - (i) by post to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria, 3001; or
 - (ii) 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 9am (WST) on 6 January 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 9am (WST) on 8 January 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 opening of business on 7 January 2014.

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

AGENDA

RESOLUTION 1 – CONSOLIDATION OF CAPITAL

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

“That pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every three (3) Shares be consolidated into one (1) Share; and*
- (b) every three (3) Options be consolidated into one (1) Option and the exercise price of each Option be amended in inverse proportion to this ratio,*

(Consolidation) with the Consolidation taking effect on a date to be announced to NSX in accordance with the NSX Listing Rules and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be).”

RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF 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 3,500,000 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.

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

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

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

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:

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

RESOLUTION 3 – 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 7,750,000 Options on the terms and conditions set out in the Explanatory Statement.”

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

RESOLUTION 4 – RE-APPOINTMENT OF DIRECTOR – MR DAVID KING

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, Mr David King, a Director who was appointed on 1 July 2013, being eligible, is re-appointed as a Director.”

RESOLUTION 5 – RE-APPOINTMENT OF DIRECTOR – MR CHARLES MATTHEWS

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, Mr Charles Matthews, a Director who was appointed on 10 October 2013, being eligible, is re-appointed as a Director.”

DATED: 5 December 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 General Meeting to be held at 9am (WST) on 8 January 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 – CONSOLIDATION OF CAPITAL

1.1 Background

The Directors are seeking Shareholder approval to consolidate the capital of the Company on a 3:1 basis. The Board considers the Consolidation is required to ensure a more appropriate capital structure for the Company.

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number. The NSX Listing Rules requires that the number of Options be consolidated in the same ratio as the Shares and the exercise price of the Options be amended in inverse proportion to that ratio.

If Resolution 1 is passed the number of:

- (i) Shares on issue will be reduced from 1,695,433,051 to 565,144,351 (subject to rounding); and
- (ii) Options on issue will be reduced from 42,333,191 to 14,111,068 (subject to rounding) and the exercise price to the Options will be increased by a multiple of 3.

1.2 Effect on capital structure

The effect the Consolidation would have on the capital structure of the Company is set out below.

The Company currently has 1,695,433,051 Shares on issue. Post consolidation, the Company will have 565,144,351 Shares on issue (subject to rounding).

The effect the Consolidation will have on the Options on issue is set out below:

Options – Pre Consolidation

Terms	Number
Unlisted Options exercisable at \$0.55 each on or before 31 July 2017	13,700,000
Unlisted Options exercisable at \$0.55 each on or before 30 June 2015	8,916,524
Unlisted Options exercisable at \$0.30 each on or 17 January 2017 (subject to various vesting terms)	6,878,334
Unlisted Options exercisable at \$1.00 each on or before 27 March 2017	20,000
Unlisted Options exercisable at \$0.30 each on or before 27 March 2017	10,000
Unlisted Options exercisable at \$0.55 each on or before 27 March 2017	275,000
Unlisted Options exercisable at \$1.00 each on or before 31 July 2017	250,000

Unlisted Options exercisable at \$1.00 each on or before 17 January 2017 (subject to various vesting terms)	391,667
Unlisted Options exercisable at \$1.25 each on or before 17 January 2017	75,000
Unlisted Options exercisable at \$1.00 each on or before 8 January 2018	500,000
Unlisted Options exercisable at \$1.25 each on or before 8 January 2018	66,666
Unlisted Options exercisable at various prices on or before 10 April 2015 (subject to various vesting terms)	2,500,000
Unlisted Options exercisable at \$0.10 on or before 22 November 2018 (subject to various vesting terms)	8,750,000
Total	42,333,191

Options – Post Consolidation (subject to rounding)

Terms	Number
Unlisted Options exercisable at \$1.65 each on or before 31 July 2017	4,566,667
Unlisted Options exercisable at \$1.65 each on or before 30 June 2015	2,972,175
Unlisted Options exercisable at \$0.90 each on or 17 January 2017 (subject to various vesting terms)	2,292,778
Unlisted Options exercisable at \$3.00 each on or before 27 March 2017	6,667
Unlisted Options exercisable at \$0.90 each on or before 27 March 2017	3,334
Unlisted Options exercisable at \$1.65 each on or before 27 March 2017	91,667
Unlisted Options exercisable at \$3.00 each on or before 31 July 2017	83,334
Unlisted Options exercisable at \$3.00 each on or before 17 January 2017	130,556
Unlisted Options exercisable at \$3.75 each on or before 17 January 2017	25,000
Unlisted Options exercisable at \$3.00 each on or before 8 January 2018	166,667
Unlisted Options exercisable at \$3.75 each on or before 8 January 2018	22,222
Unlisted Options exercisable at various prices on or before 10 April 2015 (subject to various vesting terms)	833,334
Unlisted Options exercisable at \$0.30 on or before 22 November 2018 (subject to various vesting terms)	2,916,667
Total	14,111,068

1.3 Indicative timetable

If Resolution 1 is passed, the Consolidation will take effect in accordance with the following timetable:

Action	Date
Company announces that Shareholders have approved the Consolidation.	8 January 2014

Action	Date
Ex Date (at least 5 Business Days before the record date and 10 Business Days after announcement (inclusive))	22 January 2014
Record Date (at least 5 Business Days after Ex Date (inclusive))	30 January 2014
Completion Date (no more than 10 Business Days after Record Date (inclusive))	3 February 2014

The above dates are indicative and are subject to change subject to the NSX Listing Rules. The Company will announce specific dates relating to the Consolidation prior to commencement of the Consolidation and changes to those dates, (if they occur).

