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**Form 603****Corporations Act 2001  
Section 671B****Notice of initial substantial holder**

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To Company Name/Scheme African Petroleum Corporation LimitedACN/ARSN ACN 125 419 730**1. Details of substantial holder (1)**Name Pareto Securities ASACN (if applicable) Not applicableThe holder became a substantial holder on 9 May 2014**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities(4)	Number of securities	Persons' votes(5)	Voting power (6)
Ordinary Shares	253, 369,230	253, 369,230	39.07% (based on 648,478,636 shares on issue)

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Pareto Securities AS	<p>Pareto Securities AS has a relevant interest in the ordinary shares held by each of the registered holders referred to in paragraph 4 by virtue of entering into certain agreements with those parties.</p> <p>The registered holders are not disposing of their shares to Pareto. However, Pareto is deemed to have a relevant interest due to the restrictions on disposal contained in the escrow and related arrangements entered into by the registered holders with Pareto in relation to the listing on Oslo Axess and related share offering.</p> <p>Copies of those agreements are annexed to this substantial holder notice as follows:</p> <ul style="list-style-type: none"><li>- lock-up undertaking between Pareto and Sarella Investments Limited</li><li>- lock-up undertaking between Pareto and Jeffrey Couch</li><li>- lock-up undertaking between Pareto and Timothy Turner</li><li>- lock-up undertaking between Pareto and Jens Pace</li></ul>	253, 369,230 Ordinary Shares

	- share lending agreement between Pareto, African Petroleum Corporation Limited and Sarella Investments.  The related greenshoe option agreement between Pareto, African Petroleum Corporation Limited and Sarella Investments is also attached.	
Pareto AS	Pareto AS is the parent company of Pareto Securities AS and holds a controlling interest in Pareto Securities AS.	253, 369,230 Ordinary Shares

#### 4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Pareto Securities AS	Sarella Investments Limited]	Sarella Investments Limited	252,846,329 Ordinary Shares
Pareto Securities AS	Jeffrey Couch	Jeffrey Couch	147,900 Ordinary Shares
Pareto Securities AS	Halle Woody Pty Ltd <The Woody S/F A/C>	Halle Woody Pty Ltd <The Woody S/F A/C>	41,667 Ordinary Shares
Pareto Securities AS	Jens Pace	Jens Pace	333,334 Ordinary Shares

#### 5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the 4 months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Pareto Securities AS	9 May 2014	N/A	None. Pareto is not purchasing the relevant securities. See note above.	253,369,230 Ordinary Shares
Pareto AS	9 May 2014	N/A	None	253, 369,230 Ordinary Shares

#### 6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

#### 7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Pareto Securities AS	Dronning Mauds gate 3, N-0115 Oslo, Norway
Pareto AS	Dronning Mauds gate 3, N-0115 Oslo, Norway
Sarella Investments Limited	4 Basil Mansions, Basil Street, London SW3 1AP

Jeffrey Couch	c/- African Petroleum Corporation Limited 32 Harrogate Street West Leederville Western Australia 6007
Halle Woody Pty Ltd <The Woody S/F A/C>	c/- African Petroleum Corporation Limited 32 Harrogate Street West Leederville Western Australia 6007
Jens Pace	c/- African Petroleum Corporation Limited 32 Harrogate Street West Leederville Western Australia 6007

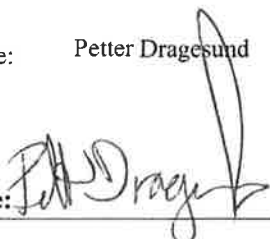
## Signature

print name:

Petter Dragesund

capacity: Head of Corporate Finance

sign here:



date: 12/05/2014

## Directions

1. If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
2. See the definition of "associate" in section 9 of the Corporations Act 2001.
3. See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
4. The voting shares of a company constitute one class unless divided into separate classes.
5. The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
6. The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
7. Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

8. If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
9. Details of the consideration must include any and all benefit, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired

## LOCK-UP UNDERTAKING

**THIS LOCK-UP UNDERTAKING** (the "**Undertaking**") is made on 9 May 2014 by and between:

- (1) Sarella Investments Limited with company number 660379 and registered address of Trident Chambers, Wickhams Cay, PO Box 146, Road Town Tortola, British Virgin Islands (the "**Shareholder**"); and
- (2) Pareto Securities AS with company number 956 632 374 and registered address of Dronning Mauds gate 3, 0250 Oslo, Norway (the "**Manager**").

### 1. BACKGROUND

- 1.1 African Petroleum Corporation Limited with company number 125 419 730 and registered address of 32 Harrogate Street, West Leederville WA 6007 Australia (the "**Company**") contemplates an offering of new shares in the Company (together with the existing shares in the Company, the "**Shares**") to raise gross proceeds of between NOK 100 million and NOK 200 million (the "**Offering**") and a subsequent listing of the Shares on Oslo Axess. In addition, the Manager and the Company may decide to over-allot additional Shares in the Offering up to a maximum of 10% of the number of Shares initially allocated.
- 1.2 As of the date of this Agreement, the Shareholder directly and indirectly holds 252,846,329 Shares (the "**Shareholder Shares**").
- 1.3 The Manager has been appointed by the Company as manager of the Offering.

### 2. SHAREHOLDER LOCK-UP UNDERTAKING

- 2.1 Subject to clauses 2.2 to 2.4 (Inclusive), the Shareholder irrevocably agrees that it will not, and that it will procure that none of its respective subsidiaries nor any other party acting on its behalf will, without the prior written consent of the Manager which shall not be unreasonably withheld, directly or indirectly, (i) offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of any of the Shareholder Shares or any securities convertible into or exercisable or exchangeable for any of the Shareholder Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shareholder Shares (the "**Share Restriction**").
- 2.2 The Share Restriction in clause 2.1 will apply as follows:
  - (a) to 129,047,248 Shares of the Shareholder Shares, representing 19.9% of the issued Shares in the Company (**Tranche 1 Shares**) - for a period of 12 months following the date of this Undertaking;
  - (b) to the remaining 123,799,081 Shares held by the Shareholder:
    - (i) If, within a period of 3 months following the date of this Undertaking ("**Sunset Date**"), the Manager is not successful in its application to the Australian Securities and Investments Commission for the modification of section 609 of the Australian Corporations Act 2001 (Cth) so that the Manager does not have a relevant interest in the Shareholder Shares merely because of entering into this Undertaking ("**ASIC Exemption**") - until the Sunset Date; and
    - (ii) if the ASIC Exemption is granted before the Sunset Date - for a period of 12 months following the date of this Undertaking.

2.3 The Shareholder may at any time, including during the period in which the Share Restriction applies:

- (a) accept a takeover bid (being an off-market bid or market bid made under Chapter 6 of the Australian Corporations Act 2001 (Cth)) if all of the following conditions are met:
  - (i) where the holders of at least 50% of the ordinary shares that are not subject to this Undertaking, and to which the offers under the takeover bid relate, have accepted; and
  - (ii) if the offer is conditional, the Shareholder agrees that the Share Restriction under clause 2.1 will be re-applied to each Shareholder Share that is not unconditionally bought by the bidder under the off-market bid.
- (b) have the Shareholder Shares transferred or cancelled in accordance with a merger by way of scheme of arrangement under Part 5.1 of the Australian Corporations Act 2001 (Cth) and the Shareholder agrees that any restriction under clause 2.1 will continue to apply if the merger does not take effect.

2.4 For the avoidance of doubt:

- (a) this Undertaking does not restrict the Shareholder's ability to exercise, in its full discretion, the voting rights attaching to the Shareholder Shares, including but not limited to attending and voting at any general meeting of the Company;
- (b) this Undertaking does not restrict the Shareholder's ability to lend any of the Shareholder Shares to the Manager pursuant to the Share Lending Agreement between the Shareholder, the Manager and the Company dated on or about the date of this undertaking; and
- (c) in the event of the Manager borrowing any of the Shareholder Shares from the Shareholder pursuant to the Share Lending Agreement between the Shareholder, the Manager and the Company dated on or about the date of this undertaking, the Shareholder Shares will be first lent by the Shareholder from the Tranche 1 Shares and, when returned, will be returned to the Tranche 1 Shares.

2.5 In the event that the Offering and the listing on Oslo Axess is not completed by 13 June 2014, this Undertaking shall be null and void.

### **3. GOVERNING LAW AND DISPUTE RESOLUTION**

3.1 This Undertaking shall be governed by, and construed in accordance with, Norwegian law.

3.2 The parties shall seek to solve amicably through negotiations any dispute, controversy or claim arising out of or relating to this Undertaking, or the breach, termination or invalidity hereof.

3.3 If the parties fail to solve such dispute, controversy or claim by an amicable written agreement within ten days after such negotiations have been initiated by a party, such dispute, controversy or claim shall be finally settled by the Norwegian courts, with Oslo District Court (Nw. Oslo tingrett) as legal venue.

3.4 The arbitration proceedings shall be conducted in English.

- 3.5 The dispute, the arbitration proceedings and the arbitral award shall be confidential and the persons involved from all parties shall be pledged to secrecy. A separate confidentiality agreement shall be entered into by the parties prior to the commencement of the arbitration proceedings.

\*\*\*\*\*

Sarella Investments Limited

By: 

Name: Kin Chiu Tang  
Title: Director

Pareto Securities AS

By: 

Name: Petter Dragesund  
Title: Head of Corporate Finance

Sarella Investments Limited

By: 

Name: Claudio Buchler  
Title: Director

## LOCK-UP UNDERTAKING

**THIS LOCK-UP UNDERTAKING** (the "**Undertaking**") is made on 9 May 2014 by and between:

- (1) Jeffery Couch of 123 Abbotsbury Road, London, W14 8EJ, UK (the "**Director**"); and
- (2) Pareto Securities AS with company number 956 632 374 and registered address Dronning Mauds gate 3, 0250 Oslo, Norway (the "**Manager**").