1.4 Fractional entitlements

Not all Security Holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 3. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

1.5 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and the Company does not accept any responsibility for the individual taxation implications arising from the Consolidation.

1.6 Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – OPTIONS

2.1 General

In November 2013, the Company issued a total of 3,500,000 Options to key management personnel pursuant to the terms of their employment contracts with the Company.

Resolution 2 seeks Shareholder ratification pursuant to NSX Listing Rule 6.25 for the issue of the 3,500,000 Options.

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 3,500,000 Options, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25 without the requirement to obtain prior Shareholder approval.

2.2 Technical Information

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

- (a) 3,500,000 Options were issued on or about 21 November 2013;
- (b) the Options were issued for nil cash consideration as they were issued to employees as part of their employment contract with the Company;
- (c) the Options were issued on the terms set out in Schedule 1 to this Explanatory Statement;
- (d) the Options were allotted and issued to employees of the Company none of whom are related parties of the Company; and
- (e) no funds were raised from the issue of the Options as they were issued for nil cash consideration, pursuant to the terms of employment contracts with the Company.

3. RESOLUTION 3 – RATIFICATION OF ISSUE OF OPTIONS

3.1 General

Since the Company's Annual General Meeting held in May 2013, the Company has issued a total of 7,750,000 Options to consultants and employees of the Company as part of their contracts with the Company.

None of the recipients of the 7,750,000 Options were related parties of the Company.

Resolution 3 seeks Shareholder ratification pursuant to NSX Listing Rule 6.25 for the issue of those Options (**Option Ratification**).

A summary of NSX Listing Rule 6.25 is set out in Section 2.1.

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

3.2 Technical Information

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

- (a) 7,750,000 Options were issued since the last Annual General Meeting that seek ratification under this resolution;
- (b) the Options were issued for nil cash consideration as they were issued to employees and consultants pursuant to their contracts with the Company. None of the recipients were related parties of the Company;
- (c) the Options were issued on the terms set out in Schedule 2 to the Explanatory Statement; and
- (d) no funds were raised from the issue of Options as they were issued to employees and contractors of the Company pursuant to contracts with the Company.

4. RESOLUTION 4 & 5 – RE-APPOINTMENT OF DIRECTORS

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.

Mr David King was appointed a Director on 1 July 2013 (Resolution 4) and Mr Charles Matthews (Resolution 5) was appointed a Director on 10 October 2013 and accordingly, both will retire in accordance with clause 13.4 of the Constitution and being eligible, seek re-election.

A profile of each of Mr David King and Mr Charles Matthews is set out below.

Mr David King

Dr King is a professional geoscientist and has over 30 years' experience in oil and gas and other natural resources industries. He has co-founded, as well as held executive and non-executive board positions with, a number of successful ASX listed oil and gas exploration companies, including Eastern Star Gas Limited, Gas2Grid Limited and Sapex Limited. He is a Fellow at the Australian Institute of Company Directors, the Australian Institute of Geoscientists, and Australian Institute of Mining & Metallurgy and a Chartered Professional (Management). Dr King has an MSc in Geophysics from Imperial College, London, and a PhD in Seismology from the Australian National University, Canberra.

Dr King is currently non-executive Chairman of two ASX listed companies; gold exploration company Robust Resources Limited, and biotechnology research and development company, Cellmid Limited. He is also a non-executive director of ASX listed Republic Gold Limited, a gold exploration and development company with assets in Mozambique, and a Director of unlisted Shale Oil/Gas explorer Tamboran Resources. In a long corporate career, he has also served as Managing Director of ASX listed gold producer North Flinders Mines, and CEO of Oil/Gas producers Beach Petroleum and Claremont Petroleum.

Mr Charles Matthews

Mr Matthews has over 10 years' experience in chairman and director positions, having been on the board of number of listed manufacturing and technology companies, including FTSE 250 LSE listed company FKI Plc. He has previously held senior management positions at Cosworth Group, Rolls Royce and Bentley Motor Cars, and has served as a Member of the Vickers Group Executive Board.

He is currently Chairman of LSE listed Porvair Plc, a specialist filtration technologies business in the aerospace and general engineering sectors. Mr Matthews holds a BSc in Geography and Oceanography from the University of Wales, as well as an MBA from Cranfield Business School and a Strategic Marketing qualification from Harvard Business School.

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

A\$ or \$ means Australian dollars.

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

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange.

Board means the current board of directors of the Company.

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

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

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

Consolidation means the consolidation of the Company's Shares and Options as contemplated by Resolution 1.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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.

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.

Security Holder means a holder of Shares or Options.