### 1. BACKGROUND

- 1.1 African Petroleum Corporation Limited (the "**Company**") contemplates an offering of new shares in the Company (together with the existing shares in the Company, the "**Shares**") to raise gross proceeds of between NOK 100 million and NOK 200 million (the "**Offering**") and a subsequent listing of the Shares on Oslo Axess. In addition, the Manager and the Company may decide to over-allot additional Shares in the Offering up to a maximum of 10% of the number of Shares initially allocated.
- 1.2 The Director is a member of the Company's board of directors.
- 1.3 As of the date of this Agreement, the Director directly and indirectly holds 147,900 Shares and 333,334 options over Shares (the "**Director Shares**").
- 1.4 The Manager has been appointed by the Company as manager of the Offering.

### 2. DIRECTOR LOCK-UP UNDERTAKING

- 2.1 Subject to clauses 2.2 to 2.4 (inclusive), the Director irrevocably agrees that it will not, without the prior written consent of the Manager which shall not be unreasonably withheld, directly or indirectly, (i) offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of any of the Director Shares or any securities convertible into or exercisable or exchangeable for any of the Director Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of the Director Shares (the "**Share Restriction**").
- 2.2 The Share Restriction in clause 2.1 will apply as follows to the Director Shares:
  - (a) if, within a period of 3 months following the date of this Undertaking ("**Sunset Date**"), the Manager is not successful in its application to the Australian Securities and Investments Commission for the modification of section 609 of the Australian Corporations Act 2001 (Cth) so that the Manager does not have a relevant interest in the Director Shares merely because of entering into this Undertaking ("**ASIC Exemption**") - until the Sunset Date; and
  - (b) if the ASIC Exemption is granted before the Sunset Date - for a period of 12 months following the date of this Undertaking.
- 2.3 The Director may at any time, including during the period in which the Share Restriction applies:
  - (a) accept a takeover bid (being an off-market bid or market bid made under Chapter 6 of the Australian Corporations Act 2001 (Cth)) if all of the following conditions are met:
    - (i) where the holders of at least 50% of the ordinary shares that are not subject to this Undertaking, and to which the offers under the takeover bid relate, have accepted; and

- (ii) if the offer is conditional, the Director agrees that the Share Restriction under clause 2.1 will be re-applied to each Director Share that is not unconditionally bought by the bidder under the off-market bid.
  - (b) have the Director Shares transferred or cancelled in accordance with a merger by way of scheme of arrangement under Part 5.1 of the Australian Corporations Act 2001 (Cth) and the Director agrees that any restriction under clause 2.1 will continue to apply if the merger does not take effect.
- 2.4 For the avoidance of doubt, this Undertaking does not restrict the Director's ability to exercise, in its full discretion, the voting rights attaching to the Director Shares, including but not limited to attending and voting at any general meeting of the Company.
- 2.5 In the event that the Offering is not completed by 13 June 2014, this Undertaking shall be null and void.

### **3. GOVERNING LAW AND DISPUTE RESOLUTION**

- 3.1 This Undertaking shall be governed by, and construed in accordance with, Norwegian law.
- 3.2 The parties shall seek to solve amicably through negotiations any dispute, controversy or claim arising out of or relating to this Undertaking, or the breach, termination or invalidity hereof.
- 3.3 If the parties fail to solve such dispute, controversy or claim by an amicable written agreement within ten days after such negotiations have been initiated by a party, such dispute, controversy or claim shall be finally settled by the Norwegian courts, with Oslo District Court (Nw. Oslo tingrett) as legal venue.
- 3.4 The arbitration proceedings shall be conducted in English.
- 3.5 The dispute, the arbitration proceedings and the arbitral award shall be confidential and the persons involved from all parties shall be pledged to secrecy. A separate confidentiality agreement shall be entered into by the parties prior to the commencement of the arbitration proceedings.

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Jeffery Couch

By: 

Name: Jeffery Couch  
Title: Director

Pareto Securities AS

By: 

Name: Petter Dragesund  
Title: Head of Corporate Finance



## LOCK-UP UNDERTAKING

**THIS LOCK-UP UNDERTAKING** (the "**Undertaking**") is made on 9 May 2014 by and between:

- (1) Timothy Turner of 14 High Street, South Perth WA 6151 Australia (the "**Director**"); and
- (2) Pareto Securities AS with company number 956 632 374 and registered address Dronning Mauds gate 3, 0250 Oslo, Norway (the "**Manager**").

### 1. BACKGROUND

- 1.1 African Petroleum Corporation Limited (the "**Company**") contemplates an offering of new shares in the Company (together with the existing shares in the Company, the "**Shares**") to raise gross proceeds of between NOK 100 million and NOK 200 million (the "**Offering**") and a subsequent listing of the Shares on Oslo Axess. In addition, the Manager and the Company may decide to over-allot additional Shares in the Offering up to a maximum of 10% of the number of Shares initially allocated.
- 1.2 The Director is a member of the Company's board of directors.
- 1.3 As of the date of this Agreement, the Director directly and indirectly holds 41,667 Shares and 166,667 options over Shares (the "**Director Shares**").
- 1.4 The Manager has been appointed by the Company as manager of the Offering.

### 2. DIRECTOR LOCK-UP UNDERTAKING

- 2.1 Subject to clauses 2.2 to 2.4 (inclusive), the Director irrevocably agrees that it will not, without the prior written consent of the Manager which shall not be unreasonably withheld, directly or indirectly, (i) offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of any of the Director Shares or any securities convertible into or exercisable or exchangeable for any of the Director Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of the Director Shares (the "**Share Restriction**").
- 2.2 The Share Restriction in clause 2.1 will apply as follows to the Director Shares:
  - (a) if, within a period of 3 months following the date of this Undertaking ("**Sunset Date**"), the Manager is not successful in its application to the Australian Securities and Investments Commission for the modification of section 609 of the Australian Corporations Act 2001 (Cth) so that the Manager does not have a relevant interest in the Director Shares merely because of entering into this Undertaking ("**ASIC Exemption**") - until the Sunset Date; and
  - (b) if the ASIC Exemption is granted before the Sunset Date - for a period of 12 months following the date of this Undertaking.
- 2.3 The Director may at any time, including during the period in which the Share Restriction applies:
  - (a) accept a takeover bid (being an off-market bid or market bid made under Chapter 6 of the Australian Corporations Act 2001 (Cth)) if all of the following conditions are met:
    - (i) where the holders of at least 50% of the ordinary shares that are not subject to this Undertaking, and to which the offers under the takeover bid relate, have accepted; and

- (ii) if the offer is conditional, the Director agrees that the Share Restriction under clause 2.1 will be re-applied to each Director Share that is not unconditionally bought by the bidder under the off-market bid.
  - (b) have the Director Shares transferred or cancelled in accordance with a merger by way of scheme of arrangement under Part 5.1 of the Australian Corporations Act 2001 (Cth) and the Director agrees that any restriction under clause 2.1 will continue to apply if the merger does not take effect.
- 2.4 For the avoidance of doubt, this Undertaking does not restrict the Director's ability to exercise, in its full discretion, the voting rights attaching to the Director Shares, including but not limited to attending and voting at any general meeting of the Company.
- 2.5 In the event that the Offering is not completed by 13 June 2014, this Undertaking shall be null and void.

### **3. GOVERNING LAW AND DISPUTE RESOLUTION**

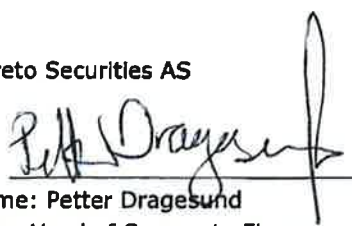
- 3.1 This Undertaking shall be governed by, and construed in accordance with, Norwegian law.
- 3.2 The parties shall seek to solve amicably through negotiations any dispute, controversy or claim arising out of or relating to this Undertaking, or the breach, termination or invalidity hereof.
- 3.3 If the parties fail to solve such dispute, controversy or claim by an amicable written agreement within ten days after such negotiations have been initiated by a party, such dispute, controversy or claim shall be finally settled by the Norwegian courts, with Oslo District Court (Nw. Oslo tingrett) as legal venue.
- 3.4 The arbitration proceedings shall be conducted in English.
- 3.5 The dispute, the arbitration proceedings and the arbitral award shall be confidential and the persons involved from all parties shall be pledged to secrecy. A separate confidentiality agreement shall be entered into by the parties prior to the commencement of the arbitration proceedings.

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Timothy Turner

By:   
Name: Timothy Turner  
Title: Director

Pareto Securities AS

By:   
Name: Petter Dragesund  
Title: Head of Corporate Finance

## LOCK-UP UNDERTAKING

**THIS LOCK-UP UNDERTAKING** (the "**Undertaking**") is made on 9 May 2014 by and between:

- (1) Jens Pace of 26 Greenside Road, London W12 9JG UK (the "**Executive**"); and
- (2) Pareto Securities AS with company number 956 632 374 and registered address Dronning Mauds gate 3, 0250 Oslo, Norway (the "**Manager**").

### 1. BACKGROUND

- 1.1 African Petroleum Corporation Limited (the "**Company**") contemplates an offering of new shares in the Company (together with the existing shares in the Company, the "**Shares**") to raise gross proceeds of between NOK 100 million and NOK 200 million (the "**Offering**") and a subsequent listing of the Shares on Oslo Axess. In addition, the Manager and the Company may decide to over-allot additional Shares in the Offering up to a maximum of 10% of the number of Shares initially allocated.
- 1.2 The Executive is a member of the Company's senior management team.
- 1.3 As of the date of this Agreement, the Executive directly and indirectly holds 333,334 Shares and 750,001 options over Shares (the "**Executive Shares**").
- 1.4 The Manager has been appointed by the Company as manager of the Offering.