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

Shareholder means a holder of a Share.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

The Options issued pursuant to Resolution 2 were issued on the following terms:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
 - (b) The exercise price of the Options is \$0.10 per Option (**Exercise Price**).
 - (c) The Options will expire at 5:00pm (WST) 5 years from the date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (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) One third of the Options will be exercisable from 1 January 2014 (**First Tranche**);
 - (ii) One third of the Options will be exercisable from 1 January 2015 (**Second Tranche**); and
 - (iii) One third of the Options will be exercisable upon the Company completing a farm in or joint venture agreement (**Third Tranche**).
 - (e) If a vesting condition referred to in (d) is not satisfied and the holder ceases to be employed by the Company, the Options will automatically lapse.
 - (f) The Options will be cancelled 90 days after the holder ceases to be an employee of the Company (unless otherwise agreed by the Board).
 - (g) 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 satisfaction of the vesting conditions referred to in (d) above, 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).**
- (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 (or the exchange that the Company is listed on) 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 (if applicable) 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.

SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS (RESOLUTION 3)

5,250,000 of the Options that were issued since the 2013 Annual General Meeting were issued on the same terms and conditions other than vesting conditions. Outlined below is a summary of the terms and conditions of the Options that were issued, followed by a table showing the vesting conditions of the Options that were issued:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (a) The Options will expire at 5:00pm (WST) 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.
- (b) The amount payable upon exercise of each Option will be \$0.10 (**Exercise Price**).
- (b) If a vesting condition is not satisfied and the holder ceases to be employed by the Company, the Options will automatically lapse.
- (c) The Options will be cancelled 90 days after the holder ceases to be an employee of the Company (unless otherwise agreed by the Board).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) Subject to satisfaction of a vesting condition an Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on NSX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on NSX (or the exchange the Company is listed on) within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the NSX Listing Rules (if applicable) at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

OPTIONS	VESTING CONDITION
600,000	(i) One half of the Options will be exercisable on and from 1 January 2014 (First Tranche); and (ii) One half of the Options will be exercisable on and from 1 January 2015 (Second Tranche).
1,200,000	(i) One third of the Options will be exercisable on and from 1 January 2014 (First Tranche); (ii) One third of the Options will be exercisable on and from 1 January 2015 (Second Tranche); and (iii) One third of the Options will be exercisable following the completion of a farm-in or joint venture (Third Tranche).
900,000	(i) One half of the Options will be exercisable on and from 1 January 2014 (First Tranche); and (ii) One half of the Options will be exercisable on and from 1 January 2015 (Second Tranche).
500,000	(i) One half of the Options will be exercisable on and from 1 January 2014 (First Tranche); and (ii) One half of the Options will be exercisable on and from 1 January 2015 (Second Tranche).
300,000	(i) One third of the Options will be exercisable on and from 1 January 2014 (First Tranche); (ii) One third of the Options will be exercisable on and from 1 January 2015 (Second Tranche); and (iii) One third of the Options will be exercisable following the completion of a farm-in or joint venture (Third Tranche).
1,750,000	(i) One third of the Options will be exercisable from 1 October 2014 (First Tranche); (ii) One third of the Options will be exercisable from 1 October 2015 (Second Tranche); and (iii) One third of the Options will be exercisable from 1 October 2016 (Third Tranche).

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 vest in the holder as follows:
 - (i) 1,000,000 Options will vest upon the Shares of the Company trading on a stock exchange at \$1.25 (or above) for 10 trading days in a calendar month;
 - (ii) 500,000 Options will vest upon the Shares of the Company trading on a stock exchange at \$1.50 (or above) for 10 trading days in a calendar month;
 - (iii) 500,000 Options will vest upon the Shares of the Company trading on a stock exchange at \$1.75 (or above) for 10 trading days in a calendar month; and
 - (iv) 500,000 Options will vest upon the Shares of the Company trading on a stock exchange at \$2.00 (or above) for 10 trading days in a calendar month;
 - (c) If a vesting condition referred to in (b) is not satisfied by the expiry date of the Options, the Options will automatically lapse.
 - (d) The Options will expire at 5:00pm (WST) on 10 April 2015 (**Expiry Date**). Any Option not vested or exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (e) The amount payable upon exercise of each Option will be as set out below (**Exercise Price**):
 - (i) 1,000,000 Options exercisable at \$1.25 per Share;
 - (ii) 500,000 Options exercisable at \$1.50 per Share;
 - (iii) 500,000 Options exercisable at \$1.75 per Share;
 - (iv) 500,000 Options exercisable at \$2.00 per Share;
 - (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.
 - (g) Subject to the Options vesting in accordance with (b) or (p), 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).**
- (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 any stock exchange in which it is listed. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on the stock exchange in which it is listed 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 applicable 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.
- (p) If there is a Change of Control Event prior to the Expiry Date, the Options will automatically vest. "Change of Control Event" means the acquisition by any person or corporation, either alone or together with any associate of a person or corporation of a relevant interest in more than 50% of the issued voting capital of the Company compared to that as at the date of issue of the Options. The term "associate" and "relevant interest" have the meanings ascribed to them in the Corporations Act.