### 2. EXECUTIVE LOCK-UP UNDERTAKING

- 2.1 Subject to clauses 2.2 to 2.4 (inclusive), the Executive irrevocably agrees that it will not, without the prior written consent of the Manager which shall not be unreasonably withheld, directly or indirectly, (i) offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of any of the Executive Shares or any securities convertible into or exercisable or exchangeable for any of the Executive Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of the Executive Shares (the "**Share Restriction**").
- 2.2 The Share Restriction in clause 2.1 will apply as follows to the Executive Shares:
  - (a) If, within a period of 3 months following the date of this Undertaking ("**Sunset Date**"), the Manager is not successful in its application to the Australian Securities and Investments Commission for the modification of section 609 of the Australian Corporations Act 2001 (Cth) so that the Manager does not have a relevant interest in the Executive Shares merely because of entering into this Undertaking ("**ASIC Exemption**") - until the Sunset Date; and
  - (b) if the ASIC Exemption is granted before the Sunset Date - for a period of 12 months following the date of this Undertaking.
- 2.3 The Executive may at any time, including during the period in which the Share Restriction applies:
  - (a) accept a takeover bid (being an off-market bid or market bid made under Chapter 6 of the Australian Corporations Act 2001 (Cth)) if all of the following conditions are met:

- (i) where the holders of at least 50% of the ordinary shares that are not subject to this Undertaking, and to which the offers under the takeover bid relate, have accepted; and
    - (ii) if the offer is conditional, the Executive agrees that the Share Restriction under clause 2.1 will be re-applied to each Executive Share that is not unconditionally bought by the bidder under the off-market bid.
  - (b) have the Executive Shares transferred or cancelled in accordance with a merger by way of scheme of arrangement under Part 5.1 of the Australian Corporations Act 2001 (Cth) and the Executive agrees that any restriction under clause 2.1 will continue to apply if the merger does not take effect.
- 2.4 For the avoidance of doubt, this Undertaking does not restrict the Executive's ability to exercise, in its full discretion, the voting rights attaching to the Executive Shares, including but not limited to attending and voting at any general meeting of the Company.
- 2.5 In the event that the Offering and the Listing on Oslo Axess is not completed by 13 June 2014, this Undertaking shall be null and void.

### **3. GOVERNING LAW AND DISPUTE RESOLUTION**

- 3.1 This Undertaking shall be governed by, and construed in accordance with, Norwegian law.
- 3.2 The parties shall seek to solve amicably through negotiations any dispute, controversy or claim arising out of or relating to this Undertaking, or the breach, termination or invalidity hereof.
- 3.3 If the parties fail to solve such dispute, controversy or claim by an amicable written agreement within ten days after such negotiations have been initiated by a party, such dispute, controversy or claim shall be finally settled by the Norwegian courts, with Oslo District Court (Nw. Oslo tingrett) as legal venue.
- 3.4 The arbitration proceedings shall be conducted in English.
- 3.5 The dispute, the arbitration proceedings and the arbitral award shall be confidential and the persons involved from all parties shall be pledged to secrecy. A separate confidentiality agreement shall be entered into by the parties prior to the commencement of the arbitration proceedings.

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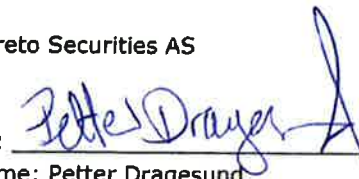
Jens Pace

By: 

Name: Jens Pace

Title: Chief Operating Officer

Pareto Securities AS

By: 

Name: Petter Dragesund

Title: Head of Corporate Finance

## SHARE LENDING AGREEMENT

This share lending agreement (the "**Agreement**") is entered into on 12 May 2014 by and among:

- (1) African Petroleum Corporation Limited with company number 125 419 730 and registered address of 32 Harrogate Street, West Leederville WA 6007 Australia (the "**Company**");
- (2) Sarella Investments Limited with company number 660379 and registered address of Trident Chambers, Wickhams Cay, PO Box 146, Road Town Tortola, British Virgin Islands (the "**Shareholder**"); and
- (3) Pareto Securities AS with company number 956 632 374 and registered address of Dronning Mauds gate 3, 0250 OSLO, Norway (the "**Manager**").

The Company, the Shareholder and the Manager are jointly referred to as the "**Parties**" and each as a "**Party**".

### BACKGROUND:

- (A) The Manager has been engaged by the Company under an engagement letter dated 3 November 2013 (the "**Engagement Letter**") regarding an offering (the "**Offering**") of minimum 68,965,517 and maximum 153,846,154 new shares in the Company (the "**Offer Shares**") by the Company to raise gross proceeds of approximately NOK 100 million to NOK 200 million. In addition, the Company may pursuant to a greenshoe option agreement between the Parties (the "**Greenshoe Option Agreement**") decide to over-allot shares up to a maximum of 10% of the number of Offer Shares initially allocated in the Offering (the "**Over-allotment Facility**").
- (B) Any reference in this Agreement to "**Shares**" shall mean a reference to the existing shares of the Company together with new shares in the Company included in the Offering.
- (C) For the purpose of facilitating use of the Over-allotment Facility, it has been agreed that the Shareholder will lend Shares to the Manager on the terms and conditions set forth herein.

## 1 SHARE LENDING

### 1.1 Number of borrowed shares

In order to facilitate the use of the Over-allotment Facility, the Shareholder hereby agrees to lend up to 15,384,615 Shares to the Manager.

### 1.2 Reservation and delivery of Borrowed Shares

The Shareholder shall make 15,384,615 Shares, equal to the maximum number of Shares set forth in clause 1.1, available on a separate VPS account (the "**VPS Account**") in the Shareholder's name within 3 days prior to the expiry of the Bookbuilding Period, and hereby agrees and consents to the VPS Account being blocked in favour of the Manager from such time.

The Shareholder hereby grants the Manager the power to, on behalf of the Shareholder and at any time from the time of allocation of the Shares in the Offering, transfer a number of Shares equal to the number of Shares actually over-allotted in the Offering from the VPS Account to the Manager for further distribution to the applicants in the Offering (the "**Borrowed Shares**").

### **1.3 Borrowing of Shares**

The Shareholder shall execute and deliver all necessary documents and give all necessary instructions to procure that all right, title and interest in the Borrowed Shares shall pass from the Shareholder free from all liens, charges or encumbrances.

All right, title and interest in the Borrowed Shares shall pass from the Shareholder to the applicants in the Offering upon delivery of the Borrowed Shares to the respective applicant's VPS accounts, and from the same time be considered a share loan of such number of Shares from the Shareholder to the Manager.

The borrowing of Borrowed Shares shall be registered as share lending in the VPS.

### **1.4 No consideration**

The Manager shall not pay or receive any consideration or post any collateral in connection with this Agreement or the borrowing of the Borrowed Shares.

To the extent actually received by the Manager, the Manager is obliged to compensate the Shareholder for any return (of any kind) distributed on the Borrowed Shares.

Any net proceeds from the stabilisation activities shall be to the benefit of the Shareholder.

## **2 TRANSFER OF PROCEEDS, STABILISATION ACTIVITIES AND REDELIVERY OF BORROWED SHARES**

### **2.1 Transfer of proceeds**

Following settlement of Borrowed Shares, the Manager shall, as soon as reasonably possible after receipt, transfer the proceeds received by the Manager as consideration for the sale of the Borrowed Shares to a separate bank account in the name of the Manager (the "**Stabilisation Bank Account**").

### **2.2 Stabilisation activities**

The Manager shall be entitled to use the proceeds deposited in the Stabilisation Bank Account for the purpose of carrying out stabilisation activities in accordance with the Norwegian Securities Trading Act section 3-12, cf. Commission Regulation (EC) No 2273/2003 ("**Stabilisation Activities**"), in order to support the market price of the Shares.

When carrying out Stabilisation Activities, the Manager will purchase any Shares for the account of the Manager, and will not act on behalf of the Company and/or the Shareholder.

Any Shares acquired in the market for stabilisation purposes shall be placed on a separate VPS account in the name of the Manager (the "**Stabilisation VPS Account**").

The Manager shall only transfer funds from the Stabilisation Bank Account against transfer of a corresponding number of Shares into the Stabilisation VPS Account.

### **2.3 Redelivery of Borrowed Shares**

The Parties have entered into the Greenshoe Option Agreement in order to secure redelivery of Borrowed Shares not purchased by the Manager during the Stabilisation Period (as defined in the Greenshoe Option Agreement).

For the purpose of this Agreement "**Equivalent**" or "**equivalent to**" in relation to any Shares provided under this Agreement means shares of an identical type, including any depository receipts

for such Shares, and nominal value to such Shares. The Manager may elect to fulfil the redelivery obligation either through the delivery of Shares acquired in the market in connection with Stabilisation Activities or through delivery of Additional Shares (as defined in the Greenshoe Option Agreement).

The Manager shall deliver all Equivalent Borrowed Shares to the Shareholder as soon as reasonably possible, and no later than 7 trading days, following the end of the Stabilisation Period, subject to, if the Greenshoe Option (as defined in the Greenshoe Option Agreement) has been exercised, the Manager having received the Additional Shares (as defined in the Greenshoe Option Agreement).

Any failure or delay to issue and/or deliver Additional Shares (as defined in the Greenshoe Option Agreement) to the Manager shall be the sole risk of the Shareholder.

### **3 REPRESENTATIONS AND WARRANTIES**

#### **3.1 Shareholder warranties**

The Shareholder hereby warrants and undertakes to the Manager on a continuing basis, with the intent that such warranties shall survive the completion of any transaction contemplated herein, that:

- a) it is duly authorised and empowered to perform its duties and obligations under this Agreement;
- b) it is not restricted under the terms of its constitution or in any other manner from lending the Borrowed Shares in accordance with this Agreement or from otherwise performing its obligations hereunder;
- c) it is entitled to pass full legal and beneficial ownership of all Borrowed Shares provided by it hereunder free from all liens, charges and encumbrances; and
- d) it is acting as principal in respect of this Agreement and has made its own independent decision to enter into the loan arrangements under this Agreement on the terms and conditions set out in this Agreement and based its evaluation as to whether such arrangements are appropriate or proper for it on its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Manager as investment advice or as a recommendation to enter into any loan arrangements under this Agreement; it being understood that information and explanations related to the terms and conditions of such loan arrangements shall not be considered investment advice or a recommendation. No communication (written or oral) received from the Manager shall be deemed to be an assurance or guarantee as to the expected results of the loan arrangements entered into under this Agreement.

#### **3.2 Manager warranties**

The Manager hereby warrants and undertakes to the Shareholder on a continuing basis, with the intent that such warranties shall survive the completion of any transaction contemplated herein that, where acting as a borrower of the Borrowed Shares:

- a) it has all necessary licences and approvals, and is duly authorised and empowered, to perform its duties and obligations under this Agreement and will do nothing prejudicial to the continuation of such authorisation, licences or approvals;

- b) it is not restricted under the terms of its constitution or in any other manner from borrowing the Borrowed Shares in accordance with this Agreement or from otherwise performing its obligations hereunder; and
- c) it is acting as principal in respect of this Agreement.

### **3.3 Company warranties**

The Company hereby represents and warrants and undertakes that the Offer Shares and the Additional Shares (as defined in the Greenshoe Option Agreement) will, when delivered, be validly issued and fully paid, and in all respects have equal rights to other Shares issued by the Company.

## **4 MISCELLANEOUS**

### **4.1 Indemnity and waiver**

The Shareholder will indemnify, and keep indemnified, the Manager for and against all and any losses, costs, claims, liabilities, damages, demands and expenses (the "**Losses**") suffered or incurred by the Manager in relation to this Agreement and the transactions contemplated by this Agreement. The Shareholder is not liable for any Losses caused as a result of the gross negligence or wilful misconduct of the Manager, its advisors, or any of their respective senior management, employees or directors.

Neither the Manager nor any of its directors, employees or advisers shall be liable for any Losses which the Shareholder may suffer or incur in connection with the lending of the Borrowed Shares or this Agreement save for the relevant person as a result of the gross negligence or wilful misconduct by such person. This includes but is not limited to Losses suffered as a result of the failure of delivery of Equivalent Borrowed Shares due to the Company not issuing Shares as set forth in the Greenshoe Option Agreement or the Company acting in breach of its obligations under this Agreement or any other agreement governing the Offering.

### **4.2 Manager's liability to the Company**

The provisions of the Engagement Letter, governing the Manager's liability and limitations thereof, shall apply under this Agreement.

### **4.3 Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

### **4.4 Governing law and dispute resolution**

This Agreement shall be governed by, and construed in accordance with, Norwegian law.

The Parties shall seek to solve amicably through negotiations any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof.

If the Parties fail to solve such dispute, controversy or claim by an amicable written agreement within ten days after such negotiations have been initiated by a Party, such dispute, controversy or claim shall be finally settled by the Norwegian courts, with Oslo District Court (Nw. Oslo tingrett) as legal venue. The arbitration proceedings shall be conducted in English. The dispute, the arbitration proceedings and the arbitral award shall be confidential and the persons involved from all parties shall be pledged to secrecy. A separate confidentiality agreement shall be entered into by the parties prior to the commencement of the arbitration proceedings.



African Petroleum Corporation Limited

By: 

Name: Stuart Lake

Title: CEO

By: 

Name: Charles Matthews

Title: Chairman of the Board

Pareto Securities AS

By: \_\_\_\_\_

Name: Petter Dragesund

Title: Head of Corporate Finance

Sarella Investments Limited

By: \_\_\_\_\_

Name: Kin Chiu-Tang

Title: Director

By: \_\_\_\_\_

Name: Claudio Buehler

Title: Director

African Petroleum Corporation Limited

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Name: Claudio Buehler

Title: Director

## GREENSHOE OPTION AGREEMENT

This greenshoe option agreement (the "**Agreement**") is entered into on 12 May 2014 by and among:

- (1) African Petroleum Corporation Limited with company number 125 419 730 and registered address of 32 Harrogate Street, West Leederville WA 6007 Australia (the "**Company**");
- (2) Sarella Investments Limited with company number 660379 and registered address of Trident Chambers, Wickhams Cay, PO Box 146, Road Town Tortola, British Virgin Islands (the "**Shareholder**"); and
- (3) Pareto Securities AS with company number 956 632 374 and registered address of Dronning Mauds gate 3, 0250 Oslo, Norway (the "**Manager**").

The Company, the Shareholder and the Manager are in the following referred to as the "**Parties**" and each as a "**Party**".

### BACKGROUND:

- (A) The Manager has been engaged by the Company under an engagement letter dated 3 November 2013 (the "**Engagement Letter**") regarding an offering (the "**Offering**") of a minimum of 68,965,517 and a maximum of 153,846,154 new shares in the Company (the "**Initial Offer Shares**") by the Company to raise gross proceeds of approximately NOK 100 million to NOK 200 million. In addition to the Initial Offer Shares, the Company and the Manager may decide to over-allot additional shares (the "**Over-allotted Shares**") (together with the Initial Offer Shares the "**Offer Shares**") up to a maximum of 10% of the number of Initial Offer Shares (the "**Over-allotment Facility**").
- (B) Any reference in this Agreement to "**Shares**" shall mean a reference to the existing and registered shares of the Company together with new shares in the Company issued in the Offering.
- (C) The final price of the Offer Shares (the "**Offer Price**") will be determined following the expiry of the book-building period in the Offering.
- (D) The Parties will enter into a share lending agreement (the "**Share Lending Agreement**"), under which the Manager has been granted a right, but not an obligation, to borrow a number of Shares in the Company from the Shareholder to cover over-allotments under the Over-allotment Facility. Shares borrowed in order to facilitate the Over-allotment Facility under the Share Lending Agreement are referred to as the "**Borrowed Shares**".
- (E) The Parties are entering into this Agreement in order to provide the Manager with a share option to secure redelivery of Borrowed Shares to the Shareholder.

### 1. GREENSHOE OPTION

In order to secure redelivery of Borrowed Shares, the Manager shall have a right, but not an obligation, to require the Company to issue a number of additional Shares up to the number of Borrowed Shares (the "**Additional Shares**"), at a price per Share equal to the Offer Price (the "**Greenshoe Option**").

The Greenshoe Option may be exercised during the period starting on commencement of trading of the Offer Shares on Oslo Axess and ending on or about 30 calendar days thereafter (the "**Stabilisation Period**"), by written notice (submitted electronically or otherwise) from the Manager (the "**Exercise Notice**") substantially in the form attached hereto as Appendix 1.

The Exercise Notice shall set forth the number of Additional Shares to be issued. Once the Exercise Notice is delivered, the Manager is obliged to subscribe for such number of Additional Shares.

The date of delivery of the Additional Shares from the Company shall, unless otherwise agreed with the Manager, be as soon as practicably possible after receipt of the Exercise Notice, subject to receipt of full payment for such Additional Shares by the Company.

The Greenshoe Option may only be exercised for the purpose of covering the number of Borrowed Shares less the number of Shares purchased by the Manager for stabilisation purposes during the Stabilisation Period.

If the Greenshoe Option is exercised, the Manager shall pay to the Company an amount equal to the Offer Price multiplied by the number of Additional Shares in respect of which the Greenshoe Option is being exercised.

## **2. MISCELLANEOUS**

The provisions of the Engagement Letter, governing the Manager's liability and limitations thereof, shall apply under this Agreement.

This Agreement shall be governed by and construed in accordance with Norwegian law.

This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

The Parties shall seek to solve amicably through negotiations any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof. If the Parties fail to solve such dispute, controversy or claim, such dispute, controversy or claim shall be finally settled by the Norwegian courts, with Oslo District Court (*Nw. Oslo tingrett*) as legal venue. The arbitration proceedings shall be conducted in English. The dispute, the arbitration proceedings and the arbitral award shall be confidential and the persons involved from all parties shall be pledged to secrecy. A separate confidentiality agreement shall be entered into by the parties prior to the commencement of the arbitration proceedings.

\*\*\*\*\*

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Title: Chairman of the Board

Sarella Investments Limited

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By: \_\_\_\_\_

Name: Claudio Buehler

Title: Director

**DRAFT**

**Appendix 1**

To African Petroleum Corporation Limited

**EXERCISE NOTICE**

[•] [•]

This is the Exercise Notice for the purposes of the greenshoe option agreement dated 12 May 2014 among African Petroleum Corporation Limited, Sarella Investments Limited and Pareto Securities AS (the "**Agreement**"). Words and expressions defined in the Agreement shall, unless the context otherwise requires, have the same meaning in this Exercise Notice.

Number of Offer Shares in the Offering: [•]

Offer Price in the Offering: [•]

Number of Over-allotted Shares in the Offering: [•]

Number of Shares purchased for stabilisation purposes during the Stabilisation Period: [•]

Number of Additional Shares to be subscribed for pursuant to this Exercise Notice: [•]

The Manager hereby requires the Company to issue to the Manager [•] Additional Shares at a price per Share equal to the Offer Price.

On behalf of Pareto Securities AS

By: \_\_\_\_\_

Name:

Title: