



**African
Petroleum**
CORP LTD

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27 May 2014
NSX Announcement

Norwegian Prospectus

Further to the announcements made by the Company on 21 May 2014 and 26 May 2014 regarding completion of its initial public offering of the Company's shares on Oslo Axess (the "Offering") and additional subscriptions, African Petroleum Corporation Limited encloses by way of disclosure to NSX and the market a copy of the Norwegian Prospectus for the Offering.

The Offering was fully subscribed (including the previously disclosed additional subscriptions). The Offering has now closed.

Please note the Norwegian Prospectus is not an offer of the Company's securities to or from investors outside of the European Union and, in particular, it is not an offer of securities to or from investors in Australia, US or UK.

Disclaimer

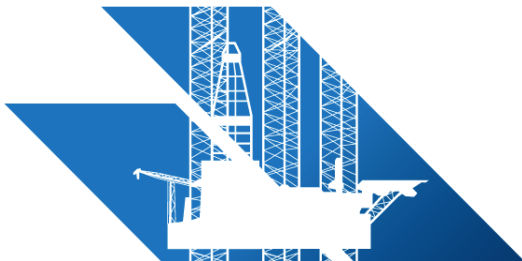
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In particular, the securities referenced herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or pursuant an exemption from the registration requirements of the Securities Act and applicable U.S. state securities laws. The Company does not intend to register any part of the offering in the United States or to conduct a public offering of securities in the United States.

This announcement may not be released to any U.S. wire service or distributed or sent into the United States, Canada, Japan or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures.

This document is an announcement and not a prospectus for the purposes of Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive").

This announcement may not be distributed to any person in the United Kingdom except persons (i)

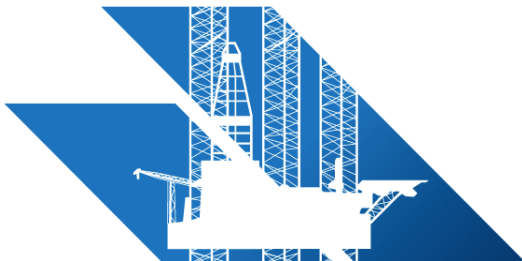




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who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons").

This announcement is not an offer to sell, or the solicitation of an offer to buy, any of the Company's securities to or from investors in Australia. This announcement is not a prospectus, product disclosure statement or other offer document under Australian law. As noted above, a prospectus will be prepared by the Company in compliance with the laws of Norway but this will not be a prospectus or an offer document under Australian law. Any offers relating to Company securities in Australia will be made only to persons who are professional investors or sophisticated investors (as those terms are used in s708(11) and s708(8) respectively of the Australian Corporations Act 2001 ("Corporations Act")) or other persons specified in s708 of the Corporations Act who do not require or need to be given a prospectus or other disclosure document under Chapter 6D of the Corporations Act to lawfully receive an offer to subscribe for or acquire securities in the Company.



PROSPECTUS



Initial Public Offering of minimum 68,965,517 and maximum 153,846,154 Offer Shares

Indicative price range from NOK 1.30 to NOK 1.45 per Share

Listing of the Company's Shares on Oslo Axess

The information contained in this prospectus (the "Prospectus") relates to (a) the listing and admission to trading of the shares (the "Shares") in African Petroleum Corporation Limited (the "Company" or "African Petroleum") on Oslo Axess, and (b) the initial public offering (the "Offering") of minimum 68,965,517 and maximum 153,846,154 Shares (the "Offer Shares") in the Company (subject to adjustment if the Offer Price is set outside the Indicative Price Range or as otherwise decided by the Company).

The Offering consists of a primary offering of minimum 68,965,517 and maximum 153,846,154 Offer Shares subject to adjustment if the Offer Price is set below the Indicative Price Range (or as otherwise decided by the Company), offered by the Company in (i) an institutional offering (a) to investors in Norway, (b) to investors outside Norway and the United States, pursuant to applicable exemptions from local prospectus requirements and other filing requirements and in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and (c) in the United States to qualified institutional buyers ("QIBs") as defined in, and in reliance on Rule 144A under the U.S. Securities Act; in each case subject to a minimum application of NOK 1,000,000 (the "Institutional Offering"), and (ii) a retail offering to the public in Norway subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 999,999 (the "Retail Offering").

In addition, the Manager (as defined below) may elect to over-allot a number of additional Shares equalling up to 10 per cent of the number of Offer Shares (the "Additional Shares"). The Manager will only elect to over-allot Shares if, prior to expiry of the Bookbuilding period (as shortened or extended), the Manager has received a no-action letter from ASIC in relation to the proposed related stabilisation activities, as further detailed below in section 6.10.2 "Price Stabilisation".

A non-binding indicative price range for the Offering of NOK 1.30 – NOK 1.45 (approximately AUD 0.24 – AUD 0.26) has been set by the Board of Directors after consultation with the Manager (the "Indicative Price Range"). The offer price ("Offer Price") of the Offer Shares will be determined through a bookbuilding process which will be conducted in connection with the Institutional Offering. The Offer Price may be set within, above or below the Indicative Price Range. The Indicative Price Range may be amended at any time during the Bookbuilding Period.

The offer period for the Institutional Offering (the "Bookbuilding Period") is expected to take place from 12 May 2014 at 9:00 a.m. (CET) until 20 May 2014 at 3:00 p.m. (CET). The order period for the Retail Offering is expected to take place from and including 12 May 2014 at 9:00 a.m. (CET) until 20 May 2014 at 12:00 p.m. (CET) (the "Order Period"). The Bookbuilding Period and/or the Order Period may be shortened or extended at the Company's own discretion, but will in no event close earlier than 19 May 2014 at 4:30 p.m. (CET) or be extended beyond 2 June 2014 at 3:00 p.m. (CET).

Investing in the Company involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, Section 2 "Risk Factors" beginning on page 20, when considering an investment in the Company.

The Offer Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements under the U.S. Securities Act; or (ii) to persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 7.2 "Transfer restrictions".

This is an initial public offering of the Shares in connection with the contemplated listing of the Shares on Oslo Axess (the "Listing"). Prior to the Offering there has been no public trading market for the Shares on a regulated market place in Norway. The Shares have been listed on the National Stock Exchange of Australia (the "NSX") since 30 June 2010. Upon listing on Oslo Axess, the Company intends to review its listing on the NSX. The Company's application for listing and trading of the Shares on Oslo Axess was approved by the board of directors of Oslo Børs on 30 April 2014 upon certain conditions. Completion of the Offering is conditional on (i) the conditions for Listing on Oslo Axess as determined by the board of directors of Oslo Børs being fulfilled by the Company and (ii) that the Board of Directors of the Company (the "Board of Directors" or "Board"), at its sole discretion, in consultation with the Manager, resolves to issue the Offer Shares and complete the Offering. If any of these conditions are not met, the Offering will be cancelled, all orders for Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made by investors will be returned without interest. No financial claim or compensation can be claimed against the Company or the Manager if the Offering is not completed.

Manager and Bookrunner

Pareto Securities

Pareto Securities AS

The date of this Prospectus is 9 May 2014

Important information

This Prospectus has been prepared by the Company in connection with the application for Listing of the Shares on Oslo Axess and the Offering.

For the definitions of terms used throughout this Prospectus, see Section 20 "Definitions and Glossary of Terms" of this Prospectus.

The Company has furnished the information in this Prospectus. This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "Norwegian Securities Trading Act") and related secondary legislation, including the Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses (the "Prospectus Directive") as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements ("EC Regulation 809/2004"). The Financial Supervisory Authority of Norway (the "Norwegian FSA") has reviewed and approved this Prospectus in accordance with the Norwegian Securities Trading Act Sections 7-7 and 7-8. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described, or referred to, in this Prospectus. The Prospectus has been published in an English version only. A Norwegian summary is included in Appendix 5.

The Company has engaged Pareto Securities AS as bookrunner and manager (the "Manager").

All inquiries relating to this Prospectus should be directed to the Company or the Manager. No other person has been authorised to give any information, or make any representation on behalf of, the Company in connection with the Listing and the Offering and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Manager.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company or its subsidiaries (together the "Group") subsequent to the date of this Prospectus. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Prospectus and before the Shares are listed on Oslo Axess, will be published and announced promptly as a supplement to this Prospectus in accordance with section 7-15 of the Norwegian Securities Trading Act. Neither the delivery of this Prospectus nor the completion of the Listing and Offering at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The distribution of this Prospectus and the Offering and sale of the Offer Shares in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering of the Shares to occur outside of Norway. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Manager require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions.

The Offer Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite

period of time. For further information on the manner of distribution of the Offer Shares and the selling and transfer restrictions to which they are subject, see Section 7 "Selling and Transfer Restrictions".

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each reader of this Prospectus should consult with its own legal, business or tax advisor as to legal, business or tax aspects of an investment in the Offer Shares. If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The Manager makes no representation or warranty, whether express or implied, as to the accuracy, completeness or verification of the information in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Manager, whether as to the past or the future. The Manager assumes no responsibility for the accuracy or completeness or the verification of this Prospectus and accordingly disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this Prospectus or any such statement.

Neither the Company nor the Manager, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares.

In the ordinary course of its businesses, the Manager and certain of its respective affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Company and its subsidiaries.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE UNIFORM SECURITIES ACT ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENCED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN THE UNITED STATES

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Offer Shares will not be offered or sold within the United States, except in reliance on the exemption from the registration requirements of the U.S. Securities Act under Rule 144A. The Offer Shares will be offered outside the United States in compliance with Regulation S. **Prospective purchasers are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act. See Section 7.2 "Transfer Restrictions".**

Any Shares offered or sold in the United States will be subject to certain transfer restrictions as set forth under Section 7.2 "Transfer Restrictions".

The securities offered hereby have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Manager or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised and any disclosure of its contents, without prior written consent of the Company, is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire any Shares.

NOTICE TO UNITED KINGDOM INVESTORS

This Prospectus is only being distributed to and is only directed at persons who are outside the United Kingdom or in the United Kingdom only to persons to whom it may be delivered without contravening the financial promotion prohibition in Section 21 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"). Therefore, this Prospectus is only directed at Qualified Investors who are: (i) investment professionals whose ordinary activities involve them in acquiring, holding, managing and disposing of investments (as principal or agent) for the purposes of their business and who have professional experience in matters relating to investments falling within Section 19(5) of the Order; (ii) are persons who are "high net worth companies" and other persons who fall within Section 49(2)(a) to (d) of the Order; or (iii) persons who otherwise fall within an applicable exemption within the Order (or such persons together being referred to as "relevant persons"). The Offer Shares are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Offer Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

NOTICE TO INVESTORS IN THE EEA

In relation to each Member State of the European Economic Area ("EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any Offer Shares may not be made in that Relevant Member State, other than the offers contemplated by this Prospectus in Norway once this Prospectus has been approved by the Norwegian FSA and published in accordance with the Prospectus Directive as implemented in Norway, except that an offer to the public of any Offer Shares in a Relevant Member State may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in the Relevant Member State:

- (a) *to any legal entity which is a qualified investor as defined in the Prospectus Directive;*
- (b) *to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or*
- (c) *in any other circumstances falling within Article 3(2) of the Prospectus Directive,*

provided that no such offer of Shares shall result in a requirement for the publication by the Company or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes hereof, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

NOTICE TO INVESTORS IN AUSTRALIA

This Prospectus has not been lodged with the Australian Securities and Investments Commission, and is not a disclosure document for the purposes of the *Corporations Act 2001 (Cth)* (the "Corporations Act"). This Prospectus does not constitute an offer in Australia to any person who is not a "sophisticated investor" or "professional investor" as defined in the Corporations Act. The distribution of this Prospectus (including electronically) to persons in Australia may be restricted by the Corporations Act, and any failure to comply with such restrictions may constitute a violation of applicable securities laws. If this Prospectus is released to NSX in accordance with the Company's continuous disclosure obligations then such action is for information purposes only and does not constitute an offer of securities.

NOTICE TO INVESTORS IN CANADA

This Prospectus is not, and under no circumstance is to be construed as, a prospectus, an advertisement or a public offering of the Offer Shares in Canada or any province or territory thereof. Any offer or sale of the Offer Shares in Canada will be made only pursuant to an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable provincial securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made.

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1. SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings

A.1 Introduction and warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant European Union member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2 Consent to the use of the Prospectus by financial intermediaries	Not applicable; no consent is granted by the Company to the use of the Prospectus for subsequent resale or final placement of the Shares.

Section B – Issuer and any guarantor

B.1 Legal and commercial name	African Petroleum Corporation Limited (the "Company" or "African Petroleum").
B.2 Domicile/ Legal form/ Legislation/ Country of incorporation	The Company is a public limited liability company validly incorporated and registered in Australia under the Australian Corporations Act 2001 with business organisation number ACN 125 419 730.
B.3 Key factors of operations and principal activities	The Group is an oil and gas exploration and development group focused on exploration offshore West Africa. The Group holds a total of eight licences offshore Côte d'Ivoire, Liberia, Senegal and Sierra Leone, giving the Company a total combined gross exploration licence acreage of 32,020 km². The Group's exploration activities have so far been financed by equity capital and the Company has raised a total of USD 559.6 million through the completion of four capital raisings in 2010, 2011, 2012 and 2014. On 20 February 2014 the Company announced a private placement consisting of two

tranches, raising a total of AUD 20,000,160 in gross proceeds. The private placement was closed in February 2014 and April 2014 as further described in section 15.2. To date the Group has acquired ten licences in West Africa (including blocks A1 and A4 in the Gambia which the Gambian government purported to terminate, please refer to section 8.9.2 below for further information), acquired 3D seismic on nine of these licences and in addition drilled three exploration and appraisal wells on its LB-09 licence offshore Liberia.

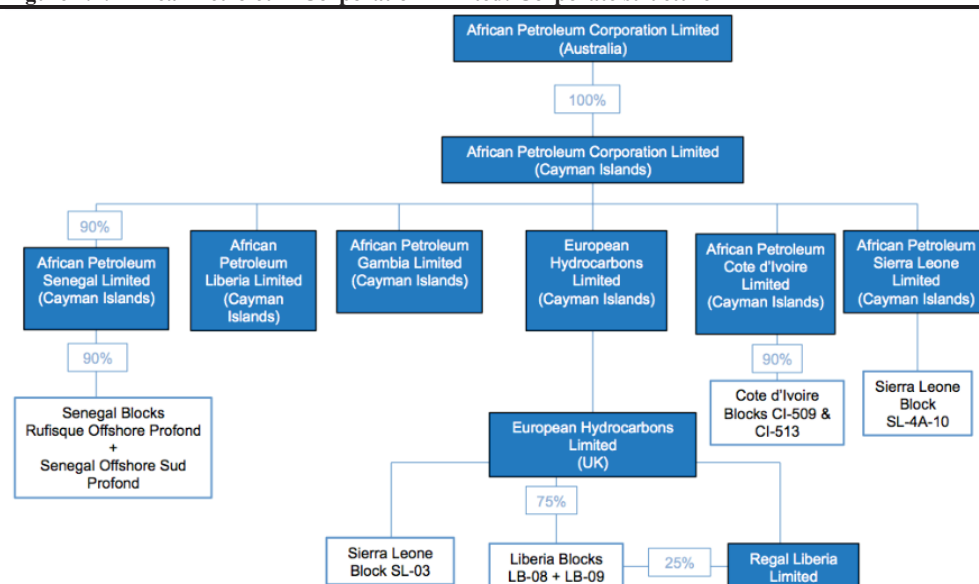
The Company has obtained a Competent Persons Report dated 22 April 2014 (the "CPR") to audit its work and calculate Prospective Resources. The CPR has been prepared by ERC Equipoise Ltd in compliance with the definitions set by the Petroleum Resources Management System at the request of the Company. The CPR contains the following summary of licences:

- Liberia: The independent Best Estimate (P50) of prospective oil resources for the six prospects in Liberia in aggregate is 2,013 MMstb un-risked, net attributable to the Group is 1,953 MMstb un-risked and 310 MMstb risked. The independent Mean estimate of prospective oil resources for the six prospects in aggregate is 3,339 MMstb un-risked, net is 3,230 MMstb un-risked and 499 MMstb net risked.
- Côte d'Ivoire: The independent Best Estimate (P50) of prospective oil resources for the five reviewed prospects in aggregate is 999 MMstb un-risked, net attributable to the Group is 863 MMstb un-risked and 116 MMstb net risked. The independent Mean estimate of prospective oil resources for the prospects is 1,808 MMstb un-risked, net is 1560 MMstb un-risked and 209 MMstb net risked.
- Sierra Leone: The independent Best Estimate (P50) of prospective oil resources for the Altair prospect in Licence Block SL-03 is 278 MMstb (gross and net) un-risked and 50 MMstb net risked. The independent Mean estimate of prospective oil resources for the prospect is 434 MMstb (gross and net) un-risked and 79 MMstb net risked.

In addition, 3D seismic data in Senegal is currently being interpreted, and have so far resulted in identification of certain leads. Due to the present status, these identified leads are of insufficient technical maturity for inclusion into the Group's CPR in April 2014 and as such no prospective resources are included for Senegal.

No material changes have occurred since the date of the CPR. The full CPR is incorporated by reference in section 19.5 below.

B.4a	Significant recent trends affecting the Issuer and the industry in which it operates	Except as disclosed in relation to the purported termination of the Gambian Licences and the extension of the CI Licences, the Group has not experienced any changes or trends outside the ordinary course of business that are significant to the Group between 31 December 2013 and the date of this Prospectus, other than those described elsewhere in this Prospectus. The Company is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year. Please see Section 8 (Presentation of the Company), Section 9 (The assets of the Group), Section 10 (Industry overview) and Section 18 (Legal and arbitration proceedings) for more information about significant recent trends in the Group's business and relevant markets.
B.5	Description of group	The Company is the ultimate parent company of the Group. In addition, the Group consists of 21 subsidiaries. The majority of the Group's subsidiaries are incorporated on the Cayman Islands, except for certain companies incorporated in the countries where the Group conducts its activities through its licences as well as five subsidiaries incorporated in the UK, including the management company African Petroleum Corporation (Services) Limited.

Figure 1.1: African Petroleum Corporation Limited: Corporate structure

Source: The Company

B.6 Notifiable voting rights

As at the date of this Prospectus Sarella Investments Ltd (indirectly owned by Mr. Frank Timis) and M&G Investment Mgt own approximately 39 per cent and 10 per cent of the share capital of the Company respectively. In addition, Capital Research Global Investors owns approximately 6.9 per cent of the share capital of the Company. After completion of the Offering, and assuming (i) issuance of the maximum number of Offer Shares set forth herein (not including any Additional Shares) and (ii) no allocation of Offer Shares to such shareholders, Sarella Investments Ltd will hold approximately 31.5 per cent of the share capital, M&G Investment Mgt will hold approximately 8.4 per cent of the share capital and Capital Research Global Investors will own approximately 5.7 per cent of the share capital. After completion of the Offering, and assuming (i) issuance of the minimum number of Offer Shares set forth herein and (ii) no allocation of Offer Shares to such shareholders, Sarella Investments Ltd will hold approximately 35.2 per cent of the share capital, M&G Investment Mgt will hold approximately 9.3 per cent of the share capital and Capital Research Global Investors will own approximately 6.3 per cent of the share capital.

Different voting rights

The Shares are equal in all respects and there are no differences in voting rights. However, a shareholder is not allowed to vote for his Shares in the Company in connection with a shareholder resolution that relates to his or her Shares. Such a vote may however be permitted, please see section 15.11 for further information.

Control

Mr. Timis has, through his indirect ownership in the Company, negative control as majority shareholder and will have the ability to significantly influence the outcome of matters submitted for vote by the shareholders of the Company.

B.7 Selected historical key financial information

The selected financial information set forth in this Prospectus should be read in conjunction with the relevant financial statements and the notes to those statements which can be found on the Company's webpage, www.africanpetroleum.com.au.

The selected financial data presented in this Prospectus has been derived from the audited consolidated financial statements of the Group for the year ended 31 December 2013 and 2012 as well as the Company's unaudited cash flow statements for Q1 2014 and Q1 2013. The audited financial statements as at and for the years ended 31 December 2013 and 2012 were prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board, being equivalent to IFRS and have been audited by Ernst & Young. The unaudited cash flow statements have been prepared substantially in accordance with Australian Accounting Standards AASB 1026 "Statement of Cash Flows".

In January 2014, the Gambian Government purported to terminate the Gambian Licences despite the Group's efforts to secure an extension of the first exploration period. In February 2014, the Group announced that it had been granted extensions on its Liberian Licences. Dr. Lake was appointed as Chief Executive Officer 1 February 2014 and in April 2014, the Group was granted extensions on its CI Licences. As further described in section 15.2 below, the Company conducted a two-tranche private placement to certain institutional and sophisticated investors, including Sarella Investments Ltd and M&G Investment Mgt, in February and April 2014, raising a total of AUD 20,000,160 in gross proceeds.

Other than stated above, no significant changes have occurred in the Group's financial and trading positions since 31 December 2013.

Table 1.1: Consolidated Statement of Comprehensive Income

USD '000	31/12/2013 Audited	31/12/2012 Audited
Continuing operations		
Revenue	2,794	3,911
Aircraft expenses	-3,748	-4,076
Depreciation expense	-1,699	-1,294
Impairment of exploration and evaluation expenditure	-31,221	-
Impairment of consumable spares	-3,841	-
Rig demobilisation/cancellation costs	-3,753	-
Loss on disposal of consumable spares	-4,547	-
Impairment of aircraft	-1,708	-
Impairment of related party loans and deposits	-12,919	-
Consulting expenses	-7,622	-6,289
Compliance and regulatory expenses	-792	-412
General administration expenses	-3,044	-5,338
Employee remuneration	-11,194	-17,627
Occupancy costs	-2,259	-1,773
Travel expenses	-1,838	-3,875
Net foreign currency gains/ losses	-555	-3,652
Finance Costs	-284	-6
Loss from continuing operations before income tax	-88,230	-40,432
Income tax expense	-	-
Loss for the period, attributable to the members	-88,230	-40,432
Other Comprehensive gains/losses		
Foreign exchange gain / loss on translation of functional currency to presentation currency	-138	4,206
Other comprehensive losses for the period, net of tax	-138	4,206
Total comprehensive loss for the period	-88,368	-36,226
Loss for the period is attributable to:		
Non-controlling interest	-126	-150
Owners of the parent	-88,103	-40,282
Total	-88,230	-40,432
Loss per share attributable to members		
Basic/diluted loss per share (US cents)	-5.20	-2.43

Source: The Company

Table 1.2: Consolidated Statement of Financial Position

USD '000	31/12/2013 audited	31/12/2012 audited
ASSETS		
Current assets		
Cash and cash equivalents	7,914	52,599
Trade and other receivables	7,709	16,506
Restricted cash	12,074	50,114
Prepayments	1,266	10,303
Total current assets	28,963	129,522
Non-Current assets		
Property, plant and equipment	3,158	6,993
Restricted cash	-	22,500
Exploration and evaluation expenditure	403,273	354,823
Intangible Assets	352	-
Total non-current assets	406,783	384,316
TOTAL ASSETS	435,746	513,838
LIABILITIES		
Current liabilities		
Trade and other payables	32,384	25,685
Total current liabilities	32,384	25,685
TOTAL LIABILITIES	32,384	25,685
NET ASSETS	403,362	488,153
EQUITY		
Issued capital	575,912	575,912
Reserves	17,282	13,844
Accumulated losses	-189,571	-101,468
Parent interest	403,623	488,288
Non-controlling interest	-261	-135
TOTAL EQUITY	403,362	488,153

Source: The Company

Table 1.3: Consolidated cash flow statement

USD '000	Year ended 31/12/2013 audited	Year ended 31/12/2012 audited
Cash flows from operating activities		
Payments to suppliers and employees	-32,587	-24,748
Rental income	1,442	2,610
Interest received	151	1,103
Finance costs	-74	-6
Net cash flows used in operating activities	-31,068	-21,041
Cash flows from investing activities		
Payment for plant, equipment and aircraft	-276	-2,225
Payment for exploration and evaluation activities	-75,246	-177,360
Cash received for sale of consumable spares	2,976	-
Payment of deposit to related party	-1,235	-
Loan to related parties	-1,297	-1,742
Loan repaid by related parties	1,060	-
Increase in cash backing security provided for drilling operations & seismic data acquisition	-	-79,941
Cash backing security returned	60,453	46,672
Net cash used in investing activities	-13,565	-214,596
Cash flows from financing activities		
Proceeds from issue of shares	-	90,352
Capital raising costs	-	-3,839
Net Cash from financing activities	-	86,513
Net increase/ decrease in cash and cash equivalents	-44,633	-149,124
Cash and cash equivalents at the beginning of the year	52,599	204,529
Net foreign exchange differences	-52	-2,806
Cash and cash equivalents at the end of year	7,914	52,599

Source: The Company

Table 1.3: Consolidated cash flow statement (cont.)

USD '000	Q1 2014 unaudited	Q1 2013 unaudited
Cash flows related to operating activities		
Receipts from customers	-	-
Payments for		
a) staff costs	-2,002	-3,837
b) advertising and marketing	-22	-58
c) research and development	-	-
d) leased assets	-	-
e) other working capital	-1,415	-1,261
Dividends received	-	-
Interest and other items of a similar nature received	3	89
Interest and other costs of finance paid	-	-
Income taxes paid	-	-
Other (provide details if material)		
a) Exploration and evaluation	-3,395	-63,348
b) Business development	-674	-92
c) Project related travel	-227	-1,054
d) Other income	43	-
Net operating cash flows	-7,722	-69,561
Net operating cash flows (carried forward)	-7,722	- 69,561
Cash flows related to investing activities		
Payment for acquisition of:		
a) businesses	-	-
b) equity investments	-	-
c) intellectual property	-	-
d) physical non-current assets	-15	-296
e) other non-current assets	-	-
Proceeds from disposal of:		
a) businesses	-	-
b) equity investments	-	-
c) intellectual property	-	-
d) physical non-current assets	-	-
e) other non-current assets	-	-
Loans to other entities	-108	-13
Loans repaid by other entities	113	197
Other		
a) cash backing security provided	-2	-
b) cash backing security returned	-	39,506
Net investing cash flows	-11	39,394
Total operating and investing cash flows	-7,733	-30,167
Cash flows relating to financing activities		
Proceeds from issue of shares, options etc	7,718	-
Proceeds from sale of forfeited shares	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Dividends paid	-	-
Other	-	-
Net financing cash flows	7,718	-
Net increase/ decrease in cash held	-15	-30,167
Cash at the beginning of the year	7,914	52,599
Exchange rate adjustments	36	-14
Cash at end of quarter	7,935	22,418

Source: The Company

Table 1.4: Consolidated Statement of Changes in Equity

USD '000	Total Audited
Balance at 1 January 2012	426,195
Loss for the year	-40,432
Foreign currency exchange differences arising on translation from functional currency to presentation currency	4,206
Total comprehensive gain/loss for the year	-36,226
Transactions with owners in their capacity as owners:	
Issue of capital - capital raising	84,177
Exercise of options	2,336
Share-based payments	11,671
Balance at 31 December 2012	488,153
Balance at 1 January 2013	488,153
Loss for the year	-88,230
Foreign currency exchange differences arising on translation from functional currency to presentation currency	-138
Total comprehensive gain/loss for the year	-88,368
Transactions with owners in their capacity as owners:	
Issue of capital - capital raising	-
Exercise of options	-
Share-based payments	3,577
Balance at 31 December 2013	403,362

Source: The Company

B.8	Pro forma financial information	Not applicable
B.9	Profit forecast or estimate	Not applicable
B.10	Audit report qualifications	The audit reports do not include any qualifications. However, the following emphasis of matter paragraphs have been included in the 31 December 2012 and 31 December 2013 auditors reports respectively: <i>"Without qualifying our opinion, we draw attention to Note 2. As a result of the matters discussed, there is material uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern."</i> <i>"Without qualifying our opinion, we draw attention to Note 2 in the financial report. The conditions as set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about</i>

the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business."

Section C – Securities

C.1	Type of securities and ISIN codes	The Company's existing Shares are listed on the National Stock Exchange of Australia under the ISIN AU000000AOQ0. The Offer Shares will not be registered under a temporary ISIN code.
C.2	Currency	Trading of the Offer Shares will be effected in Australian Dollars on the NSX and Norwegian Kroner on Oslo Axess. The Offer Shares are denominated in Australian Dollars.
C.3	Number of issued shares and par value	At the date of the Prospectus the Company has 648,478,636 Shares on issue. All the issued Shares are fully paid. The Shares do not have a par value.
C.4	Rights attached to the shares	The Offer Shares will in all respects rank pari passu with all other Shares already in issue, and will be eligible for any dividend that the Company may declare on the Shares after the Shares have been issued.
C.5	Restriction on the free transferability of the shares	Generally, the Shares are freely transferable, subject to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Australian Corporations Act or applicable Listing Rules. The following restrictions may have an impact on the free transferability of the Shares: • In connection with the Offering, the Manager has entered into lock-up agreements with the Company, Sarella Investments Limited and the members of senior management and Directors of African Petroleum. Under such lock-up agreements, the Company has, subject to certain limitations, agreed for a period of 365 days calculated from the first day of the Listing not to issue new Shares. Furthermore, Sarella Investments Limited and members of senior management and Directors of the Company have agreed not to dispose of or sell the Shares held by them, for the periods described below, unless the Manager has granted prior written approval. As a result of entering into the voluntary restriction arrangements with Sarella, senior management and Directors of African Petroleum, the Manager will be technically acquiring a relevant interest in the Shares which are subject of the voluntary restrictions and this interest will exceed the 20 per cent relevant interest threshold permitted under the Australian Corporations Act. For this reason, the voluntary restriction arrangements apply unconditionally in relation to the first 19.9 per cent of the issued Shares which are held by Sarella for 12 months from the date of the agreements, and for 3 months in relation to the balance of the Shares which are subject to the voluntary restriction arrangements. The restrictions will extend for the full 12 months from the date of the agreements if, within that 3 month period, the Australian Securities and Investments Commission grants relief to the Manager in relation to the 20 per cent limit. This relief has been obtained; • Prior approval by FIRB is required for any foreign person acquiring 15 per cent or more of the Shares or several foreign persons holding 40 per cent or more as well as all foreign government investors acquiring 10 per cent or more of the share capital (including investments which are purely commercial); • NSX listing rules may impose restrictions on the free transferability of Shares issued to certain persons where shares have been issued as consideration for services, to related parties under an employee incentive scheme and in certain other situations.

Shares sold in the U.S. are subject to transfer restrictions. Please refer to section 7.2 for more information.

- C.6 Application for admission to trading on a regulated market** Since June 2010 the Shares have been listed on NSX. The Company applied for a listing of all its issued and outstanding Shares on Oslo Axess on 25 April 2014. In a meeting of the board of directors of Oslo Børs on 30 April 2014, Oslo Børs approved the application for Listing with the following conditions: i) the Company must satisfy the requirement for the number of shareholders as set out in section 2.4.2 of the Oslo Axess Listing Rules, have at least 25 per cent spread of share ownership among the general public, as specified in section 2.4.1 of the Oslo Axess Listing Rules and publish an approved listing prospectus, and ii) the Company must raise a minimum of NOK 30 million (equivalent to USD 5 million) through its planned primary Share issue prior to the first day of listing.

Upon Listing on Oslo Axess the Company intends to review its listing on the NSX.

- C.7 Dividend policy** The Company has never declared or paid cash dividends on its Shares. The Group's principal activity is exploration for hydrocarbons and the licences held by the Group are still in an early stage of exploration and development. Consequently, the Group has insofar no expectation to be in a position to distribute dividends in the foreseeable future.

Section D – Risks

- D.1 Key risks relating to the issuer and its business**
- The Group participates or expect to participate in oil and gas projects in West African countries with emerging economies and the Group's operations are subject to significant political, economic and social uncertainties that may have a material adverse effect on the Group. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, nationalisation, renegotiation or nullification of existing or future concessions and contracts, changes in crude oil or natural gas pricing policies, changes in taxation policies, and the imposition of currency controls. Further, investments in developing countries is generally only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in developing countries. In addition there may also be uncertainties related to existing and future imposition of international sanctions in the countries in which the Group operates.
 - Certain jurisdictions in which the Group operates have a low score on Transparency International's Corruption Perception Index, implying a higher perceived risk of corruption. The Group has established internal regulations and contractual commitments to remain compliant with all applicable corruption compliance regulations. However, corrupt practices of third parties or anyone working for the Group, or allegations of such practices, may have a material adverse effect on the reputation, performance, financial condition, cash flow, prospects and/or results of the Group.
 - Oil and gas exploration and production activities are capital intensive and involve a high degree of risk. The Group is required to make substantial capital expenditure for the acquisition, exploration, development and production of oil and gas reserves in the future. A significant portion of the Group's activity is conducted offshore, which involves an increased degree of risk relative to onshore activity, and may result in additional costs relating to the technical difficulties of operating offshore.
 - All of the Group's licenses are offshore exploration projects. These projects require the co-ordination of a number of activities including obtaining seismic and electromagnetic data, carrying out subsea surveys, and where relevant; obtaining partner approvals and securing rig capacity for the necessary drilling activities. In the current high demand market environment, there are long lead times to arrange these activities. Although the Company currently considers the deep-water rig availability to be generally favourable for the Company and the Group, no assurance can be given that the Company or the Group will be able to secure drilling rig capacity to perform the well commitments as further listed in section 13.3.2 by the relevant due dates and/or on acceptable terms. If the Company fails to successfully co-ordinate the timely delivery or completion of the above-mentioned activities, it may miss out on exploration opportunities and/or it may be required to make additional expenditure. Furthermore, contracting drilling rigs requires significant financial commitment by the Group

and its partners.

- Drilling oil and gas wells is by its nature highly speculative, may be unprofitable and may result in a total loss of the investments made by the Group. Completed wells may never produce oil or gas or may not produce sufficient quantities or qualities of oil and gas to be profitable or commercially viable. Moreover, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells.
- The Group is, and may from time to time be, involved in legal disputes and legal proceedings related to the Group's operations or otherwise. Given that almost all material exploration rights and related contracts of the Group are subject to the national or local laws and jurisdiction of the respective countries in which the licences are held, the Group's legal protection and ability to exercise or enforce its rights and obligations may differ between different countries and also from what would have been the case if such rights and obligations were subject to Australian or Norwegian law and jurisdiction. To the extent the Group becomes involved in legal disputes in order to defend or enforce any of its rights or obligations under its licences, agreements or otherwise, such disputes or related litigation may be costly, time consuming and the outcome may be highly uncertain. Furthermore, legal proceedings could be ruled against the Group and the Group could be required to, *inter alia*, pay damages, halt its operations, stop its expansion projects, etc. It is further a risk that the Group could become involved in legal disputes with uninsured third parties.
- On 3 January 2014 the Government of the Republic of the Gambia purported to terminate licences A1 and A4 in the Gambia in which the Group held a 60 per cent working interest through a farm-in agreement with Buried Hill Gambia B.V. African Petroleum Gambia Limited has disputed the purported termination, and the board of African Petroleum Gambia has resolved that the dispute will now be resolved by arbitration. Furthermore, African Petroleum Gambia has received unquantified claims from its farm-in partner Buried Hill in relation to the Gambian Government's purported termination of the Gambian Licences. Buried Hill has alleged that it has suffered loss as a result of African Petroleum Gambia's breach of the 2010 farm-in agreement. African Petroleum Gambia rejects Buried Hill's claims and if the dispute cannot be amicably resolved any remaining issues will be resolved by confidential ICC arbitration. There can be no assurance that any disputes in connection with the Gambian Licences will be resolved in favour of the Group and any negative outcome may have a material adverse effect on the Group.
- As a consequence of joint and several liabilities, any failure by any of the Group's licence partners to satisfy any significant obligations in connection with the licences may have a material adverse effect on the Group's business, financial condition, operating results and/or cash flow.
- The Group's Prospective Resources estimates included in the Prospectus and the CPR are estimates only and the actual results may be greater than or less than the estimates provided herein. There is no certainty that it will be commercially viable or technically feasible to produce any portion of the Group's resources.
- The value of the Group's assets and the profitability of the Group's operations will depend on the market price of oil and gas, which fluctuates.
- The inability of the Group to recruit and/or retain key personnel and/or local manpower could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- The Group's failure to comply with applicable health, safety and environmental laws and regulations may result in regulatory action, the imposition of fines or the payment of compensation to third parties, which in turn could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- The Group faces significant operating risk factors, including failure to locate or identify oil

reserves, failure to achieve predicted well production flow rates, operational and technical difficulties encountered in exploration or production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated reservoir problems which may affect field production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

- The Company may in the future make acquisitions of, or significant investments in, complementary companies or prospects and additional licence blocks. Any such acquisitions and/or other investments will be accompanied by risks commonly encountered in making such acquisitions.
- There can be no assurance that the Group's future exploration and development efforts will result in the discovery and development of commercial accumulations of oil and gas. If the Group does not succeed in making discoveries, it may not generate revenues.
- The Group is highly dependent on third party contractors. The Group may not be able to predict or avoid the risk of financial failure or default by a participant in any joint venture to which the Group may become a party, insolvency or other managerial failure by any of the operators and contractors used by the Group, and/or insolvency or other managerial failure by any of the other service providers used by the Group for any activity.
- If any of the Group's exploration licences are not renewed or granted or if exclusive exploitation authorisations are not obtained, the Group would be required to cease operations of the affected well or production facility. The loss of some or all of the Group's licences may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- The Group may incur material uninsured losses or damages that may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- The oil and gas industry is highly competitive. Competitors may have greater financial resources, staff and facilities than those of the Group. Due to this competitive environment, the Group may be unable to acquire attractive suitable properties or prospects on terms that it considers acceptable.
- The Group's operations are or will be subject to laws and regulations of general application governing exploration and production and processing of hydrocarbons, land tenure and use, environmental matters, including but not limited to site-specific environmental licences, permits and statutory authorisations, and laws and regulations regarding industry relations, work place health and safety, trade and export, competition, access to infrastructure and taxation. These regulations are implemented by various governments and authorities and could be costly or difficult to comply with and could hence have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- The Group has entered into a number of production sharing contracts with the respective governments in the different countries where the Group operates. The sharing of the production will naturally affect the profitability of the Group and/or the amount of profits from the project that will flow to the Company and its shareholders. This could be affected further if governments utilise options they may have to increase their participation in the licences.
- Even if commercial quantities of oil are discovered, there is a risk that the Group will not be able to produce and/or transport the oil at a reasonable cost or may not be able to sell the oil to customers at a rate which would cover its operating and capital costs. Moreover, the Group may not receive the regulatory and environmental approvals necessary to convert its exploration permits into production concessions.
- There can be no assurance that the Group will have, or be able to secure, sufficient funding to meet its financial obligations as they fall due and such failure could have a material adverse

effect on the Group's financial condition, business, cash flow, prospects and/or results and may entail that the Group would not be able to continue as a going concern. In the event the Group is not able to continue as a going concern, there can be no assurance that the Group will be able realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

- Based on the Group's current cash balances, expected proceeds from the Offering and budgeted spending in 2014 and 2015, the Group will not be in a position to finance its participation in a material portion of the minimum investment requirements without completing one or more farm out transactions during 2014 and/or 2015. Should the Group not be able to meet the minimum investment work program requirements or be unable to renegotiate such requirements, the Group faces a risk of termination or non-extension of its existing licence. Inability to meet work commitments may further give rise to liability towards governments and licence partners and the Group may lose escrow and guarantee amounts.
- Going forward, the Group seeks to fund a material portion of its operations through farm-outs of parts of its licences to industry partners. The Group is depending on farm-outs of one or more of its licences and/or raising additional equity, in order to be able to meet its outstanding work commitments in the current exploration periods in certain of its licences.
- The Company's capital requirements depend on numerous factors. Depending on the Group's exploration success, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. Any required additional financing may not be available for the Group at all or may not be available on acceptable terms.
- The Group currently does not have any interest bearing debt arrangements. However, should the Group enter into any future debt arrangements, the Group might be exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. Currently, the Group has no arrangements in place to mitigate such exposure, and there can be no assurance that the Group will be able to establish such arrangements in the future.
- The Group is exposed to currency risk on contracts that are denominated in a currency other than the respective functional currencies of the entities making up the Group, which is primarily the United States Dollar (USD). The Group has not entered into any derivative financial instrument to hedge such transactions and may as a result incur material losses.
- There can be no assurance that the Group will not incur significant losses due to its counterparties' inability or unwillingness to honour its obligations and this could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.
- The Group has incurred losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. Since the Group intends to continue investing in its exploration program, the Group anticipates making further losses in the foreseeable future.
- The Company has no control of potential future changes to applicable legislation and tax laws under which the Group operates. Future changes to such legislation and tax laws may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

D.3 Key risks relating to the Shares

- The commercial goals and interests of the Company's largest shareholder and the commercial goals and interests of the Company and the other shareholders may not always be aligned. The Company's largest shareholder, Sarella Investments Limited, is controlled by the Timis Trust of which Mr. Frank Timis is the principle beneficiary. Mr. Frank Timis, who was the founder of the Company, stepped down from the Board of Directors in October 2013. Due to historical events related to other listed companies where he has been involved as described

below, Mr. Timis will not be employed by the Company, hold Board positions or play any governance role going forward. Mr. Frank Timis has received a number of penalties and sanctions in Australia relating to various minor and largely driving related offences and two narcotic related offences, and a charge for failing to store explosives correctly. He has also been Executive Chairman and/or a director of two AIM listed companies which, during his term as Executive Chairman and/or director were sanctioned by the London Stock Exchange. The Toronto Stock Exchange (the "TSX") has also on two occasions determined Mr. Timis to be unsuitable to act as a director, officer or major or controlling shareholder of a TSX listed issuer. These determinations by TSX do not constitute a ban on Mr. Timis being a director of an unlisted company in this jurisdiction. Today, Mr. Timis serves as director of International Petroleum Limited, a company which is currently suspended from trading on the NSX.

- The price of the Shares may fluctuate significantly.
- Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares.
- Beneficial owners of the Shares that are registered in a nominee account may not be able to vote for such Shares.
- The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions.
- Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Australia and Norway.
- According to statutory Australian law, foreign ownership of substantial interests in Australian companies is subject to prior approval by the Australian Foreign Investment Review Board. The regulation applies to all Australian incorporated companies valued in excess of AUD 248 million by either (i) market capitalisation and/or (ii) by consolidated total assets on the balance sheet. The Company currently satisfy criteria (ii) which implies that prior approval by FIRB apply to certain foreign shareholdings in the Company. Prior approval is, *inter alia*, required for any foreign person acquiring 15 per cent or more of the shares or several foreign persons holding 40 per cent or more as well as all foreign government investors acquiring 10 per cent or more of the share capital (including investments which are purely commercial).
- The Offer Shares are priced in NOK, and the Shares will be priced in NOK on Oslo Axess and in AUD on NSX. The Company's accounting and cash balances will be kept in USD. Any future payments of dividends on the Shares may be declared by the Company in USD or AUD; however such dividends distributed by the VPS Registrar through the VPS to shareholders with an address in Norway or shareholders holding NOK bank accounts will be distributed in NOK. Shareholders registered in the VPS and whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will receive dividends by cheque in a local currency or in USD (following first conversion to NOK). Accordingly, the investors are subject to adverse movements in AUD, NOK and/or USD against their local currency.
- Risks related to Depository Receipts and the Registrar Agreement include, but are not limited to, the shareholders having limited power to exercise their shareholder rights as a result of the registration of the beneficial interest representing the Shares in the Company in the VPS in the form of Depository Receipts, the risk that the VPS Registrar will not be fulfilling its obligations under the Registrar Agreement and the risk of having the Registrar Agreement terminated.
- The rights of any person holding Shares will be governed by the laws of Australia and the Constitution of the Company. The laws of Australia differ from those of other jurisdictions. Such differences may result in the Company's minority shareholders having less protection than they would have under the laws of other jurisdictions.

Section E – Offer

E.1	Net proceeds and aggregate costs	The gross proceeds of the Offering is expected to be between NOK 100 million and NOK 200 million. The Company estimates that the net proceeds of the Offering after deduction of the estimated commissions and expenses to the Manager and other advisors, as well as other costs associated with the Offering and Listing will be between NOK 79,712,321 and NOK 174,712,323.
E.2a	Reasons for the Offering and use of proceeds	The purpose of the Offering is to position the Company so that it is able to maintain its exploration licences in good standing, and to enable sufficient time and flexibility to farm-out interest(s) in certain licences to strategic partners in order to fund its forward exploration work programs. The Offering is further intended to bring the Company in compliance with the requirement for a Listing of having at least 100 shareholders, each holding Shares with a value of no less than NOK 10,000 in the VPS. A listing on Oslo Axess will provide another regulated marketplace for trading in the Shares, and is intended to provide greater liquidity in the Shares. It will also further facilitate the use of capital markets in order to raise equity should the Company need to in the future, and enable the Company to use its Shares as transaction currency in future acquisitions and mergers, if any.

E.3	Terms and conditions of the Offering	The table below provides certain indicative key dates for the Offering, subject to change.
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	Date
Commencement of the Bookbuilding Period in the Institutional Offering	12 May 2014, at 9:00 a.m. (CET)
Commencement of the Order Period for the Retail Offering.....	12 May 2014, at 9:00 a.m. (CET)
Expiry of the Order Period for the Retail Offering.....	20 May 2014, at 12:00 p.m.(CET) ⁽¹⁾
Close of the Bookbuilding Period in the Institutional Offering.....	20 May 2014, at 3:00 p.m. (CET) ⁽¹⁾
Allocation of Offer Shares	On or about 20 May 2014
Notification of allocation	On or about 21 May 2014
Payment due date	On or about 26 May 2014
Registration of the capital increase and issuance of the Underlying Shares	On or about 28 May 2014
Registration of the Shares in the VPS and issuance of Depository Receipts	On or about 28 May 2014
Delivery of the Offer Shares	On or about 28 May 2014
Commencement of trading in the Shares on Oslo Axess.....	On or about 30 May 2014

⁽¹⁾ Subject to shortening or extension. To the extent the Bookbuilding Period or the Order Period is shortened or extended, all other dates referred to in this table may be amended correspondingly.

The Company intends to raise between NOK 100 million and NOK 200 million in gross proceeds in the Offering. Assuming gross proceeds of NOK 150 million and an Offer Price at the midpoint of the Indicative Price Range, the number of Offer Shares to be issued by the Company will be 109,090,909 (subject to adjustment as further described below). The Offer Shares will be issued by the Company pursuant to a resolution by the Board of Directors in accordance with an authorisation granted by an extraordinary general meeting in the Company held on 2 April 2014 and in accordance with Clause 2.2 of the Constitution of the Company and the rules and procedures of NSX. The final number of Offer Shares to be issued in the Offering will be determined by the Company and the Manager, subsequent to the expiry of the Bookbuilding Period.

In addition, pursuant to the Over-Allotment Facility, the Manager may, with consent of the Company, elect to over-allot a number of Additional Shares equalling up to 10 per cent of the number of Offer Shares initially allocated (but in any event not more than 10 per cent of the maximum number of Offer Shares set forth herein). The Over-Allotment Facility will only be utilised to the extent that the Manager has, prior to expiry of the Bookbuilding Period (as shortened or extended), received a no-action letter from ASIC in respect of the proposed stabilisation activities, which activities may have a potential indirect effect on the market price of Shares traded on the NSX.

The Offering comprises two tranches:

- the Retail Offering, in which Offer Shares are being offered to the public in Norway subject to a lower limit per application and allocation of NOK 10,500 and an upper limit per application and allocation of NOK 999,999 for each Applicant. Applicants in the Retail Offering will receive a discount of NOK 1,500 on their aggregate application amount for the Offer Shares allocated to such Applicants; and
- the Institutional Offering, in which Offer Shares are being offered to (i) investors in Norway, (ii) to investors outside Norway and the United States pursuant to applicable exemptions from local prospectus requirements and other filing requirements and in compliance with Regulation S under the U.S. Securities Act, and (iii) in the United States to qualified institutional buyers (QIBs) as defined in, and in reliance on Rule 144A under the U.S. Securities Act, in each case subject to a lower limit per application of NOK 1,000,000.

In the event that an Applicant applies for Offer Shares in both the Retail Offering and the Institutional Offering, the Applicant's combined application will be regarded as an application in the Institutional Offering. In the event that an Applicant submits two or more applications in the Retail Offering, the Applicant's combined application may, if the total amount reaches or exceeds the minimum application amount in the Institutional Offering, be regarded as an application in the Institutional Offering. In such cases, the Applicant will not be eligible for the retail discount.

A non-binding Indicative Price Range of NOK 1.30 to NOK 1.45 per Offer Share (the Indicative Price Range) has been set by the Board of Directors after consultation with the Manager. The Indicative Price Range may be amended at any time during the Bookbuilding Period. Any such amendments to the Indicative Price Range will be announced in releases through the electronic information system of Oslo Børs. The Bookbuilding process, which will form the basis for the determination of the final Offer Price and the number of Offer Shares, will be conducted only in connection with the Institutional Offering.

The Bookbuilding Period for the Institutional Offering is expected to take place from 12 May 2014 at 9:00 a.m. (CET) to 20 May 2014 at 3:00 p.m. (CET). The Order Period for the Retail Offering is expected to take place from 12 May 2014 at 9:00 a.m. (CET) to 20 May 2014 at 12:00 p.m. (CET). The Bookbuilding Period and/or the retail Order Period may be shortened or extended at the Company's own discretion, but will in no event close earlier than 19 May 2014 at 4:30 p.m. (CET) or be extended beyond 2 June 2014 at 3:00 p.m. (CET).

It has been provisionally assumed that 10 per cent of the Offering will be reserved for applications through the Retail Offering and 90 per cent of the Offering will initially be reserved for the Institutional Offering.

The Company, together with the Manager, reserve the right to at any time increase or reduce the number of Offer Shares in the Offering and the corresponding proceeds from the Offer, depending on the number and size of orders or applications received in the Offering, if the Offer Price is set outside the prevailing Indicative Price Range at the time of the Prospectus or due to other factors.

The Offering is subject to the Board of Directors' decision to issue the Offer Shares and complete the Offering and the Company fulfilling the conditions for the Listing as set by Oslo Børs in the board meeting held by Oslo Børs on 30 April 2014. The Company reserves the right, in consultation with the Manager, to withdraw, suspend or revoke and not to consummate the Offering at its sole discretion (and for any reason), including during the Bookbuilding Period, at any time until the Offer Shares have been issued. In such case, this will be announced through Oslo Børs' information system.

In the event that the Offering is cancelled, all orders for Offer Shares will be disregarded, any allotments made will be deemed not to have been made, and any payments made will be returned without interest or other compensation.

The allocation of Offer Shares to the Applicants in the Institutional Offering is expected to be determined by the Company in consultation with the Manager on or about 20 May 2014. Notifications of allocations in the Institutional Offering are expected to be issued by the Manager on or about 21 May 2014. The allocation in the Retail Offering will take place after the expiry of the Order Period. Written notifications of allocations in the Retail Offering are expected to be issued by the Manager on or about 21 May 2014 by post.

Payment for the Offer Shares allocated to Applicants in the Institutional Offering shall be made on or by 26 May 2014 to the account indicated in the notification of allocation. In completing the Order Form, each Applicant in the Retail Offering will irrevocably authorise the Manager to debit the Applicant's Norwegian bank account for the total amount due for the ordered and allocated Offer Shares on or about 26 May 2014 and there must be sufficient funds in the stated bank account from and including 23 May 2014.

Applicants not having a Norwegian bank account, must ensure that payment of the allocated Offer Shares is made on or before the payment due date (26 May 2014). Further details and instructions will be set out in the allocation notes to the Applicants and can also be obtained by contacting the Manager by telephone at: + 47 22 87 87 00.

Subject to timely payment by the Applicant, Offer Shares allocated to Applicants in the Retail Offering are expected to be delivered in the form of Depository Receipts registered in VPS to the Applicants' VPS accounts and be available for the Applicant on or about 28 May 2014. Subject to timely receipt of payment, delivery of Offer Shares allocated to Applicants in the Institutional Offering is expected to take place on or about 28 May 2014 in the form of Depository Receipts registered in the VPS.

It is expected that the Company will be listed and that it will be possible to trade the Offer Shares on Oslo Axess from and including 30 May 2014. However, there can be no assurance that the Listing will be achieved by this date or at all.

E.4 **Interests
material to the
offer**

The Manager or its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Further, a portion of the commissions that are to be paid for the services of the Manager in respect of the Offering are calculated on the basis of the gross proceeds of the Offering.

The Company will receive the proceeds of the Offering.

Other than as set out above, the Company is not aware of any interest of any natural and legal persons involved in the Offering that is material to the Offering.

E.5 **Selling entity
and lock-up
agreements**

The Offer Shares will be issued by African Petroleum.

None of the Company's existing shareholders will sell any shares in connection with the Offering.

In connection with the Offering, the Manager has entered into lock-up agreements with the Company, Sarella Investments Limited and the members of senior management and Directors of African Petroleum. Under such lock-up agreements, the Company has agreed for a period of 365 days calculated from the first day of the Listing not to issue new Shares without the prior written consent of the Manager. Furthermore, Sarella Investments Limited and members of senior management and Directors of the Company have agreed not to dispose of or sell the Shares held by them, for the periods described below, unless the Manager has granted prior written approval. As a result of entering into the voluntary restriction arrangements with Sarella Investments Limited, senior management and Directors of African Petroleum, the Manager will be technically acquiring a relevant interest in the Shares which are subject of the

voluntary restrictions and this interest will exceed the 20 per cent relevant interest threshold permitted under the Australian Corporations Act. For this reason, the voluntary restriction arrangements apply unconditionally in relation to the first 19.9 per cent of the issued Shares which are held by Sarella Investments Limited for 12 months from the date of the agreements, and for 3 months in relation to the balance of the Shares which are subject to the voluntary restriction arrangements. The restrictions will extend for the full 12 months from the date of the agreements if, within that 3 month period, the Australian Securities and Investments Commission grants relief to the Manager in relation to the 20 per cent limit. This relief has been obtained.

E.6	Dilution	Shareholders not participating in the Offering are subject to a direct dilution of their ownership, depending on the Offer Price and the number of Offer Shares issued in the Offering. Assuming gross proceeds of NOK 200 million and an Offer Price at the low point of the Indicative Price range, the dilution of existing shareholders not participating in the Offering will be 19.2 per cent, and assuming gross proceeds of NOK 100 million and an Offer Price at the high-point of the Indicative Price range, the dilution of existing shareholders not participating in the Offering will be 9.6 per cent.
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E.7	Expenses charged to the investor	Not applicable. The expenses related to the Offering will be paid by the Company.
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2. RISK FACTORS

2.1 GENERAL

Investing in the Company involves inherent risks. This Section 2 "Risk Factors" contains an overview of the risk factors that are known to the Company and considered material by it. Prospective investors should consider, among other things, the risk factors set out in this Prospectus before making an investment decision, and should consult his or her own expert advisors as to the suitability of an investment in the Shares.

An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment.

If any of the following risks actually occur, individually or together with other circumstances, the Company's business, financial position, cash flow and operating results could be materially and adversely affected, which may cause a decline in the value and trading price for the Shares that could result in a loss of all or part of any investment in the Shares.

The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

2.2 RISKS RELATED TO THE COUNTRIES IN WHICH THE GROUP OPERATES

2.2.1 The Group operates in developing countries facing political, economic and social uncertainties

African Petroleum and its subsidiaries (together the "Group") participates or expects to participate in oil and gas projects in countries in West Africa with emerging economies, including but not limited to Côte d'Ivoire, Liberia, Senegal and Sierra Leone. Oil and gas exploration, development and production activities in such emerging markets are subject to significant political and economic uncertainties that may have a material adverse effect on the Group. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, nationalization, renegotiation or nullification of existing or future licences and contracts, changes in crude oil or natural gas pricing policies, changes in taxation policies, and the imposition of currency controls.

Investment in developing countries is generally only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in developing countries. Investors should also note that developing countries are subject to rapid change and that the information set forth in this Prospectus may become outdated relatively quickly. Moreover, financial turmoil in developing countries tend to adversely affect prices in equity markets of other developing countries as investors move their money to more stable, developed markets. Thus, financial turmoil in any developing countries in which the Group operates could adversely affect the Group's business, financial condition, results of operations and prospects as well as result in a decrease in the price of the Shares.

There may also be uncertainties related to the imposition of international sanctions in the countries in which the Group operates. Côte d'Ivoire is listed *inter alia* on the United States' OFAC SDN List, certain EU lists relating to asset freeze and travel ban and is also subject to the Norwegian Regulation FOR-2004-12-10-1617 regarding sanctions and certain measures against Côte d'Ivoire. As regards Sierra Leone, the country is placed on certain Swiss sanction lists relating to travel ban and is also subject to the United Nations resolution 1132 (1997) and the Norwegian Regulation FOR-1997.10-23-1116. In addition, Liberia is listed *inter alia* on the United States' OFAC SDN List, certain EU lists relating to asset freeze, certain Swiss sanction lists relating to asset freeze and travel ban and is also subject to the Norwegian Regulation FOR-1992-11-27-879 regarding sanctions against Liberia.

The uncertainties listed above, all of which are beyond the Group's control, could have a material adverse effect on the Group's business, prospects, financial position and/or results of operations.

2.2.2 The Group operates in countries with a high risk of corrupt practices

Certain jurisdictions in which the Group has operations have a low score on Transparency International's Corruption Perception Index which implies that these countries are perceived as jurisdictions where there is a higher risk of corruption. The Group's core assets are located in Sierra Leone, Liberia, Senegal and Côte d'Ivoire. The production sharing contracts in such jurisdictions provide for payments to the Governments (training budgets, equipment budgets, etc.). Furthermore, the Group has a number of consultants working for it in the area. Although the Group believes all its consultancy agreements are entered into on market terms, there

is a risk that agents or other persons acting on behalf of the Group may engage in corrupt activities without the knowledge of the Group.

The Group has put in place internal regulations and contractual commitments to remain compliant with all applicable corruption compliance regulations. The Group maintains a zero tolerance policy towards bribery by any of its employees and agents. The Group is also subject to the provisions of the UK Bribery Act, and external audits and controls carried out by representatives of its contracting parties to this effect. However, corrupt practices of third parties or anyone working for the Group, or allegations of such practices, may have a material adverse effect on the reputation, performance, financial condition, cash flow, prospects and/or results of the Group.

2.2.3 The Group operates in areas where there is a risk of war, social and civil unrest, armed conflicts, piracy and/or terrorist attacks

The Group operates in certain countries with recent history of political instability, and strong political tension, turmoil and factional fighting. Although the political situation in the countries in which the Group operates currently is relatively stable, there can be no assurance that the Group and its operations will not be materially negatively impacted by instability in the future.

War, social and civil unrest, conflicts, military tension and/or terrorist attacks may cause instability in the areas in which the Group is operating, or may cause instability in the world's financial and commercial markets. Political and economic instability may occur in some of the geographic areas in which the Group operates (or may operate in the future) and may contribute to disruptions of operations, loss or seizure of vessels, kidnapping of marine crew or onshore employees, piracy and other adverse effects including increased operating costs.

In addition, acts of terrorism and threats of armed conflicts in or around various areas in which the Group operates (or may operate in the future) could limit or disrupt the Group's operations, including disruptions from evacuation of personnel, cancellation of contracts or the loss or injury of personnel or loss or damage to its assets. Armed conflicts, terrorism and their effects on the Group or its markets may have a significant adverse effect on the Group's business, financial condition, cash flow, prospects and/or results of operations in the future.

2.2.4 The Group operates in areas with different legal systems and litigation

The Group's activities are located in countries with legal systems that in various degrees differ from those of Australia and Norway. Rules, regulations and legal principles may differ both relating to matters of substantive law and in respect of matters such as court procedure and enforcement. Almost all material production and exploration rights and related contracts of the Group are subject to the national or local laws and jurisdiction of the respective countries in which the licences are held. This means that the Group's legal protection and ability to exercise or enforce its rights and obligations may differ between different countries and also from what would have been the case if such rights and obligations were subject to Australian or Norwegian law and jurisdiction. The Group's operations are, to a large extent, subject to several complex laws and regulations as well as detailed provisions in concessions, licences and agreements that often involve several parties. If the Group fails to obtain legal protection of its rights or to enforce its rights under the different applicable legal systems, this could have a material adverse effect on the Group, its financial condition, cash flow, prospects and/or operations.

Please also refer to risk factor 2.3.7 below in relation to the Gambian Licences.

2.3 RISKS RELATED TO THE BUSINESS OF THE GROUP

2.3.1 Offshore exploration is by its nature highly speculative

The Group's offshore acreage is located in largely unexplored sections of the West African deep water margin. The Group has drilled three wells on Licence Block LB-09, offshore Liberia, and although all three wells were deemed to have discovered hydrocarbons, the Company has not announced a discovery that is estimated to be possible to develop commercially.

All of the Group's projects are in an early exploration stage, and there is a risk that any future exploration programs on these and any licences the Group may acquire in the future may be unsuccessful and may not discover commercial quantities of hydrocarbons.

Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable reserves;
- access to adequate capital for project development;
- design and construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to interests;
- obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Drilling oil and gas wells is by its nature highly speculative, may be unprofitable and may result in a total loss of the investments made by the Group. In particular, completed wells may never produce oil or gas or may not produce sufficient quantities or qualities of oil and gas to be profitable or commercially viable.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

There is no assurance that any exploration of current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs, as there is no guarantee that the wells that are productive will produce sufficient net revenues to cover any such costs.

In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In the event of a commercial discovery, the development of hydrocarbon reserves, particularly in the offshore arena where the Group primarily operates, depends on a number of factors such as the type and size of the reservoir, the proximity to existing infrastructure with adequate capacity for new production, and available markets for any production. In addition, the Group is exposed to risks such as weather and other factors that can often result in delays and unanticipated cost overruns.

All of these risks may have a material adverse effect on the Group, its financial condition, cash flow, prospects and/or operations.

2.3.2 The Group's operations are capital intensive and involve a high degree of risk

Oil and gas exploration and production activities are capital intensive and involve a high degree of risk. The Group is required to make substantial capital expenditure for the acquisition, exploration, development and production of oil and gas reserves in the future. Please see section 2.5 for a description of the financial risks of the Group and section 13.3.2 for an overview of future investments. Such capital expenditures could be covered by future revenues, divestment of assets/farm-outs, carry arrangements, new equity or by obtaining new debt financing. If the Group in the future fails to generate sufficient revenue, or if the Group is unable to attract investors to increase the Group's equity, or if sufficient new debt arrangements, asset divestment arrangements/farm-outs and/or capital expenditure financings are not accessible, or only accessible on unattractive commercial terms, the Group will have a limited ability to undertake or complete future exploration programs, maintenance of existing assets, development investments and acquisitions.

Limited available capital will also impact the Group's ability to maintain existing assets and undertake exploration and development initiatives. The Group's inability to access sufficient capital for its operations could lead to licences being revoked or relinquished or default by the Group under commercial arrangements, including joint venture agreements, or otherwise have a material adverse effect on the Group's financial conditions, results of operations, cash flow and/or prospects in general.

There is no assurance that expenditures made on future exploration by the Group will result in new discoveries of oil or gas in commercial quantities. It is difficult to estimate the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over-pressured zones, tools lost in the well bore and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. If exploration activities prove unsuccessful over a prolonged period of time, the Group may not have sufficient working capital to continue to meet its obligations and its ability to obtain additional financing necessary to continue operations may also be adversely affected.

All of these risks may have a material adverse effect on the Group, its financial condition, cash flow, prospects and/or its operations.

2.3.3 Availability of drilling equipment, coordination of exploration and production activities and access restrictions

All of the Group's licenses are offshore exploration projects. These projects require the co-ordination of a number of activities including obtaining seismic and electromagnetic data, carrying out subsea surveys, and where relevant; obtaining partner approvals and securing rig capacity for the necessary drilling activities. In the current high demand market environment, there are long lead times to arrange these activities. Although the Company currently considers the deep-water rig availability to be generally favourable for the Company and the Group, no assurance can be given that the Company or the Group will be able to secure drilling rig capacity to perform the well commitments as further listed in section 13.3.2 by the relevant due dates. If the Company fails to successfully co-ordinate the timely delivery or completion of these activities, it may miss out on exploration opportunities and/or it may be required to make additional expenditure.

Furthermore, contracting drilling rigs requires significant financial commitment. The Group is currently estimating total drilling costs of between USD 50 – 70 million per well to be drilled by the Group (depending on specific factors such as water depth and rig availability for each well). The Company has made its estimates on the assumptions of a daily rate of USD 500,000 – USD 600,000 for each drilling rig, but there can be no assurance that the Company or the Group is able to secure rigs on such terms or on commercially acceptable terms. Furthermore, as set out in section 2.5.3, the Company is dependent on a farm-out of one or more of its licences and/or on raising additional equity in order to be able to meet minimum investment work program requirements in the current exploration periods in certain of its licences, including but not limited to the drilling of three wells and one contingent well. If such requirements are not met, the Group would be at risk of making aggregate payments of up to USD 30 million under corporate guarantees and be at risk of forfeiting up to USD 12 million held in escrow accounts as further described in sections 2.5.2 and 8.9.4. The Group will further be at risk of having the affected licences terminated.

The Group has not currently secured any drilling rig capacity, and as further explained above, the failure to secure such rig capacity could have a material adverse effect on its business, financial condition, results of operations and/or cash flows.

Furthermore, the Group is dependent on available and functioning infrastructure and support functions relating to the properties on which it operates such as, supply bases, support vessels and other logistical services. If any infrastructure or system failures occur or do not meet the requirements of the Group, the Group's operations may be significantly hampered which could result in delayed, postponed or cancelled petroleum operations and/or higher costs. This could have a material adverse effect on the Group's financial condition, results of operations and/or cash flows. In most of the areas in which the Group operates, very little infrastructure and support functions of any sort that are commonly associated with petroleum operations are in existence.

2.3.4 Risk regarding Prospective Resources

"Prospective Resources" is defined in the Petroleum Resources Management System as those quantities of petroleum estimated, as of a given date, to be potentially recoverable undiscovered accumulations (future projects). Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analogue developments in the earlier phases of exploration.

The Group's Prospective Resources estimates are estimates only and the actual results may be greater than or less than the estimates provided in this Prospectus and the CPR. There is no certainty that it will be commercially viable or technically feasible to produce any portion of the resources.

The range of uncertainty of the recoverable and/or potentially recoverable volumes may be represented by either deterministic scenarios or by probability distribution. When the range of uncertainty is represented by probability distribution, P90, P50 and P10 refer to the low estimate, best estimate, and high estimate, respectively.

With respect to the Group's Prospective Resources estimates set forth in this Prospectus, the figures are derived from the CPR dated 22 April 2014 prepared by ERC Equipoise Ltd. ("ERC Equipoise"), an independent qualified resources evaluator, evaluating the Prospective Resources of the Group as of 31 December 2013, based on the Group's current working interest in its Licences. There is no certainty that any portion of the undiscovered prospective resources will be discovered. If a discovery is made, there is no certainty that it will be commercially viable to produce any portion of the resources. The uncertainty associated with the Group's Prospective Resources may have a material adverse impact on the operations, financial situation, cash flow, prospects and/or results of the Group.

2.3.5 Approvals, permits and licences

Under applicable laws and regulations in the countries where the Group operates, currently being Côte d'Ivoire, Liberia, Senegal, and Sierra Leone, the Group will be required to renew its licences with respect to exploration activities. In addition, the Group would be required, subject to commercial petroleum discoveries being made, to apply for exclusive exploitation authorisations.

If any of these exploration and production licences are not renewed or granted or exclusive exploitation authorisations are not obtained, the Group would be required to cease operations of the affected well or production facility. The loss of some or all of the Group's licences may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.3.6 Risks associated with legal disputes, different legal systems and litigation

The Group is, and may from time to time be, involved in legal disputes and legal proceedings related to the Group's operations or otherwise. To the extent the Group becomes involved in legal disputes in order to defend or enforce any of its rights or obligations under its licences, agreements or otherwise, such disputes or related litigation may be costly, time consuming and the outcome may be highly uncertain. Furthermore, legal proceedings could be ruled against the Group and the Group could be required to, *inter alia*, pay damages, halt its operations, stop its expansion projects, etc. It is further a risk that the Group could become involved in legal disputes with uninsured third parties. Even if the Group would ultimately prevail (which cannot be assured), such disputes and litigation may have a substantially negative effect on the Group, its financial condition, cash flow, prospects and/or its operations.

The occurrence of any such event could have a material adverse effect on the Group's business, prospects, financial position and/or results of operations.

Please also refer to risk factor 2.3.7 below in relation to the Gambian Licences.

2.3.7 Risk of potential liability in connection with the purported termination of the Gambian Licences

On 3 January 2014 the Government of the Republic of the Gambia (the "Gambian Government") purported to terminate licences A1 and A4 in the Gambia (the "Gambian Licences") in which the Group held a 60 per cent working interest through a farm-in agreement with Buried Hill Gambia B.V ("Buried Hill"). The Gambian Government also notified African Petroleum Gambia Limited ("African Petroleum Gambia") that all other obligations due to the Gambian Government should be fulfilled as required by the Gambian Licences. African Petroleum Gambia has disputed the purported termination and is actively seeking to persuade the Gambian Government to agree a basis for the continuation of the Gambian Licences. The Gambian Government has failed to respond to African Petroleum Gambia's invitations to meet. In the circumstances African Petroleum Gambia's board has resolved that the dispute will now be resolved by arbitration, and a request for arbitration in respect of the Gambian Licences was registered by ICSID on 21 March 2014. Disputes under the Gambian Licences are subject to strict confidentiality obligations. Please refer to section 8.9.2 below for further details.

Further, African Petroleum Gambia has received unquantified claims from its farm-in partner Buried Hill in relation to the Gambian Government's purported termination of the Gambian Licences. Buried Hill has alleged that it has suffered loss as a result of African Petroleum Gambia's breach of the 2010 farm-in agreement with Buried Hill. African Petroleum Gambia rejects Buried Hill's claims and if the dispute cannot be amicably resolved any remaining issues will be resolved by confidential ICC arbitration. Please refer to section 8.9.2 below for further details.

There can be no assurance that any disputes in connection with the Gambian Licences will be resolved in favour of the Group and any negative outcome may have a material adverse effect on the Group.

2.3.8 Risk of joint and several liabilities with its licence partners

Under each licence, the Group is liable on a joint and several basis together with its licence partners for the liabilities of the licence group (including but not limited to decommissioning liabilities). Whilst such joint and several liability is regulated among the licence group through the joint operating agreement ("JOA"), ultimately failure by a licence partner to satisfy its obligations may result in the other licence partners (including the Group) being liable for such failure and therefore increase the Group's exposure related to the licence in question. As a consequence of joint and several liabilities, any failure by a licence partner to satisfy any significant obligations may have a material adverse effect on the Group's business, financial condition, operating results and/or cash flow.

2.3.9 Risks relating to the price of oil and gas

The value of the Group's assets and the profitability of the Group's operations will depend on the market price of oil and gas, which fluctuates. Historically, oil prices have fluctuated widely for many reasons, including global and regional supply and demand, and expectations regarding future supply and demand for oil and petroleum products; geopolitical uncertainty; access to pipelines, tanker ships and other means of transporting oil, gas and petroleum products; prices, availability and government subsidies of alternative fuels; prices; and availability of new technologies; the ability of the members of the Organization of Petroleum Exporting Countries ("OPEC") and other oil-producing nations to set and maintain specified levels of production and prices; political, economic and military developments in oil producing regions, particularly the Middle East; domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalizations; global and regional economic conditions; and weather conditions and natural disasters. It is impossible to predict accurately future oil and gas price movements. The economics of production from some of the Group's assets may change as a result of lower prices, which could result in a significant reduction in the volumes of the Group's estimated resources if some are no longer economically viable to develop. Such fluctuations could materially affect the Group's financial condition, business, prospects, cash flow and/or results.

Oil and gas are energy commodities. Substantial or prolonged decline in oil and gas prices could have a material adverse effect on the Group's future operations and financial condition. Future prices cannot be predicted with any degree of certainty.

2.3.10 The Group is dependent on senior executives, key personnel and local content

The Group's development and prospects depend on the continued services and performance of its senior management and other key personnel. The loss of the services of any of the senior management or key personnel may have a material adverse impact on the Group. Due to the risks of the areas where the Group operates, key personnel may sometimes only be obtained or retained at a high cost to the Group.

The loss of any member of senior management may result in a loss of organizational focus, poor operating execution or an inability to identify and execute potential strategic initiatives such as international expansion. The Group is subject to laws and regulations regarding local content for its operations in West Africa. The availability of skilled local manpower may be limited and may restrict the Group's ability to retain the necessary local capability, increase the cost of personnel or cause the Group to be unable to win contracts which are dependent on high levels of local content.

The inability of the Group to recruit and/or retain key personnel and/or local content could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.3.11 Health, safety and environmental risks

All phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to numerous international conventions and EU and state and municipal laws and regulations,

concerning health, safety and environmental ("HSE") matters including, but not limited to, those relating to the health and safety of employees, discharges of hazardous substances into the environment and the handling and disposal of waste. The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. The failure to comply with applicable HSE laws and regulations may result in regulatory action, the imposition of fines or the payment of compensation to third parties which each in turn could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

The Group's exploration activities and potential operations in the countries where the Group operates are regulated by laws with respect to environmental issues (such as water quality, air quality, dust impact, water bed, and fauna impact) and planning issues (such as approval to lay a pipeline). Some of these countries' governments require petroleum companies to post cash deposits or give other security on the area which is being used for exploration and production, with those cash deposits being returned or security released after satisfactory reclamation is completed.

Many of the activities and operations of the Group are environmentally sensitive and cannot be carried out without prior approval from all relevant authorities. The Group intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Group may be liable for environmental rehabilitation, damage control and losses due to risks inherent in its activities, such as accidental spills, leakages or other unforeseen circumstances. If environmental laws are breached these could result in substantial fines and/or closure of the Group's operations.

The licences entered into by the Group with governments contain obligations on the Group to provide effective and safe system for disposal of water and waste oil, oil base mud and cuttings, to control the flow and prevent the escape of avoidable waste, to prevent damage to onshore lands and to trees, crops, buildings or other structures, to prevent damage to marine life and fishing activities.

There is also a risk that the environmental laws and regulations may become even more onerous, increasing the Group's operating costs.

Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of substantial fines and penalties. Environmental legislation, moreover, is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to material liabilities and foreign governments or third parties may require the Group to incur costs to remedy such discharges. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.3.12 Operating risks

The operations of the Group may be materially affected by various factors, including failure to locate or identify hydrocarbon reserves, failure to achieve predicted well production flow rates, operational and technical difficulties encountered in exploration or production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated reservoir problems which may affect field production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. All of such factors may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.3.13 Potential acquisitions

The Company may in the future make acquisitions of, or significant investments in, complementary companies or prospects and additional licences. Any such acquisitions and/or other investments will be accompanied by risks commonly encountered in making such acquisitions.

2.3.14 The Group may not be able to discover or acquire commercially exploitable reserves

The Group's future oil and gas reserves, production, and cash flows are highly dependent on the Group successfully acquiring resources or making new discoveries. There can be no assurance that the Group's future exploration and development efforts will result in the discovery and development of commercial accumulations of oil and gas. If the Group does not succeed in making commercial discoveries, it may not generate revenues.

2.3.15 Third party contractors

The Group is highly dependent on third party contractors and is, *inter alia* unable to predict the risk of:

- financial failure or default by a participant in any joint venture to which the Group may become a party; or
- insolvency or other managerial failure by any of the operators and contractors used by the Group; and/or
- insolvency or other managerial failure by any of the other service providers used by the Group for any activity.

2.3.16 Insurance

Oil and natural gas exploration, development, and production operations are subject to associated risks and hazards, such as fire, explosion, blowouts, and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property, and the environment or in personal injury. Insurance against all risks associated with oil and gas production is not available or affordable. The Group will maintain insurance where it is considered appropriate for its needs, however, it will not be insured against all risks either because appropriate cover is not available or because the Group considers the required premiums to be excessive having regard to the assumed benefits that would accrue. The Group may incur material uninsured losses or damages that may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.4 RISKS RELATED TO THE INDUSTRY**2.4.1 The industry in which the Group operates is highly competitive**

The oil and gas industry is highly competitive in all its phases. There is strong competition for the discovery and acquisition of properties considered to have commercial potential. The Group competes with other exploration and production companies, many of which include major international oil and gas companies which may have greater financial resources, staff and facilities than those of the Group. These companies have strong market power as a result of several factors, such as the diversification and reduction of risk, including geological, price and currency risks; better financial strength facilitating major capital expenditures; greater integration and the exploitation of economies of scale in technology and organization; stronger technical experience; better infrastructure and reserves; and stronger brand recognition. Due to this competitive environment, the Group may be unable to acquire attractive suitable properties or prospects on terms that it considers acceptable. As a result, the Group's revenues may decline over time, thereby materially and adversely affecting its financial condition, business, cash flow, prospects and/or results.

2.4.2 Regulation of the oil industry

The Group's operations in the countries in which it operates, are or will be subject to laws and regulations of general application governing exploration production and processing of hydrocarbons, land tenure and use, environmental matters, including but not limited to site-specific environmental licences, permits and statutory authorisations, and laws and regulations regarding industry relations, work place health and safety, trade and export, competition, access to infrastructure and taxation. These regulations are implemented by various governments and authorities and could be costly or difficult to comply with and could hence have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.4.3 Production sharing arrangements (PSCs)

PSCs are common contracts signed between a government and a resource extraction company. The Group has entered into a number of PSCs with the respective governments in the different counties where the Group operates. According to these contracts, the production resulting from oil operations must be shared between the Group and the governments or the governments have the option to acquire a participating interest in the operating company. In some of the countries where the Group operates, the governments also have an option to increase their participation in the licences.

The sharing of the production will naturally affect the profitability of the Group and/or the amount of profits from the project that will flow to the Company and its shareholders. This could be affected further if some governments decide to increase their participation or the size of their share.

2.4.4 Commercialisation risks

Even if the Company discovers commercial quantities of oil, there is a risk that the Group will not achieve a commercial return. The Group may not be able to produce and/or transport the oil at a reasonable cost or may not be able to sell the oil to customers at a rate which would cover its operating and capital costs. The Group has to receive regulatory and environmental approval to convert its exploration permits into production concessions. There is a risk that these approvals may not be obtained.

All of these risks may have a material adverse effect on the Group, its financial condition, cash flow, prospects and/or operations.

2.5 FINANCIAL RISKS

2.5.1 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does, at the date of this Prospectus, not have any external borrowings.

Notwithstanding the Group's efforts to manage the liquidity risk, there can be no assurance that the Group will have, or be able to secure, sufficient funding to meet its financial obligations as they fall due and such failure could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results and may entail that the Group would not be able to continue as a going concern. In the event that the Group is not able to continue as a going concern, there can be no assurance that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report. The 2013 Annual Report does not include any adjustment relating to the recoverability or classification of recorded asset amounts nor to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

2.5.2 Risk of not meeting work commitments

The terms of the Group's exploration licences include minimum investment work programs which must be met in order for the Group to maintain its licences. For certain of the Group's licences, the minimum investment work programs require material investments during a relatively short period of time (seven to twelve years), including drilling of exploration wells in 2015.

Based on the Group's current cash balances, expected proceeds from the Offering and budgeted spending in 2014 and 2015, the Group will not be in a position to finance its participation in a material portion of the minimum investment requirements as further described in section 13.3.2 below, without completing one or more farm-out transactions or other significant funding during 2014 and/or 2015.

As described in sections 9.1.6, 9.2.6, 9.3.6 and 9.4.6 the Group has minimum investment requirements in relation to the current phases of its licences, with gross aggregate minimum investment requirements totaling USD 190 million. As further described in section 13.3.2, these commitments are to drill four wells, acquire 3D seismic and undertake further geoscience work in the current exploration phases of its licenses (with gross aggregate budgeted costs of USD 250 million), including but not limited to, 3D seismic and one contingent well on the SL-4A-10 licence in Sierra Leone by September 2015; one well on the ROP licence in Senegal by October 2015; one well on the CI-513 license in Côte d'Ivoire by December 2015; and one well on the CI-509 license in Côte d'Ivoire by March 2016.

Should the Group not be able to meet any minimum investment work program requirements or be unable to renegotiate the minimum investment work program requirements, the Group faces a risk of termination or non-extension of its existing licence interests as well as the risk of having to make payments under the guarantees

provided in respect of the relevant licences. As described in section 8.9.4 the Group would be at risk of making aggregate payments of up to USD 30 million under corporate guarantees and be at risk of forfeiting up to USD 12 million held in escrow accounts should it not be able to meet minimum investment work program requirements. Inability to meet minimum investment work program requirements may further give rise to liability towards governments and licence partners. There can be no assurance that the Group will successfully obtain extensions on the terms of its licenses, or complete farm-outs, or that the Group will be able to meet minimum investment work program requirements. The non-occurrence of any such event may have a material adverse effect on the Group's business, results of operation, prospects and liquidity.

Please also see section 2.3.7 regarding the Group's risks relating to the purported termination of the Gambian Licenses and section 2.5.3 below for further details on the Group's dependency on farm-outs. For further information regarding the licence terms, guarantees and expiry dates, refer to section 9 of this Prospectus.

2.5.3 Dependency on farm-outs

To date the Group has acquired and maintained a high working interest in all of its licences, most of which are owned with 100 per cent working interest or as exclusive partner to domestic national oil companies. Going forward the Group seeks to fund a material portion of its operations through farm-outs of parts of its licence interests to industry partners. A key merit of the farm-out strategy is to introduce additional technical competence from industry partners in the evaluation and development of the Group's licence interests. In addition, the Group targets to reduce its cost of operations to preserve its cash balances and diversify its exploration risk. As further outlined in the table in section 13.3.2, the Group is depending on farm-outs of one or more of its licences and/or raising additional equity, in order to be able to meet its outstanding work commitments in the current exploration periods in certain of its licences. There can be no assurance that the Company will be able to obtain farm-outs in time or at all to meet the minimum work commitments on its Licenses and this may in turn have a material adverse effect on the Group, its financial condition, cash flow, prospects and/or operations.

2.5.4 Additional requirements for capital

The Group's capital requirements depend on numerous factors. Depending on the Group's exploration success, the Group may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Group is unable to obtain additional financing as needed at all or on acceptable terms, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be, which again could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.5.5 Interest rate risk

The Group currently does not have any interest bearing debt arrangement. However, should the Group enter into any future debt arrangements, the Group might be exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. Unless such exposure is mitigated, the Group could realise material losses in the future. Currently, the Group has no arrangements in place to mitigate such exposure, and there can be no assurance that the Group will be able to establish such arrangements in the future.

2.5.6 Foreign currency risk

The Group is exposed to currency risk on contracts that are denominated in a currency other than the respective functional currencies of the entities making up the Group, which is primarily the United States Dollar (USD). The Group has not entered into any derivative financial instrument to hedge such risks and may as a result incur material losses.

As a result of the Company's functional currency being in Australian Dollars (AUD) and several subsidiaries' functional currency being USD, the Group's financial statements and financial condition can be significantly adversely affected by movements in the USD/AUD exchange rates.

2.5.7 Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and available-for-sale financial assets. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note).

The Company has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company does not have any significant credit risk exposure to any single counterparty.

- Cash and cash equivalents - The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.
- Trade and other receivables - Trade and other receivables as at the reporting date mainly comprise goods and services tax ("GST") and short term loans to be refunded to the Company. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Company has established an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet their obligations.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Notwithstanding the Group's efforts to manage the credit risk, there can be no assurance that the Group will not incur significant losses due to its counterparties' inability or unwillingness to honour its obligations that could have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.5.8 No profit to date

The Group does not have a history of revenue producing operations. The Group has incurred losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. Since the Group intends to continue investing in its exploration program, the Group anticipates making further losses in the foreseeable future.

2.5.9 Risk of change in legislation and tax laws

The Company has no control of potential future changes to applicable legislation and tax laws under which the Group operates. Future changes to such legislation and tax laws may have a material adverse effect on the Group's financial condition, business, cash flow, prospects and/or results.

2.6 RISK FACTORS RELATING TO THE SHARES

2.6.1 The majority shareholder of the Company

At the date of this Prospectus, approximately 39.0 per cent of the outstanding Shares are owned by Sarella Investments Limited, a company controlled by the Timis Trust of which Mr. Frank Timis is the principle beneficiary. Mr. Frank Timis, who was the founder of the Company, stepped down from the Board of Directors in October 2013. Due to historical events related to other listed companies where he has been involved as described below, Mr. Timis will not be employed by the Company, hold Board positions or play any governance role going forward. However, as a major shareholder of the Company, Sarella Investments Limited will in its capacity as such have the ability to significantly influence the outcome of matters submitted for the vote of the Company's shareholders, including but not limited to election of Directors of the Board. The commercial goals and interests of Sarella Investments Limited as a shareholder and the commercial goals and interests of the Company and the other shareholders may not always be aligned.

Mr. Timis was Executive Chairman and a director of Regal Petroleum plc ("Regal Petroleum") from 29 July 2002 until his resignation on 7 June 2005. On 17 November 2009, the London Stock Exchange issued a public censure and fine of GBP 600,000 against Regal Petroleum for breaches of AIM Rules relating to Regal Petroleum's notifications and delays in notifying the market of material developments during the period 27 June 2003 to 19 May 2005. Furthermore in 2007, Mr. Timis was Executive Chairman of an AIM listed company that released two announcements to AIM which were subsequently determined to contain misleading and unrealistically optimistic statements about the prospects and actual results of the company's operations and, as a result, the company was found to be in breach of the AIM Rules for failing to take reasonable care to ensure that they were not misleading. A private censure and fine of GBP 75,000 was issued by AIM in January 2008. In addition, Mr. Timis has received a number of penalties and sanctions in Australia relating to various minor and largely driving related offences and two narcotic related offences, and a charge for failing to store explosives correctly. In May 2002, the Toronto Stock Exchange ("TSX") advised Mr. Timis that TSX had determined that

he was unsuitable to act as a director, officer or major or controlling shareholder of a TSX listed issuer due to his failure to disclose his previous heroin convictions on a personal information statement provided to TSX. In November 2007, TSX again determined that Mr. Timis was unsuitable to act as a director, officer or major or controlling shareholder of a TSX listed issuer on the basis of both this failure to disclose and the decision of 17 November 2009 (as outlined above). These determinations by TSX do not constitute a ban on Mr. Timis being a director of an unlisted company in this jurisdiction. Today, Mr. Timis serves as director of International Petroleum Limited, a company which is currently suspended from trading on the NSX.

2.6.2 The price of the Shares may fluctuate significantly

The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, significant contracts, acquisitions or strategic relationships, publicity about the Group, its services or its competitors, lawsuits against the Group, unforeseen liabilities, changes to the regulatory environment in which the Group operates or general market conditions.

In recent years, the stock markets have experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the same industry as the Company. Such changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore also fluctuate significantly based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of the Shares.

2.6.3 Future issuances of Shares or other securities may significantly dilute the holdings of shareholders and could materially affect the price of the Shares

The Company may in the future decide, or may be required, to offer additional Shares or other securities in order to finance new capital-intensive projects, or in connection with unanticipated liabilities, losses or expenses or for any other purposes. There are no provisions in the Company's Constitution or the Australian Corporations Act which grants pre-emptive rights for share issues. Therefore, any additional offering could significantly reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share of the Company, and any offering by the Company could have a material adverse effect on the market price of the Shares.

2.6.4 Investors may not be able to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such Shares unless their ownership is re-registered in their names prior to the Company's general meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice of a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

2.6.5 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares have not been registered under the Securities Act or any US state securities laws or in any other jurisdiction outside of Australia and Norway and are not expected to be registered in any such jurisdiction in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and applicable securities laws. See Section 7.2 "Transfer Restrictions—United States". In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings in the Company.

2.6.6 Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers

The Company is a public limited liability company incorporated under the laws of Australia, and most of the Company's directors and executive officers are not residents of the United States and all of the Company's assets are located outside the United States. As a result, investors in the United States may be unable to effect service of process on the Company or its directors and executive officers or enforce judgments obtained in the United States courts against the Company or such persons in the United States, including judgments predicated upon

the civil liability provisions of the federal securities laws of the United States. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters with Australia or Norway. See also "Enforcement of Civil Liabilities" described in section 4.3 below.

2.6.7 Foreign ownership restrictions apply under Australian law

According to statutory Australian law, foreign ownership of substantial interests in Australian companies is subject to prior approval by the Australian Foreign Investment Review Board ("FIRB"). The regulation applies to all Australian incorporated companies valued in excess of AUD 248 million by either (i) market capitalisation and/or (ii) consolidated total assets on the balance sheet. The Company currently satisfies criteria (ii) which implies that prior approval by FIRB apply to certain foreign shareholdings in the Company. Prior approval is required for any foreign person, alone or together with its associates, acquiring a substantial interest, being 15 per cent or more of the Shares in the Company. While prior notification is not mandatory for holdings by a foreign person of less than a substantial interest (15 per cent or less) in the Company, the Australian Treasurer has the power to prohibit transactions, or order divestment where several foreign persons hold 40 per cent or more of the Shares, even where those foreign persons are not associated, and where the Australian Treasurer is satisfied the result would be contrary to the Australian national interest.

While the Treasurer has the ability to block proposals that are contrary to the national interest, require such a transaction to be unwound or apply conditions to the way such a proposal is implemented, in practice this power is exercised only in limited circumstances. In determining if a proposal is contrary to the Australian national interest, the Treasurer takes into account a number of key factors, namely the impact of the proposal on Australian national security, impact on competition, impact on Australian government policies and impact on the Australian economy and community.

In addition, the Australian Treasurer has released a policy which states that all foreign government investors acquiring 10 per cent or more of the share capital (including investments which are purely commercial) should notify the proposed acquisition to FIRB. This also applies to *inter alia* government related investment funds and managed investment schemes, provided that a foreign government holds 15 per cent (or otherwise through a controlling group). If prior approval is required, the transaction cannot be completed until approval is received. FIRB has 30 days, with the option to extend for another 90 days to consider and make a decision and other parties can make enquiries to FIRB to confirm whether they will need to apply for approval.

There can be no assurance that foreign shareholders subject to approval by FIRB will be granted approval to acquire Shares, and if such approval is not granted any transactions entered into for such purpose will need to be reversed. The Company will not be liable for any loss or damage resulting from such denial of approval.

2.6.8 Shareholders outside of Australia are subject to exchange rate risk

The Offer Shares are priced in NOK, and the Shares will be priced in NOK on Oslo Axess and in AUD on NSX. The Company's accounting and cash balances will be kept in USD. Any future payments of dividends on the Shares may be declared by the Company in USD or AUD; however such dividends distributed by the VPS Registrar through the VPS to shareholders with an address in Norway or shareholders holding NOK bank accounts will be distributed in NOK. Shareholders registered in the VPS and whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will receive dividends by cheque in a local currency or in USD (following first conversion to NOK). Accordingly, the investors are subject to adverse movements in AUD, NOK and/or USD against their local currency.

2.6.9 Risks related to depository receipts and the registrar agreement

In connection with the Company's application for listing on Oslo Axess, the Company has established a facility for the registration of beneficial interests representing the shares of the Company in the Norwegian Central Securities Depository (the "VPS") (reflected in the form of Depositary Receipts and defined as "Shares" in this Prospectus). The Company has appointed DNB Bank ASA as its registrar in the VPS (the "VPS Registrar") in accordance with the Registrar Agreement. The VPS Registrar will be deemed a beneficial shareholder through a nominee arrangement with Citibank Melbourne (the "Australian Custodian") where the Australian Custodian is recorded as the shareholder in the Company's sub-register in Chess. The VPS Registrar will register the Offer Shares in the VPS in the form of Depositary Receipts which following such registration will reflect the beneficial shareholders, personally or through nominee registrations.

Shareholders must exercise voting rights through the VPS Registrar which in turn will instruct the Australian Custodian. Exercising of other shareholder rights through the VPS Registrar and the custodian arrangement is limited. In order to exercise full shareholder rights the shareholders must transfer their shareholding from the VPS to a registered holding on the Company's share register.

The Company cannot guarantee that the VPS Registrar will be able to execute its obligations under the Registrar Agreement. Any such failure may *inter alia* limit the access for, or prevent, shareholders to exercise the voting rights attached to the underlying shares of the Company. The VPS Registrar may terminate the Registrar Agreement by three months prior written notice. Furthermore, the VPS Registrar may terminate the Registrar Agreement with immediate effect if the Company does not fulfil its payment obligations to the VPS Registrar or commits any other material breach of the Registrar Agreement. In the event that the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted Listing. There can be no assurance, however, that it would be possible to enter into such an agreement on substantially the same terms or at all. A termination of the Registrar Agreement could, therefore, materially and adversely affect the Company and the shareholders. The Registrar Agreement limits the VPS Registrar's liability for any loss suffered by the Company. The VPS Registrar disclaims any liability for any loss attributable to circumstances beyond the VPS Registrar's control, including, but not limited to, errors committed by others. The VPS Registrar is liable for direct losses incurred as a result of the VPS Registrar's negligence. Thus, the Company and the shareholders may not be able to recover its entire loss if the VPS Registrar does not perform its obligations under the Registrar Agreement.

2.6.10 The Company is incorporated in Australia and governed by Australian law

The Company is incorporated in Australia. As a result the rights of any person holding Shares will be governed by the laws of Australia and the Constitution of the Company. The laws of Australia differ from those established under statutes or judicial precedents in existence in other jurisdictions. Such differences may result in the Company's minority shareholders having less protection than they would have under the laws of other jurisdictions.

3. RESPONSIBILITY FOR THE PROSPECTUS

The Board of Directors of African Petroleum Corporation Limited accepts responsibility for the information contained in this Prospectus. The Directors of the Board hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

9 May 2014

The Board of Directors of African Petroleum Corporation Limited

Charles Matthews, Chairman of the Board

Dr Stuart Lake, Director of the Board and CEO

Jeffrey Couch, Director of the Board

David King, Director of the Board

James Smith, Director of the Board

Timothy Turner, Director of the Board

Anthony Wilson, Director of the Board

Gibril Bangura, Director of the Board

Mark Ashurst, Director of the Board

4. GENERAL INFORMATION

4.1 CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking information and statements, including, but not limited to, certain statements set forth under Section 1 — "Summary", Section 2 — "Risk Factors", Section 14 — "Dividends and Dividend Policy" and Section 8 — "Presentation of the Company", and elsewhere in this Prospectus. Such forward-looking information and statements are based on the current estimates and projections of the Company or assumptions based on the information currently available to the Company. Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions. The Company cannot give assurance as to the correctness of such information and statements. These forward-looking information and statements can generally be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements sometimes use terminology such as "targets", "believes", "expects", "aims", "assumes", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues", "estimate", "milestone" or other words of similar meaning and similar expressions or the negatives thereof. By their nature, forward-looking information and statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements that may be expressed or implied by the forward-looking information and statements in this Prospectus. Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition or results of operations could differ materially from that or those described herein as anticipated, believed, estimated or expected. Some of the risks that could affect the Group's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 "Risk Factors".

Any forward-looking information or statements in this Prospectus speak only as at the date of this Prospectus. Except as required by applicable law, the Company does not intend, and expressly disclaims any obligation or undertaking, to publicly update, correct or revise any of the information included in this Prospectus, including forward-looking information and statements, whether to reflect changes in the Company's expectations with regard thereto or as a result of new information, future events, changes in conditions or circumstances or otherwise on which any statement in this Prospectus is based.

Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.

4.2 STABILISATION

In connection with the Offering, the Manager, or its agents, may engage in transactions that stabilise, maintain or otherwise affect the price of the Shares for up to 30 days from the commencement of trading and Listing of the Offer Shares on Oslo Axess. Specifically, the Manager may effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail. The Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Manager or its agents may end any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above. Save as required by law or regulation, the Manager does not intend to disclose the extent of any stabilisation transactions under the Offering.

4.3 ENFORCEMENT OF CIVIL LIABILITIES

The United States

The Company is a public limited liability company incorporated under the laws of Australia. As a result, the rights of holders of the Shares will be governed by Australian law and the Constitution of the Company. The rights of shareholders under Australian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. Most of the Company's directors and executive officers are not residents of the United States and all of the Company's assets are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process on the Company or its non-US directors or executive officers in the United States or to enforce judgments obtained in U.S. courts against the Company or those non-US persons based on the civil liability provisions of the federal securities laws of the United States or other federal or state laws of the United States. Uncertainty exists as to whether courts in Australia and Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its

directors or officers under the securities laws of those jurisdictions or entertain actions in Norway and Australia against the Company or its directors or officers under the securities laws of other jurisdictions. Neither Norway nor Australia currently have a treaty with the United States providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters, nor does such treaty currently exist between Norway and Australia.

Australia

There is doubt as to the enforceability in Australia in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated upon the civil liability provisions of the federal or state securities laws of the United States. Also, judgments of United States courts (whether or not such judgment relates to U.S. federal securities laws) will not be enforceable in Australia in certain other circumstances, including where such judgments contravene local public policy, were obtained by fraud or duress, breach the rules of natural justice or general principles of fairness, are not for a fixed or readily ascertainable sum, are subject to appeal, dismissal, stay of execution, an order under the Australian Foreign Proceedings (Excess of Jurisdiction) Act 1984 has been made, or are otherwise not final and conclusive, or involve consequential, multiple or punitive damages or where the proceedings in such courts were of a penal nature.

4.4 AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will during any period in which it is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder, upon the request of such holder, beneficial owner or prospective owner, the information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act.

5. USE OF PROCEEDS; REASONS FOR THE OFFERING

The gross proceeds of the Offering is expected to be between NOK 100 million and NOK 200 million.

The Company estimates that the net proceeds of the Offering after deduction of the estimated commissions and expenses to the Manager and other advisors, as well as other costs associated with the Offering and Listing will be between NOK 79,712,321 and NOK 174,712,323. For further information on the costs related to the Offering and Listing see section 6 below.

Table 5.1: Intended Use of Proceeds

Type of expenditure	NOK
Expenses of the Offering and Listing	25,287,677
General corporate purposes	174,712,323
Total Use of Proceeds	200,000,000

The purpose of the Offering is to position the Company so that it is able to maintain its exploration licences in good standing, and to enable sufficient time and flexibility to farm out interest(s) in certain licences to strategic partners in order to fund its forward exploration work programs.

Under the licences, the Group has various commitments related to *inter alia* drilling and acquisition of seismic data. Such commitments are not currently fully funded and are not intended to be covered under the anticipated proceeds. In order to fulfil such commitments the Company will need to secure additional funds, either through raising further equity or through completing one or more farm-out transactions. Further details are provided in sections 8.6 and 13.3 of this Prospectus.

The Offering is further intended to bring the Company in compliance with the requirement for a Listing of having at least 100 shareholders, each holding Shares with a value of no less than NOK 10,000 in the VPS. A listing on Oslo Axess will provide another regulated market place for trading in the Shares, and is intended to provide greater liquidity in the Shares. It will also further facilitate the use of capital markets in order to raise equity should the Company need to in the future, and enable the Company to use its Shares as transaction currency in future acquisitions and mergers, if any.

6. THE TERMS OF THE OFFERING

This Section sets out the terms and conditions pursuant to which all applications for Offer Shares in the Offering are made. Investing in the Offer Shares involves inherent risks. In making an investment decision, each investor must rely on their own examination, analysis of and enquiry into the Company and the terms of the Offering, including the merits and risks involved. None of the Company or the Manager, or any of their respective representatives or advisers, are making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares. You should read this Section in conjunction with the other parts of the Prospectus, in particular Section 2 "Risk Factors".

6.1 OVERVIEW OF THE OFFERING

The Offering comprises up to 153,846,154 Offer Shares. The number of Offer Shares to be issued pursuant to the Offering will be such that the Company receives gross proceeds in the range of NOK 100 million and NOK 200 million. Assuming gross proceeds of NOK 150 million and an Offer Price at the midpoint of the Indicative Price range, the number of Offer Shares to be issued by the Company will be 109,090,909 (subject to adjustment as further described below). The Offer Shares will be issued by the Company pursuant to a resolution by the Board of Directors in accordance with an authorisation granted by an extraordinary general meeting in the Company held on 2 April 2014 and in accordance with Clause 2.2 of the Constitution of the Company and the rules and procedures of NSX. The final number of Offer Shares to be issued in the Offering will be determined by the Company and the Manager, subsequent to expiry of the Bookbuilding Period.

In addition, pursuant to the Over-Allotment Facility, the Manager may, with consent of the Company, elect to over-allot a number of Additional Shares equalling up to 10 per cent of the number of Offer Shares initially allocated (but in any event not more than 10 per cent of the maximum number of Offer Shares set forth herein). The Manager will, provided that the no-action letter from the Australian Securities and Investments Commission ("ASIC") in respect of the proposed stabilisation activities (as further referred to below in section 6.10.2 "Price Stabilisation" is received prior to the expiry of the Book building Period (as shortened or extended), cf. section 6.10.1, be granted an Over-Allotment Option to subscribe for a number of Shares corresponding to the number of Additional Shares to cover any such over-allotments. "Offer Shares" shall in this Section 6, unless the context indicates otherwise, also include any Additional Shares (see Section 6.10.1, "Over-allotment of additional shares").

The Offering comprises two tranches:

- the Retail Offering, in which Offer Shares are being offered to the public in Norway subject to a lower limit per application and allocation of NOK 10,500 and an upper limit per application and allocation of NOK 999,999 for each Applicant. Applicants in the Retail Offering will receive a discount of NOK 1,500 on their aggregate application amount for the Offer Shares allocated to such Applicants; and
- the Institutional Offering, in which Offer Shares are being offered to (i) investors in Norway, (ii) to investors outside Norway and the United States pursuant to applicable exemptions from local prospectus requirements and other filing requirements and in compliance with Regulation S under the U.S. Securities Act, and (iii) in the United States to qualified institutional buyers (QIBs) as defined in, and in reliance on Rule 144A under the U.S. Securities Act, in each case subject to a lower limit per application of NOK 1,000,000.

In the event that an Applicant applies for Offer Shares in both the Retail Offering and the Institutional Offering, the Applicant's combined application will be regarded as an application in the Institutional Offering. In the event that an Applicant submits two or more applications in the Retail Offering, the Applicant's combined application may, if the total amount reaches or exceeds the minimum application amount in the Institutional Offering, be regarded as an application in the Institutional Offering. In such cases, the Applicant will not be eligible for the retail discount.

It has been provisionally assumed that 10 per cent of the Offering will be reserved for applications through the Retail Offering and 90 per cent of the Offering will initially be reserved for the Institutional Offering. However, the final allocation between tranches will be decided by the Board of Directors in consultation with the Manager on or about 20 May 2014 on the basis of the application level in the respective tranches relative to the overall application level for the Offering, and with regard to the requirements of free float and number of shareholders

pertaining to the Listing. The Company reserves the right to deviate from the provisionally assumed allocation between the tranches without further notice and at its sole discretion.

The Company, together with the Manager, reserve the right to at any time increase or reduce the number of Offer Shares in the Offering and the corresponding proceeds from the Offer, depending on the number and size of orders or applications received in the Offering, if the Offer Price is set outside the prevailing Indicative Price Range at the time of the Prospectus, or due to other factors. An increase or reduction will be announced through the news service of Oslo Børs no later than 9:00 a.m. (CET) on the last day of the Bookbuilding Period and may lead to a lower number of Offer Shares than the minimum number set forth herein or a higher number of Offer Shares than the maximum number set forth herein.

The Offering is subject to the Board of Director's decision to issue the Offer Shares and complete the Offering and the Company fulfilling the conditions for the Listing as set by Oslo Børs in the board meeting held by Oslo Børs on 30 April 2014. The Board of Directors reserves the right to not complete the Offering.

The table below provides certain indicative key dates for the Offering, subject to change.

	Date
Commencement of the Bookbuilding Period in the Institutional Offering.....	12 May 2014, at 9:00 a.m. CET
Commencement of the Order Period for the Retail Offering.....	12 May 2014, at 9:00 a.m. CET
Expiry of the Order Period for the Retail Offering.....	20 May 2014, at 12:00 p.m. CET ⁽¹⁾
Close of the Bookbuilding Period in the Institutional Offering.....	20 May 2014, at 3:00 p.m. CET ⁽¹⁾
Allocation of Offer Shares.....	On or about 20 May 2014
Notification of allocation.....	On or about 21 May 2014
Payment due date.....	On or about 26 May 2014
Registration of the capital increase and issuance of the underlying Shares.....	On or about 28 May 2014
Registration of the Shares in the VPS and issuance of Depository Receipts.....	On or about 28 May 2014
Delivery of the Offer Shares.....	On or about 28 May 2014
Commencement of trading in the Shares on Oslo Axess.....	On or about 30 May 2014

⁽¹⁾ Subject to shortening or extension. To the extent the Bookbuilding Period or the Order Period is shortened or extended, all other dates referred to in this table may be amended correspondingly.

6.2 THE OFFER SHARES

6.2.1 The underlying Shares

The Offer Shares will be issued in accordance with the laws of Australia and pursuant to the Australian Corporations Act. It is expected that the underlying Shares will be issued to the Australian Custodian on behalf of the VPS Registrar on or about 28 May 2014. All Shares in the Company, including the Offer Shares, will rank in parity with one another and carry one vote per Share. The Company only has one class of Shares.

The Offer Shares will be issued in book-entry form and registered in the Company's sub-register in Chess, and thereafter registered with the VPS as Depository Receipts.

The underlying shares and the Depository Receipts will have ISIN AU000000AOQ0. The Company's share capital is nominated in AUD, but the Shares have no par value. The Company's share registrar in Australia is Computershare. The address of Computershare is:

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
Perth, Western Australia, 6000
Australia

6.2.2 Depository Receipts

In order to enable trading of the Offer Shares on Oslo Axess, the Offer Shares will be issued to the Applicants in the VPS in the form of Depository Receipts. The Depository Receipts will be issued under Norwegian law and will be registered in book entry form with the VPS. DNB Bank ASA, in its capacity as the VPS Registrar will be holding the Offer Shares in Chess through a nominee arrangement with the Australian Custodian who will be recorded as the legal holder of the Offer Shares. For further information about the VPS registration and the

trading of Depositary Receipts, please refer to section 16.3 "The VPS and transfer of shares" below. The currency of the Depositary Receipts will be in NOK.

The Depositary Receipts carry the same rights as the underlying Shares, provided however, that the exercise of voting rights and other shareholder rights by holders of the Depositary Rights must be made indirectly through the VPS Registrar. Please refer to section 16.3 below for a description of the exercise of shareholder rights for the holders of the Depositary Receipts.

It is expected that the Depositary Receipts will be issued on or about 28 May 2014.

6.3 CONDITIONS FOR COMPLETION OF THE OFFERING

In a board meeting held on 30 April 2014, the board of directors of Oslo Børs approved the Company's application for Listing on Oslo Axess on the following conditions:

- (i) the Company must satisfy the requirement for the number of shareholders as set out in Section 2.4.2 of the Oslo Axess Listing Rules, have at least 25 per cent spread of share ownership among the general public, as specified in section 2.4.1 of the Oslo Axess Listing Rules and publish an approved prospectus; and
- (ii) the Company must also raise a minimum of NOK 30 million (equivalent to USD 5 million) through its planned primary share issue prior to the first day of listing.

The completion of the Offering on the terms set forth in this Prospectus is conditioned upon the following criteria being met no later than 13 June 2014:

- (i) The Company fulfilling the conditions for the Listing set by Oslo Børs in the board meeting held by Oslo Børs on 30 April 2014; and
- (ii) The Board of Directors resolving to issue the Offer Shares and complete the Offering.

There can be no assurance that these conditions will be satisfied.

The Company reserves the right, in consultation with the Manager, to withdraw, suspend or revoke and not to consummate the Offering at its sole discretion (and for any reason), including during the Bookbuilding Period, at any time until the Offer Shares have been issued. In such case, this will be announced through Oslo Børs' information system.

In the event that the Offering is cancelled, all orders for Offer Shares will be disregarded, any allotments made will be deemed not to have been made, and any payments made will be returned without interest or other compensation.

6.4 RESOLUTIONS RELATING TO THE OFFERING

Pursuant to Clause 2.2 of the Constitution, the Board of Directors has the sole discretion to issue such number of Shares as deemed necessary at any time. Please refer to further description in Section 15.3 of this Prospectus. However, according to the NSX Listing Rules, the power of the Board of Directors to issue shares without shareholder approval is, for as long as the Company is listed on NSX, limited to 15 per cent of the issued share capital at any time during a 12-months rolling period. As the Offering will comprise an issuance of up to 23.7 per cent of the current share capital of the Company, the shareholders on 2 April 2014 resolved to grant the Board of Directors an authority to increase the share capital with up to 175,000,000 new Shares by passing the following resolution:

"That, for the purpose of NSX Listing Rule 6.25 and for all other purposes, approval is given for the Directors to allot and issue up to 175,000,000 Shares in the Company (Capital Raising) on the terms and conditions set out in the Explanatory Statement."

The authority has been granted on the following conditions:

- The maximum number of Shares to be issued is 175,000,000;
- The Shares will be issued no later than 3 months after the date of the general meeting (e.g. 2 July 2014);

- The Shares will be issued at an issue price of no less than the lower of (i) AUD 0.24; and (ii) 80 per cent of the VWAP of the Shares as traded in the NSX the previous 10 days;
- The Shares will be allotted and issued to investors, none of them who will be related parties as defined by the Australian Corporations Act of the Company. No recipient will hold greater than 19.9 per cent of the Company following issue of the Shares under this placement;
- The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- The Company intends to use the net funds raised from the issue of the Shares for general corporate purposes and working capital.

Subject to the conditions for completion of the Offering set out in Section 6.3 "Conditions for completion of the Offering", the Board of Directors will pursuant to the resolution by the shareholders issue the Offer Shares allocated in the Offering.

The Offer Shares are expected to be issued by the Board of Directors following a final resolution by the Board of Directors on or about 20 May 2014.

6.5 INDICATIVE PRICE RANGE AND OFFER PRICE

The non-binding Indicative Price Range of NOK 1.30 to NOK 1.45 per Offer Share has been set by the Board of Directors after consultation with the Manager. The Indicative Price Range may be amended at any time during the Bookbuilding Period. Any such amendments to the Indicative Price Range will be announced in releases through the electronic information system of Oslo Børs. The bookbuilding process, which will form the basis for the determination of the final Offer Price and the number of Offer Shares, will be conducted only in connection with the Institutional Offering.

The Indicative Price Range has been determined on the basis of an overall evaluation, including an assessment of the Company's assets and prospects, the Company's historic and expected earnings and future market prospects and a comparison of these factors with the market valuation of comparable companies, as well as taking into account the expected demand for the Offer Shares.

The Board of Directors will determine the Offer Price after the end of the Bookbuilding Period. The decision by the Board of Directors will be made after consultation with the Manager, based on, among other factors, an evaluation of the level of demand in the book-building process in the Institutional Offering, an assessment of the market and the recommendation from the Manager, and may be set within, above or below the Indicative Price Range at the sole discretion of the Board of Directors and the Manager.

The final Offer Price and Offering size will, once determined, be announced by the Company through the electronic information system of Oslo Børs. Such announcement is expected to be made on or about 8:00 p.m. (CET) on 20 May 2014.

Members of the senior management and the Directors of the Board have been awarded options over Shares in the Company at an exercise price being equivalent or close to the market price at the time of issue. Please refer to section 15.5 for a description of the terms and conditions of such options. As referred to in section 15.5, the options will give the members of the senior management and the Directors a right to acquire Shares in the Company at a cash cost which deviates from the Offer Price in the Offering.

6.6 THE INSTITUTIONAL OFFERING

6.6.1 Overview

The Institutional Offering is structured as an offer of Offer Shares to (i) investors in Norway, (ii) to investors outside Norway and the United States pursuant to applicable exemptions from local prospectus requirements and other filing requirements and in compliance with Regulation S under the U.S. Securities Act, and (iii) in the United States to qualified institutional buyers (QIBs) as defined in, and in reliance on Rule 144A under the U.S. Securities Act.

The minimum order in the Institutional Offering is NOK 1,000,000. Applicants who intend to place an order for less than or equal to NOK 999,999 must do so in the Retail Offering. Applicants ordering Offer Shares in the Institutional Offering may not order Offer Shares in the Retail Offering. The same applies for the personally

related parties of such Applicants, as defined in section 1-5 of the Norwegian Public Limited Companies Act. In the event an Applicant or his personally related parties places orders for Offer Shares both in the Institutional Offering and the Retail Offering, said parties may risk that the Manager without further notice disregard the orders made in the Retail Offering. In the event the Manager for whatever reason does not disregard the orders placed in the Retail Offering on the basis referred to above, the Applicant may not use this as a basis for requiring a reduction of the number of Offer Shares allotted to the Applicant.

6.6.2 Bookbuilding Period

The Bookbuilding Period will last from and including 12 May 2014 at 9:00 a.m. (CET) to 20 May 2014 at 3:00 p.m. (CET), after which no further orders will be accepted.

The Company reserves the right to shorten or extend the Bookbuilding Period at any time. Any shortening of the Bookbuilding Period will be announced through the electronic information system of Oslo Børs on or before 9:00 a.m. (CET) on the last day of the Bookbuilding Period as shortened, whereas any extension of the Bookbuilding Period will be announced through the electronic information system of Oslo Børs on or before 9:00 a.m. (CET) on the day following the last day of the (then prevailing) Bookbuilding Period. A shortening or extension of the Bookbuilding Period can be made one or several times, provided, however that the Bookbuilding Period will in no event close earlier than 4:30 p.m. (CET) on 19 May 2014 or be extended beyond 3:00 p.m. (CET) on 2 June 2014. In the event of a shortening or extension of the Bookbuilding Period, the allocation date, the Payment Date and the date of delivery of Offer Shares will be changed accordingly, but the date of Listing and commencement of trading on Oslo Axess, will not necessarily be changed.

6.6.3 Delivery of orders in the Institutional Offering

Orders for Offer Shares in the Institutional Offering must be made during the Bookbuilding Period by informing the Application Office listed in section 6.8 – "The Application Office" of the number of Offer Shares or the aggregate application amount the Applicant wishes to apply for and the price such Applicant is offering to pay for such Offer Shares. Any orally placed order in the Institutional Offering will be binding upon the Applicant and subject to the same terms and conditions as a written order. The Manager may, at any time and in its sole discretion, require the Applicant to confirm any orally placed order in writing. Orders made may be withdrawn or amended by the Applicant at any time up to the end of the Bookbuilding Period. After the end of the Bookbuilding Period (including an end based on a shortening of the Bookbuilding Period), all received orders that have not been withdrawn or amended are irrevocable and binding upon the Applicant, regardless of whether the final Offer Price is set below, above or within the Indicative Price Range.

By making an order (as amended, if applicable), and not having withdrawn such order prior to the end of the Bookbuilding Period, the Applicant irrevocably confirms its request to subscribe for and purchase at the Offer Price the number of Offer Shares allocated to such Applicant up to the number of Offer Shares ordered or the aggregate application amount, and irrevocably authorises and instructs the Manager (or someone appointed by it) to formally subscribe for any Offer Shares in the form of Depository Receipts allocated to such Applicant and to take all actions required to ensure delivery of the Offer Shares to such Applicant in the VPS, on behalf of the Applicant. By making an order, the Applicant also confirms and warrants to have read this Prospectus and that the Applicant is eligible to subscribe for Offer Shares under the terms set forth herein.

6.6.4 Allocation of Offer Shares

The allocation of Offer Shares to the Applicants in the Institutional Offering is expected to be determined by the Company in consultation with the Manager on or about 20 May 2014.

Notifications of allocations in the Institutional Offering are expected to be issued by the Manager on or about 21 May 2014. Applicants may contact the Manager in order to be informed about their allocations from and including this date.

6.6.5 Payment and delivery of allocated shares

Payment for the Offer Shares allocated to Applicants in the Institutional Offering shall be made on or by 26 May 2014 to the account indicated in the notice of allocation. For late payment, interest will accrue at a rate according to the Norwegian Act on Interest on Overdue Payments of 17 December 1976 no. 100, which is currently 9.5 per cent per annum. If payment for the allocated Offer Shares is not received by the payment due date, the Board of Directors, after consultation with the Manager, reserves the right to cancel the application, or

to sell or assume ownership of the allocated Offer Shares at the Applicant's risk and cost. The Company may further re-allot to another Applicant any allocated, but unpaid shares without prior notice to the Applicant.

If Offer Shares are sold on behalf of the Applicants, such sale will be for the Applicant's account and risk (however, the Applicant shall not be entitled to profits therefrom, if any) and the Applicant will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Manager as a result of or in connection with such sales, and the Company and/or the Manager may enforce payment of any amount outstanding in accordance with applicable law.

Subject to timely receipt of payment, delivery of Offer Shares is expected to take place on or about 28 May 2014, in the form of Depository Receipts in the VPS.

6.7 THE RETAIL OFFERING

6.7.1 Overview

The Retail Offering is a public offering to investors in Norway. The minimum application and allocation amount in the Retail Offering will be NOK 10,500 and the maximum application and allocation amount, for each Applicant will be NOK 999,999. Applicants ordering Offer Shares in the Retail Offering may not order Offer Shares in the Institutional Offering. The same applies for the personally related parties of the Applicants, as defined in section 1-5 of the Norwegian Public Limited Companies Act. In the event an Applicant applies for Offer Shares in both tranches, the Applicant runs the risk of either having the multiple applications accumulated, or run the risk of having all applications annulled. In the event that an Applicant, including the Applicant's personally related parties, places multiple applications in the Retail Offering which together exceeds the maximum amount of NOK 999,999 such Applicant runs the risk of having the applications being considered as an application in the Institutional Offer.

The Offer Price for the Offer Shares offered in the Retail Offering will be the same as in the Institutional Offering. However, an Applicant in the Retail Offering will receive a discount of NOK 1,500 on the aggregate Offer Price for the Offer Shares allocated to such Applicant. Each Applicant in the Retail Offering will be permitted, but not required, to indicate on the Order Form or in the VPS online application system that the Applicant does not wish to be allocated Offer Shares should the Offer Price be set above the high-point of the Indicative Price Range. If the Applicant does so, the Applicant will not be allocated any Offer Shares in the event that the Offer Price is set above the high-point of the Indicative Price Range. If the Applicant does not expressly stipulate such reservation on the Offer Form, the Application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range, so long as the Offer Price has been determined on the basis of orders placed in the Institutional Offering during the Bookbuilding Period.

6.7.2 Order Period

The Order Period when orders for Offer Shares will be accepted in the Retail Offering will last from and including 12 May 2014 at 9:00 a.m. (CET) to 20 May 2014 at 12:00 p.m. (CET). Any shortening or extension of the Bookbuilding Period, see Section 6.6.2 "Bookbuilding Period", might lead to a similar shortening or extension of the Order Period in the Retail Offering.

6.7.3 Delivery of orders in the Retail Offering

All orders for Offer Shares in the Retail Offering must be made by completing a special Order Form drawn up for this purpose attached to this Prospectus as Appendix 2 in English and Appendix 3 in Norwegian, and submitting such Order Form to the Application Office set out in Section 6.8 – "The Application Office", or through the VPS online application system as further described below. Order Forms that are incomplete or incorrectly completed, or that are received after the expiry of the Order Period, may be considered invalid in the Manager's sole discretion and may not be processed by the Manager without further notice to the Applicant. Properly completed Order Forms must be received by the Manager by 12:00 p.m. (CET) on 20 May 2014 in order to be considered (subject to any shortening or extension of the Order Period).

Norwegian Applicants in the Retail Offering may also apply for Offer Shares on the web-site www.paretosec.com, where investors will be able to download this Prospectus including the Order Forms (copies of which are attached as Appendices 2 and 3 to the Prospectus) once they have confirmed that they reside in Norway, have a Norwegian personal identification number, and have a valid VPS account.

Applications made through the VPS online application system must be duly registered during the Order Period (as amended if applicable). Neither the Company nor the Manager may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by the Application Office.

All applications in the Retail Offering will be treated in the same manner regardless of whether it is placed by delivery of an Order Form to the Application Office or through the VPS online application system.

All applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Order Form by the Application Office, or in the case of applications through the VPS online application system, upon registration of the Application, irrespective of any extension of the Order Period, and cannot be withdrawn, cancelled or modified by the Applicant after having been received by the Application Office, or in the case of applications through the VPS online application system, upon registration of the application.

By making an Application, the Applicant irrevocably confirms its order to purchase and subscribe, at the Offer Price, the number of Offer Shares allocated to such Applicant up to the relevant application amount, and irrevocably authorises and instructs the Manager (or someone appointed by it) to formally subscribe for any Offer Shares allocated to such Applicant and to take all actions required to ensure delivery of the Offer Shares to such Applicant in the VPS, on behalf of the Applicant.

The Applicant is responsible for the correctness of the information filled in on the Order Form or in the VPS online application system submitted by the Applicant. By signing and submitting an Order Form or submitting an application in the VPS online application system, the Applicant confirms and warrants to have read this Prospectus and that the Applicant is eligible to subscribe for Offer Shares under the terms set forth herein.

If two or more identical Order Forms are received from the same Applicant, the Order Forms will only be counted once, unless otherwise explicitly stated in one of the Order Forms. In the case of multiple applications through the VPS online system or orders made both on an Order Form and through the VPS online application system, all orders will be counted.

6.7.4 Allocation date

The allocation in the Retail Offering will take place after the expiry of the Order Period. Written notifications of allocations in the Retail Offering are expected to be issued by the Manager on or about 21 May 2014 by post. Applicants may contact the Manager in order to be informed about their allocations from 12:00 p.m. (CET) on 21 May 2014 and onwards during business hours. Applicants who have access to investor services through an institution that operates the Applicant's VPS account should be able to see how many Offer Shares they have been allocated from 10:00 a.m. (CET) on 21 May 2014.

6.7.5 Payment and delivery of allocated shares

In completing the Order Form, each Applicant in the Retail Offering will irrevocably authorise the Manager to debit the Applicant's Norwegian bank account for the total amount due for the ordered and allocated Offer Shares on or about 26 May 2014 and there must be sufficient funds in the stated bank account from and including 23 May 2014.

Applicants not having a Norwegian bank account, must ensure that payment of the allocated Offer Shares is made on or before the payment due date (26 May 2014). Further details and instructions will be set out in the allocation notes to the Applicants and can also be obtained by contacting the Manager by telephone at: + 47 22 87 87 00. The Applicant's bank account number must be stated on the Order Form. Should Applicants have insufficient funds in their accounts or should payment be delayed for any reason, a penalty interest will be payable on the delayed sum according to the Norwegian Act on Interest on Overdue Payments of 17 December 1976 no. 100. The interest rate at the date of this Prospectus is 9.50 per cent per annum. Should payment not be made when due, the Offer Shares allocated to such Applicant will not be delivered to the Applicant and the Manager, on behalf of the Company, reserves the right to cancel the order, to re-allot, assume ownership or to sell the allocated Shares at the expense and risk of the Applicant.

The Manager reserves the right to (but has no obligation) to make up to three debit attempts before 2 June 2014, if there are insufficient funds on the account on the first debiting date.

If Offer Shares are sold on behalf of the Applicants, such sale will be for the Applicant's account and risk (however, the Applicant shall not be entitled to profits therefrom, if any) and the Applicant will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Manager as a result of or in connection with such sales, and the Company and/or the Manager may enforce payment of any amount outstanding in accordance with applicable law.

Subject to timely payment by the Applicant, Offer Shares allocated to Applicants in the Retail Offering are expected to be delivered in the form of Depository Receipts to the Applicants' VPS accounts and be available for the Applicant on or about 28 May 2014.

6.8 THE APPLICATION OFFICE

The Application Office for the Offering is:

Pareto Securities AS

Dronning Mauds gate 3
P.O. Box 1411 Vika
N-0115 Oslo
Norway

Tel: + 47 22 87 87 00
Fax: + 47 22 87 87 15

6.9 MECHANISM OF ALLOCATION

The Offering is divided into an Institutional Offering and a Retail Offering. The expected allocation of Offer Shares between the Institutional Offering and the Retail Offering is 90 per cent and 10 per cent respectively. However, the final allocation between the tranches will be decided on or about 20 May 2014 based on the application level in the respective tranches relative to the overall ordered level for the Offering and with regard to the requirement of free float and number of shareholders pertaining to the Listing. No shares have been reserved for any specific national market. The Company and the Manager reserve the right to deviate from the provisionally assumed allocation between the tranches without further notice and at their sole discretion.

In the Institutional Offering, the Board of Directors will determine the allocation of Offer Shares after consultation with the Manager. An important aspect of the allocation principles is the desire to create an appropriate long-term shareholder structure for the Company. The allocation principles will also include factors such as application amounts, timeliness of orders, price aggressiveness in the Bookbuilding Period, investor quality and the objective of establishing a strong, diversified shareholder structure. Priority may therefore be given to Applicants believed to be long-term investors.

In the Retail Offering, allocation will be made solely on a pro rata basis using the VPS automated standard allocation procedure, but no allocation will be made for a number of Offer Shares with a total Offer Price less than NOK 10,500. In the event that further reductions need to be made, the Company reserves the right to limit the total number of Applicants to whom Offer Shares will be issued if it deems this to be necessary in order to keep the number of shareholders in the Company at an appropriate level. If the Company should decide to limit the total number of Applicants to whom Offer Shares will be issued, the Applicants to whom Offer Shares will be issued will be determined by drawing lots or applying similar mechanisms through the automated procedure applicable through VPS.

6.10 OVER ALLOTMENT OPTION AND STABILISATION ACTIVITIES

6.10.1 Over allotment of additional shares

In connection with the Offering, the Manager may, with the consent of the Company, elect to over allot a number of Shares equalling up to 10 per cent of the number of Offer Shares initially allocated in the Offering (amounting to 10,909,090 Shares if 109,090,909 Offer Shares are initially allocated), but in any event not exceeding 10 per cent of the maximum number of Offer Shares set forth herein (the "Over Allotment Facility"). In order to permit delivery in respect of any over-allotments made under the Over Allotment Facility, the Manager will, provided that the no-action letter from ASIC described below is received, enter into an agreement

with Sarella Investments Limited (the "Lending Shareholder") granting the Manager a right to borrow from the Lending Shareholder a corresponding number of Shares (the "Lending Option"). If the Over Allotment Facility is utilized in full, the number of Offer Shares sold and issued in the Offering may amount to a maximum of 169,230,769 Offer Shares (assuming that the Offer Price is set within the Indicative Price Range). In order to secure the Manager the ability to re-deliver the borrowed Shares upon exercise of the Over Allotment Facility, the Company will, in the event the Lending Option is granted, grant the Manager a right to subscribe for a number of Shares equal to the number of Additional Shares at the Offer Price less the number of Shares acquired by the Manager through stabilisation activities, exercisable in whole or in part within a 30-day period from commencement of trading in the Shares on Oslo Axess (the "Over Allotment Option"). The Over Allotment Option will only be granted if the Manager has, prior to expiry of the Bookbuilding Period (as shortened or extended), received a no-action letter from ASIC in respect of the proposed stabilisation activities, as referred to below in section 6.10.2 "Price Stabilisation".

To the extent that the Manager has over-allotted Shares in the Offering, the Manager has created a short position in the Shares. The Manager may close out this short position by buying Shares in the open market through stabilisation activities and/or by exercising the Over Allotment Option.

A stock exchange notice will be made on or about 20 May 2014 announcing whether the Manager has over-allotted Shares in connection with the Offering. Any exercise of the Over Allotment Option will be promptly announced by the Manager through the information system of Oslo Børs.

6.10.2 Price stabilisation

In order to facilitate stabilisation activities and due to the potential indirect impact of such stabilisation activities on the market price of Shares traded on the NSX, the Manager has applied for a no-action letter from ASIC. Subject to the Manager receiving such no-action letter from ASIC no later than by expiry of the Bookbuilding Period (as shortened or extended), the Manager may, upon exercise of the Over Allotment Facility, effect transactions with a view to support the market price of the Shares at a level higher than what might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. There is no obligation of the Manager to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilising activities, if commenced, may be discontinued at any time and will be brought to an end at the latest 30 calendar days after the first day of trading of the Shares on Oslo Axess. Stabilisation activities might result in market prices that are higher than would otherwise prevail.

Any stabilisation activities will be conducted in accordance with Section 3-12 of the Norwegian Securities Trading Act and the EC Commission Regulation 2273/2003 regarding buy-back programs and stabilisation of financial instruments.

Within one week after the expiry of the 30-day period of price stabilisation, the Manager will publish information as to whether or not price stabilisation activities were undertaken. If stabilisation activities were undertaken, the statement will also include information about: (a) the total amount of Shares sold and purchased; (b) the dates on which the stabilisation period began and ended; (c) the price range between which stabilisation was carried out, as well as the highest, lowest and average price paid during the stabilisation period; and (d) the date at which stabilisation activities last occurred.

Any profits received from stabilisation activities will be to the benefit of the Lending Shareholder.

6.11 SHAREHOLDERS' RIGHTS CONFERRED BY THE OFFER SHARES

The Offer Shares will in all respects rank *pari passu* with all other Shares already in issue, and will be eligible for any dividend that the Company may declare on the Shares after the Offer Shares have been issued.

6.12 TRADING OF ALLOCATED SHARES

It is expected that the Company will be listed and that it will be possible to trade the Offer Shares on Oslo Axess from and including 30 May 2014.

An Applicant will not under any circumstances be entitled to sell or transfer its Offer Shares allocated in the Offering until the Offer Shares have been paid in full by the Applicant and the Offer Shares have been issued to the Applicant.

6.13 LISTING

6.13.1 Listing

The Shares have been listed on the NSX since 30 June 2010 under ticker code AOQ. On 25 April 2014, the Company applied for a listing of all its issued and outstanding shares on Oslo Axess.

In a board meeting held 30 April 2014 the board of directors of Oslo Børs approved the Company's application for Listing on the conditions set out in section 6.3 above. Subject to completion of the Offering, it is expected that the conditions will be fulfilled on or about 30 May 2014, whereby the Listing will be effective, and the Offer Shares issued in connection with the Offering, will begin trading on Oslo Axess. However, there can be no assurance that the Listing can be achieved by this date or at all.

Upon the Listing, the Company intends to review its listing on the NSX. Should the Company decide to de-list from the NSX, the NSX Listing Rules would require that the Company (i) obtains approval by a 75 per cent vote of shareholders (being 75 per cent of those who actually vote on the resolution, not 75 per cent of all shareholders); and (ii) provides 90 days' notice of its intention to delist from NSX by way of an announcement.

6.13.2 Lock up agreements in connection with the Offering

In connection with the Offering, the Manager has entered into lock-up agreements with the Company, Sarella Investments Limited and the members of senior management and Directors of African Petroleum. Under such lock-up agreements, the Company has agreed for a period of 365 days calculated from the first day of the Listing not to issue new Shares, unless the Manager has granted prior written approval. Furthermore, Sarella Investments Limited and members of senior management and Directors of the Company have agreed not to dispose of or sell the Shares held by them, for the periods described below, unless the Manager has granted prior written approval. As a result of entering into the voluntary restriction arrangements with Sarella, senior management and Directors of African Petroleum, the Manager will be technically acquiring a relevant interest in the Shares the subject of the voluntary restrictions and this interest will exceed the 20 per cent relevant interest threshold permitted under the Australian Corporations Act. For this reason, the voluntary restriction arrangements apply unconditionally in relation to the first 19.9 per cent of the issues Shares which are held by Sarella for 12 months from the date of the agreements, and for 3 months in relation to the balance of the Shares which are subject to the voluntary restriction arrangements. The restrictions will extend for the full 12 months from the date of the agreements if, within that 3 month period, the Australian Securities and Investments Commission grants relief to the Manager in relation to the 20 per cent limit. This relief has been obtained.

6.14 PUBLICATION OF INFORMATION RELATED TO THE OFFERING

The Company intends to use the Oslo Børs' information system to publish information with respect to the Offering, such as any changes to the Bookbuilding Period and/or the Order Period, any changes to the Indicative Price Range, increase or reduction of the number of Offer Shares sold as part of the Offering, the final Offer Price and the definitive number of Offer Shares issued and sold, the total amount of the Offering and the first day of trading of the Shares on Oslo Axess.

6.15 MANAGER

The Manager for the Offering is Pareto Securities AS. For the addresses and contact information of the Manager, please refer to section 6.8 "The Application Office".

6.16 LEGAL ADVISORS

Wikborg, Rein & Co Advokatfirma DA is acting as Norwegian legal counsel to the Company and Baker & McKenzie is acting as the Australian legal counsel to the Company in connection with the Offering. Advokatfirmaet Thommessen AS is acting as legal counsel to the Manager in connection with the Offering.

6.17 EXPENSES AND NET PROCEEDS

The Company will pay to the Manager commission in respect of the Offer Shares sold in the Offering on behalf of the Company. The Company estimates that its total costs in connection with the Offering (assuming a final Offer Price at the mid-point of the Indicative Price Range and gross proceeds of NOK 200 million) will amount to approximately NOK 25.3 million, of which the Manager will receive a total of NOK 14.4 million assuming

full subscription of the Offering. The net proceeds from the Offering are expected to be approximately NOK 174.7 million assuming gross proceeds of NOK 200 million.

6.18 JURISDICTION AND CHOICE OF LAW

The Offering and this Prospectus are subject to Norwegian law. Any dispute arising in respect of the Offering or this Prospectus is subject to the exclusive jurisdiction of Oslo District Court.

6.19 VPS ACCOUNT

To participate in the Offering, each Applicant must have a VPS account. The VPS account number must be stated when registering an application through the VPS online application system or on the Order Form for the Retail Offering. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorized investment firms in Norway and Norwegian branches of credit institutions established within the EEA. Applicants may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

6.20 MANDATORY ANTI-MONEY LAUNDERING PROCEDURES

The Offering is subject to the Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009 (collectively the "Anti-Money Laundering Legislation").

All Applicants who are not registered as existing customers with the Manager must verify their identity to the Manager in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants that have designated an existing Norwegian bank account and an existing VPS-account on the Order Form are exempted, provided the aggregate subscription price is less than NOK 100,000, unless verification of identity is requested by the Manager. The verification of identification must be completed prior to the end of the Order Period. Applicants that have not completed the required verification of identification will not be allocated Offer Shares.

6.21 INTERESTS OF NATURAL AND LEGAL PERSONS IN THE OFFERING

The Manager or its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Further, a portion of the commissions that are to be paid for the services of the Manager in respect of the Offering are calculated on the basis of the gross proceeds of the Offering.

The Company will receive the proceeds of the Offering.

Other than as set out above, the Company is not aware of any interest of any natural and legal persons involved in the Offering that is material to the Offering.

6.22 DILUTION

Shareholders not participating in the Offering are subject to a direct dilution of their ownership as set forth in the table below, depending on the Offer Price and the number of Offer Shares issued in the Offering:

	Post placement (minimum number of new shares)	Post placement (maximum number of new shares)
Total number of shares	717 444 153	802,324,790
Offer price (NOK)	1.45	1.30
Gross proceeds (NOK million)	100	200
Dilution	9.6%	19.2%

7. SELLING AND TRANSFER RESTRICTIONS

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered under this Prospectus.

Other than in Norway, the Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Offer Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

7.1 SELLING RESTRICTIONS

United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold except (i) within the United States to QIBs as defined in, and in reliance on, Rule 144A or (ii) to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Manager has agreed that it has not offered or sold, and will not offer or sell, any of the Offer Shares at any time other than to QIBs in the United States in accordance with Rule 144A or outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described in Section 7.2 "Transfer Restrictions".

Any offer or sale in the United States will be made by broker-dealers registered under the US Exchange Act which are either an affiliate of the Manager or broker-dealers to which the Manager have a contractual relationship. In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A of the U.S. Securities Act and in connection with any applicable state securities laws.

United Kingdom

The Manager:

- a) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company; and
- b) has complied and will comply with all applicable provisions of the FSMA with respect to everything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

European Economic Area ("EEA")

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any Offer Shares may not be made in that Relevant Member State, other than the offers contemplated by this Prospectus in Norway once this Prospectus has been approved by the Norwegian FSA and published in accordance with the Prospectus Directive as implemented in Norway, except that an offer to the public of any Offer Shares in a Relevant Member State may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in the Relevant Member State:

- a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b) to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication by the Company or the Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes hereof, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in each Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

The EEA selling restriction is in addition to any other selling restrictions set out in this Prospectus.

Switzerland

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance of prospectuses under article 652a or article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under article 27 ff of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the Offer Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this document nor any other offering or marketing material relating to the Offering, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Offering will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the Offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Canada

This document constitutes an offering of the Offer Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such Offer Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Offer Shares or the offering of Offer Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Offer Shares or the resale of such Offer Shares. Any person in the Provinces lawfully participating in the Offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Offer Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may

in some circumstances apply to resales of the Offer Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the Offer Shares.

The Company and its directors and officers are located outside Canada. As a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and, save for the case of the unaudited interim cash flow statements prepared for Q1 2013 and 2014, also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages or rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario.

In Ontario, every purchaser of the Offer Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Offer Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that:

- (a) the Company will not be liable if it proves that the purchaser purchased the Offer Shares with knowledge of the misrepresentation;
 - (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the Offer Shares as a result of the misrepresentation relied upon; and
 - (c) in no case shall the amount recoverable exceed the price at which the Offer Shares were offered.
- Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (i) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (ii) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action.

These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian Income Tax Considerations

Prospective purchasers of the Offer Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the Offer Shares as any discussion of

taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada

Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of these securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Hong Kong

The Offer Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Offer Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may they be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Australia

This Prospectus has not been lodged with the Australian Securities and Investments Commission, and is not a disclosure document for the purposes of the *Corporations Act 2001 (Cth)* (the "Corporations Act"). This Prospectus does not constitute an offer in Australia to any person who is not a "sophisticated investor" or "professional investor" as defined in the Corporations Act. The distribution of this Prospectus (including electronically) to persons in Australia may be restricted by the Corporations Act, and any failure to comply with such restrictions may constitute a violation of applicable securities laws. If this Prospectus is released to NSX in accordance with the Company's continuous disclosure obligations then such action is for information purposes only and does not constitute an offer of securities.

Additional jurisdictions

The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Japan or any other jurisdiction in which it would not be permissible to offer the Offer Shares.

In jurisdictions outside the United States, Australia and the EEA where the Offering would be permissible, the Offer Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

7.2 TRANSFER RESTRICTIONS

United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this Section.

Each purchaser of the Offer Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed decision and that:

- The purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority or any state of the United States, and are subject to significant restrictions on transfer.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.
- The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.
- The purchaser acknowledges that the Company, the Manager and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States pursuant to Rule 144A acknowledges, represents and agrees that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution of the Offer Shares, as the case may be.

- The purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, as the case may be, such shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The Offer Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares, as the case may be.
- The Company shall not recognize any offer, sale pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.
- The purchaser acknowledges that the Company and the Manager and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

European Economic Area

Each person in a Relevant Member State (other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway) who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Manager and the Company that:

- (a) it is a qualified investor as defined in the EU Prospectus Directive; and
- (b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Manager has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an "offer" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the EU Prospectus Directive in that Relevant Member State and the expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

8. PRESENTATION OF THE COMPANY

8.1 INTRODUCTION

African Petroleum Corporation Limited is a public limited liability company, established under the laws of Australia. The Company is subject to the Australian Corporations Act. The Company was incorporated 16 May 2007 under the name Global Iron Limited ("Global Iron") and changed its name to African Petroleum Corporation Limited on 24 June 2010, after a reverse take-over by African Petroleum Corporation Limited (Cayman Islands). Please refer to section 8.4 below for more information regarding the reverse take-over. The Company is registered with the ASIC under organisation number ACN 125 419 730. The Company's registered business address is 32 Harrogate Street, West Leederville, WA 6007, Australia. The principal offices of the Company are located in London, in Stratton House, 5 Stratton Street, London W1J 8LA, United Kingdom. The telephone number is +44 20 3435 7700. The Company has been listed on the NSX since June 2010.

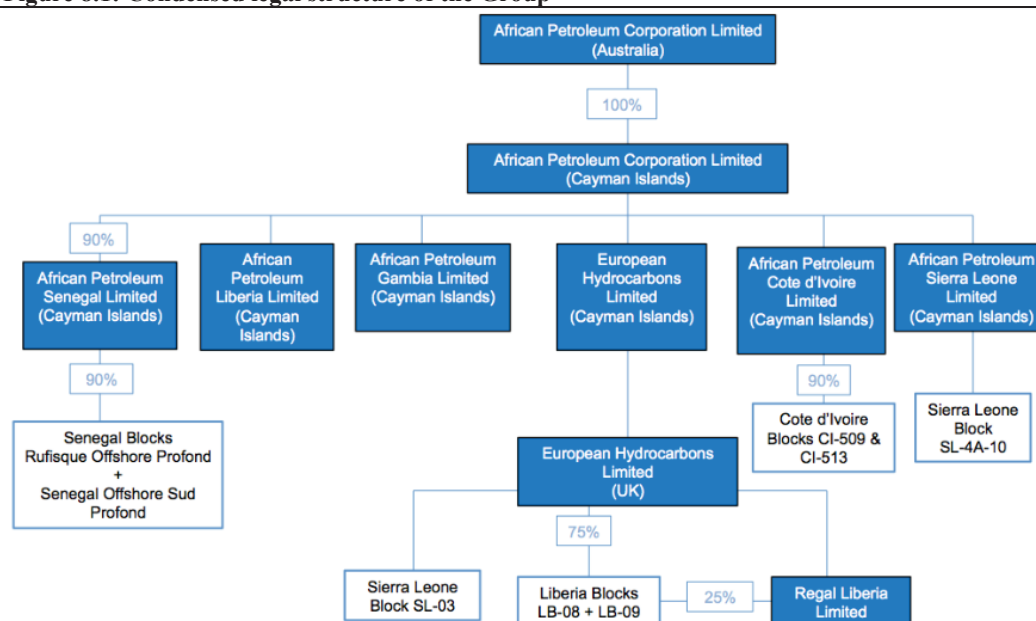
The Group is an oil and gas exploration and development group focused on exploration offshore West Africa. The Group holds a total of eight licence blocks offshore Côte d'Ivoire, Liberia, Senegal and Sierra Leone, giving the Company a total combined gross exploration licence acreage of 32,020 km².

The Company is the ultimate holding company of the Group, and has no operational activities. The subsidiaries African Petroleum Côte d'Ivoire Limited, African Petroleum Senegal Limited and African Petroleum Sierra Leone Limited conduct activities through licences in the countries reflected by the company names. The subsidiaries European Hydrocarbons Limited and Regal Liberia Limited conduct activities through licences in Sierra Leone and Liberia.

The Group's exploration activities have so far been financed by equity capital and the Company has raised a total of USD 559.6 million through the completion of four capital raisings in 2010, 2011, 2012 and 2014. On 20 February 2014 the Company announced a private placement consisting of two tranches, raising a total of AUD 20,000,160 in gross proceeds. The private placement was closed in February 2014 and April 2014 as further described in section 15.2. To date the Group has acquired ten licences in West Africa (including blocks A1 and A4 in the Gambia which the Gambian government purported to terminate, please refer to section 8.9.2 below for further information), acquired 3D seismic on nine of these licences and in addition drilled three exploration and appraisal wells on its LB-09 licence offshore Liberia.

8.2 LEGAL STRUCTURE OF THE GROUP

The Company is the ultimate parent company of the Group. In addition, the Group consists of 21 subsidiaries. The majority of the Group's subsidiaries are incorporated on the Cayman Islands, except for certain companies incorporated in the countries where the Group conducts its activities through its licences as well as five subsidiaries incorporated in the UK, including the management company African Petroleum Corporation (Services) Limited. A condensed legal structure of the Group is shown in Figure 8.1 below:

Figure 8.1: Condensed legal structure of the Group

Source: The Company

The table below contains a list of all of the Company's subsidiaries:

Table 8.1: List of Group companies

Company name	Country of incorporation	Group ownership
African Petroleum Corporation Limited	Cayman Islands	100 per cent
European Hydrocarbons Limited	Cayman Islands	100 per cent
African Petroleum Liberia Limited	Cayman Islands	100 per cent
African Petroleum Limited	Cayman Islands	100 per cent
African Petroleum Sierra Leone Limited	Cayman Islands	100 per cent
European Hydrocarbons Ghana Limited	Cayman Islands	100 per cent
African Petroleum Senegal Limited	Cayman Islands	90 per cent ¹
African Petroleum Gambia Limited	Cayman Islands	100 per cent
African Petroleum Guinea Limited	Cayman Islands	100 per cent
African Petroleum Côte d'Ivoire Limited	Cayman Islands	100 per cent
African Petroleum (SL) Limited	Sierra Leone	99.99 per cent ²
European Hydrocarbons (SL) Limited	Sierra Leone	99.99 per cent ²
African Petroleum Senegal SAU	Senegal	100 per cent
European Hydrocarbons (Ghana) Limited	Ghana	91 per cent ³
African Petroleum Côte d'Ivoire SAU	Côte d'Ivoire	100 per cent
African Petroleum Liberia Limited	Liberia	100 per cent
African Petroleum Corporation (Services) Limited	United Kingdom	100 per cent
European Hydrocarbons Limited	United Kingdom	100 per cent
Regal Liberia Limited	United Kingdom	100 per cent
African Petroleum Limited	United Kingdom	100 per cent
African Petroleum Corporation Limited	United Kingdom	100 per cent
African Petroleum (Guinea) SARL	Guinea	100 per cent

¹ Remaining 10 per cent shareholding held by Prestamex Limited

² Remaining 0.01 per cent shareholding held by Mr. Bangura (director of the Company). Mr. Bangura is resident of Sierra Leone and holds the shares in accordance with Sierra Leonean law

³ Remaining 9 per cent shareholding held by Joseph Kingsley, director of African Hydrocarbons Ghana Limited and resident of Ghana, and holds the shares in accordance with Ghanaian law

8.3 DESCRIPTION OF THE MAIN COMPANIES IN THE GROUP

The Company holds 100 per cent of the shares in African Petroleum Corporation Limited (Cayman Islands) which holds 100 per cent of the shares in African Petroleum Côte d'Ivoire Limited, African Petroleum Gambia Limited, European Hydrocarbons Limited (Cayman Islands), African Petroleum Sierra Leone limited, African Petroleum Liberia Limited and 90 per cent of the shares in African Petroleum Senegal Limited. All subsidiaries of African Petroleum Corporation Limited (Cayman Islands) are registered in the Cayman Islands. Further, European Hydrocarbons Limited (Cayman Islands) holds 100 per cent of the shares in European Hydrocarbons Limited (UK), registered in the United Kingdom, and which is the owner of 100 per cent of the shares in Regal Liberia Limited registered in the United Kingdom. The corporate structure presented in Figure 8.1 is an extract of the Company's corporate structure, showing African Petroleum's key subsidiaries. In addition to these entities, the Group has local subsidiaries in many of the jurisdictions in which it operates and other UK and Cayman Islands registered companies as indicated in the table above.

African Petroleum Corporation Limited (the Company): Is the ultimate parent company in the Group and is registered in Australia.

African Petroleum Corporation Limited ("African Petroleum Cayman"): Is the Cayman Islands registered parent company of the Group and is wholly owned by the Company.

African Petroleum Côte d'Ivoire Limited ("African Petroleum Côte d'Ivoire"): The Cayman Islands registered subsidiary is wholly-owned by African Petroleum Cayman and holds a 90 per cent interest in licences CI-509 and CI-513, offshore western Côte d'Ivoire. The remaining 10 per cent carried interest is held by the national oil company of Côte d'Ivoire, Petroci Holding ("Petroci").

European Hydrocarbons Limited (UK) ("EHL"): The UK registered subsidiary is wholly-owned by African Petroleum Cayman (through European Hydrocarbons Limited (Cayman Islands)) and holds, together with its wholly owned subsidiary Regal Liberia Limited, a 100 per cent interest in licences LB-08 and LB-09, located offshore Liberia. Further, EHL owns 100 per cent interest over licence SL-03, offshore Sierra Leone.

Regal Liberia Limited ("Regal Liberia"): Is a wholly owned UK registered subsidiary of EHL. Regal Liberia holds a 25 per cent interest in licences LB-08 and LB-09 located offshore Liberia.

African Petroleum Senegal Limited ("African Petroleum Senegal"): African Petroleum Cayman owns 90 per cent of the Cayman Islands registered subsidiary, with the remaining 10 per cent owned by Prestamex Group Inc. African Petroleum Senegal holds a 90 per cent operating interest in exploration blocks Rufisque Offshore Profond and Senegal Offshore Sud Profond, offshore southern and central Senegal with the remaining 10 per cent carried interest being held by Société des Pétroles du Sénégal ("Petrosen"), the national oil company of Senegal.

African Petroleum Sierra Leone Limited ("African Petroleum Sierra Leone"): The Cayman Islands registered subsidiary is wholly-owned by African Petroleum Cayman and holds 100 per cent interest over licences SL-4A-10, offshore Sierra Leone.

8.4 HISTORICAL BACKGROUND AND DEVELOPMENT

The parent company African Petroleum (previously Global Iron) was incorporated in Australia on 16 May 2007 and admitted to the official list of ASX on 16 October 2007. However, the current business of the Company dates back to June 2005 when EHL and Regal Liberia, following an international bidding round, were awarded 75 per cent and 25 per cent working interest respectively in licences LB-09 and LB-08 offshore Liberia. At such time, Mr. Timis was a former director of Regal Petroleum PLC, which was the parent legal entity of Regal Liberia, and he was also the beneficial controlling shareholder of EHL and a 7 per cent shareholder in Regal Petroleum plc. In November 2007, EHL acquired the remaining 25 per cent interest in licences LB-08 and LB-09 indirectly through its acquisition of Regal Liberia.

In 2010 a reverse take-over, resulting in the assets of EHL being transferred to Global Iron, was completed through the following steps:

- (i) On 28 January 2010, EHL completed a reverse takeover of European Hydrocarbons Limited Cayman ("EHL Cayman")

- (ii) On 29 January 2010, EHL Cayman completed a reverse takeover of African Petroleum Cayman
- (iii) On 30 June 2010, African Petroleum Cayman completed a reverse takeover of Global Iron

The reverse take-over described in item (iii) above was conducted by African Petroleum Cayman completing the acquisition of Global Iron in conjunction with a USD 222 million fundraising pursuant to a placement of new shares directed at professional and institutional investors. Following the reverse takeover, the Company was admitted to the official list on NSX on 30 June 2010 and subsequently delisted from the ASX following application from the Company on 3 September 2010.

The table below provides an overview of key events in the Company's development, including material events connected to the business pre-dating the reverse takeover.

Table 8.2: List of key historical events

Date	Event
June 2005	Licences LB-08 and LB-09 were acquired by European Hydrocarbons Limited (UK) and Regal Liberia
November 2007	European Hydrocarbons Limited (UK) acquires Regal Liberia and obtains 100 per cent interests in licences LB-08 and LB-09 offshore Liberia
April 2010	European Hydrocarbons Limited (UK) was awarded Licence SL-03 offshore Sierra Leone, ratified by the Parliament of Sierra Leone in February 2011
June 2010	The Company completed a reverse takeover, corporate reorganisation, private placement of shares raising a total of AUD 222 million and the Company listed on NSX
August 2010	The Group entered into a farm in agreement with Buried Hill to acquire a 60 per cent interest in licences A1 and A4, offshore the Gambia
May and June 2011	Completion of two tranches of private placements of shares, raising AUD 193 million in May 2011 and AUD 57 million in July 2011
September 2011	Announcement of a discovery at the Group's first well drilled on LB-09, Apalis-1 offshore Liberia
November 2011	Licences Rufisque Offshore Profond and Senegal Offshore Sud Profond, offshore Senegal awarded to the Group
December 2011	Licence CI-513, offshore Côte d'Ivoire awarded to the Group
January 2012	3D seismic data over SL-03 offshore Sierra Leone was received by the Group
February 2012	Announcement of a discovery at the Group's second well drilled on LB-09, Narina-1, offshore Liberia
March 2012	Licence CI-509, offshore Côte d'Ivoire awarded to the Group
July 2012	Completion of a private placement of shares raising approximately AUD 85 million in proceeds
July 2012	Final 3D seismic data over Senegal Offshore Sud Profond received
September 2012	The Group was awarded licence SL-4A-10, offshore Sierra Leone and subsequently ratified by the Parliament of Sierra Leone
November 2012	Final 3D seismic data received over CI-509 and CI-513, offshore Côte d'Ivoire
February 2013	Announcement of discovery at African Petroleum's third well drilled on LB-09 offshore Liberia, Bee-Eater-1
September 2013	Two year extension granted on Sierra Leone licence SL-03
October 2013	Mr. Charles Matthews appointed as Chairman of the Board of Directors
October 2013	Mr. Stephen West appointed as new Finance Director of the Company
January 2014	Received notification from the Gambian government purporting to terminate licences A1 and A4
January 2014	Two year extension of the second exploration period on LB-08 and LB-09 until June 2016. Outstanding drilling commitment of two exploration wells in LB-08 moved until the third exploration period
February 2014	Dr. Stuart Lake was appointed as new CEO of the Company
February 2014	AUD 20 million two tranche private placement at AUD 0.24 per Share. 37,852,000 of the Shares were issued on 27 February 2014, the remaining 45,482,000 Shares were issued on 8 April 2014
22 April 2014	One year extension granted on first exploration period for Côte d'Ivoire licence blocks CI-509 and CI-513, until March 2016 and December 2015, respectively.

Source: The Company

As part of a refreshed strategy, the Company underwent a management and board re-organisation in 2013 and Q1 2014. Mr. Frank Timis retired from the Board and his position as Non-Executive Chairman in October 2013; Mr. Karl Thompson resigned from the Board and his position as Chief Executive Officer in February 2014; Mr. Mark Ashurst resigned from his position as Chief Financial Officer in October 2013 and retained his Executive Directorship position; Mr. Alan Watling resigned from the Board in July 2013; and Mr. Antony Sage resigned from the Board and his position as Non-Executive Deputy Chairman in June 2013. Mr. Matthews was appointed as Chairman of the Company in October 2013; Dr. Lake was appointed to the Board and to the position of Chief Executive Officer in February 2014; Mr. West was appointed as Finance Director in October 2013; and Dr. David King was appointed to the Board in July 2013. The reorganisation has enabled the Company to appoint individuals with the necessary experience and knowledge of the industry to take the Company to its next stage of development, particularly to complete the Listing and secure farm-in partners.

8.5 BUSINESS OVERVIEW

8.5.1 Overview of the Company's operations

Since its listing on the NSX on 30 June 2010, the Company has established itself as a major oil and gas exploration company in West Africa. The Company, through its subsidiaries, has extended its portfolio of hydrocarbon exploration licences offshore West Africa, to a total of eight licences including two licences in each of Côte d'Ivoire, Liberia, Senegal and Sierra Leone with a combined gross acreage of 32,020 km². The Group has acquired 3D seismic surveys over seven of its licences offshore Liberia, Côte d'Ivoire, Sierra Leone and Senegal, in addition to 3D seismic surveys over its former licences in the Gambia. Further, the Group has drilled three wells on block LB-09 offshore Liberia, with encouraging but so far inconclusive results. The Company emphasises that although all three wells encountered hydrocarbons on varying amounts from shows (Apalis and Bee-Eater) to full hydrocarbon columns (Narina) supported by pressure and sample data, neither of the discovered accumulations qualify as reserves or contingent resources under the Petroleum Resources Classification Framework. Further appraisal data is required to book contingent resources or reserves. Furthermore, the prospective resources of the Liberian licenses referred to in other sections of this Prospectus all relate to undiscovered potential accumulations in prospects either adjacent to the drill sites or situated in other parts of the license area.

As part of the Company's business strategy it is actively exploring farm-out possibilities in the various countries of operation in order to reduce its working interest in some or all of its exploration licences. The farm-out process is part of a process of maturing the Group's asset portfolio and is initiated to *inter alia* reduce the Group's capital commitments, generate cash sales proceeds for funding of future operations as well as introducing technically and operationally competent joint venture partners to the Group's licences. The drilling of wells will require substantial financial resources relative to the economics of the Group, and the Group is dependent on completing farm-outs or alternative financing in order to complete the minimum work commitments under the various licences. The Group intends to fund its existing and future drilling commitments through farm-out agreements. The Group is actively seeking potential farm-in partners and will announce any material agreements to the market as they materialise.

As described above, funds required for the acquisition of licences or for exploration work have historically been raised through equity raisings. Going forward the Group plans to fund its exploration and development activities, including drilling commitments, through further equity raisings and by farming out interests in licences to strategic partners, together with obtaining debt financing where available and appropriate.

Going forward, the focus of the Company will be dependent on various factors, mainly related to development of exploration prospects in the West African Transform Margin and the North West African Atlantic Transform Margin. The Company will pursue a farm-out on all of the Group's eight licences in order to fund drilling operations. Should the Group not be able to secure financing through farm-out agreements in time or obtain extensions on the drilling commitments under the relevant licences when necessary, the licences may be revoked and the Group will risk having to make payments under the guarantees provided in respect of the relevant licences.

8.5.2 Prospective Resources

The Company has obtained a CPR dated 22 April 2014 to audit its work and clarify Prospective Resources. The CPR has been prepared in compliance with the definitions set by the Petroleum Resources Management System issued by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers in March 2007 (March 2007

SPE/WPC/AAPG/SPEE Petroleum Resources Management System (PRMS)). The CPR has been produced at the request of the Company.

The CPR was prepared by ERC Equipoise, an independent consultancy specialising in petroleum reservoir evaluation with registered address on 6th floor, Stephenson House, 2 Cherry Orchard Road, Croydon, CR0 6BA, England. Except for the provision of professional services on a fee basis, ERC Equipoise has no commercial arrangement with any other person or company involved in the interests that are the subject of the report.

ERC Equipoise has consented to the publication of the CPR in this Prospectus.

The CPR contains the following summary of licences:

- Liberia: The independent Best Estimate (P50) of prospective oil resources for the six prospects in Liberia in aggregate is 2,013 MMstb un-risked, net attributable to the Group is 1,953 MMstb un-risked and 310 MMstb risked. The independent Mean estimate of prospective oil resources for the six prospects in aggregate is 3,339 MMstb un-risked, net is 3,230 MMstb un-risked and 499 MMstb net risked.
- Côte d'Ivoire: The independent Best Estimate (P50) of prospective oil resources for the five reviewed prospects in aggregate is 999 MMstb un-risked, net attributable to the Group is 863 MMstb un-risked and 116 MMstb net risked. The independent Mean estimate of prospective oil resources for the prospects is 1,808 MMstb un-risked, net is 1560 MMstb un-risked and 209 MMstb net risked.
- Sierra Leone: The independent Best Estimate (P50) of prospective oil resources for the Altair prospect in license SL-03 is 278 MMstb (gross and net) un-risked and 50 MMstb net risked. The independent Mean estimate of prospective oil resources for the prospect is 434 MMstb (gross and net) un-risked and 79 MMstb net risked.

In addition, 3D seismic data in Senegal is currently being interpreted, and have so far resulted in identification of certain leads. Due to the present status, these identified leads are of insufficient technical maturity for inclusion into the Group's CPR in February 2014 and as such no prospective resources are included for Senegal.

No material changes have occurred since the date of the CPR.

The full CPR is incorporated by reference in section 19.5 below.

8.6 BUSINESS STRATEGY

The Company's strategy is to focus on high potential exploration plays in the West African Transform Margin with the aim of making commercial discoveries and becoming a material independent exploration and development company in the region. The Group is currently focusing on its existing licences and not on the acquisition of additional licences. However, the Company will evaluate any strategic opportunities which may arise in the future.

African Petroleum aims to be an attractive partner to its host governments and licence partners, due to its ability to leverage strong industry links to execute work programs on time or ahead of schedule. African Petroleum has a strong track record of delivery from seismic acquisition, processing and interpretation to exploratory drilling, through its experienced technical and management teams. With success, the Group is well placed to move exploration discoveries through appraisal to development, alongside strategic partners.

8.7 PROPERTY, PLANT AND EQUIPMENT

The Group's main tangible assets relates to its licences and exploration assets which are categorised as exploration and evaluation expenditure in the Group's balance sheets and carries a book value of USD 403,272,803 million as at 31 December 2013.

As at 31 December 2013, the Group had USD 3,157,835 of property, plant and equipment ("PPE"). This included a corporate aircraft valued at USD 1,080,000 which the Company uses for travel in West Africa due to limited commercial airline availability in the region, and plant and equipment with a net book value of USD 1,021,677. The remaining PPE represents freehold land.

Please refer to Section 9 for further descriptions of the Group's assets.

8.8 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Group has had no material expenses related to research and development for the period covered by the last two financial years and up to the date of the Prospectus.

Other than the licences described under Section 9, the Group holds no patents or licences that are critical to the business or any other significant patents.

8.9 MATERIAL CONTRACTS

The following contracts are deemed material to the business of the Company:

8.9.1 PSCs and other contracts relating to the Group's current and previous licences

The Group's main contracts are the PSCs and other licences under which the Group holds interests in its exploration blocks. PSCs are common contracts signed between a government and a resource extraction company and the Group has entered into a number of PSCs with the respective governments in the different countries in which the Group holds its licences:

- **LB-08:** PSC between the Republic of Liberia, the National Oil Company of Liberia ("NOCAL"), EHL and Regal Liberia for the exploration and production rights over licence LB-08 offshore Liberia and entered into on 16 June 2005, amended on 1 March 2008 and ratified by the National Legislature of the Republic of Liberia on 11 June 2008;
- **LB-09:** PSC between the Republic of Liberia, NOCAL, EHL and Regal Liberia for the exploration and production rights over licence LB-09 offshore Liberia entered into on 16 June 2005, amended on 1 March 2008 and ratified by the National Legislature of the Republic of Liberia on 11 June 2008;
- **CI-513:** PSC entered into between the Republic of Côte d'Ivoire, Petroci and African Petroleum Côte d'Ivoire Limited over licence CI-513, dated 19 December 2011, amended on 17 April 2014;
- **CI-509:** PSC entered into between the Republic of Côte d'Ivoire, Petroci and African Petroleum Côte d'Ivoire Limited over licence CI-509, dated 16 March 2012, amended on 17 April 2014;
- JOAs entered into on 11 May 2012 between African Petroleum Côte d'Ivoire Limited and Petroci for licences CI-509 and CI-513;
- **SL-03:** Petroleum agreement entered into between the Government of the Republic of Sierra Leone and EHL regarding the licence SL-03, dated 23 April 2010, amended on 23 September 2013;
- **SL-4A-10:** Petroleum exploration and production agreement entered into between African Petroleum Sierra Leone and the Government of the Republic of Sierra Leone regarding licence SL-4A-10 and dated 17 September 2012.
- **Rufisque Offshore Profond:** The Hydrocarbon Exploration and Production Sharing Contract between the Republic of Senegal, Petrosen and African Petroleum Senegal over licence Rufisque Offshore Profond, Senegal, dated 25 October 2011;
- **Offshore Sud Profond:** The Hydrocarbon Exploration and Production Sharing Contract between the Republic of Senegal, Petrosen and African Petroleum Senegal over the Senegal licence Offshore Sud Profond and dated 25 October 2011;
- JOAs entered into on 25 November 2011 between Petrosen and African Petroleum Senegal regarding licence Rufisque Offshore Profond and licence Offshore Sud Profond;
- **Gambian Licences:** Farm-in-agreement entered into between African Petroleum Gambia and Buried Hill on 12 August 2010 under which African Petroleum Gambia acquired a 60 per cent operated working interest in licence A1 and A4;
- JOAs entered into on 27 August 2010 between African Petroleum Gambia and Buried Hill Gambia B.V. regarding Block A1 and A4.

For further information regarding the PSCs and other agreements related the Company's licences please see Section 9 below. For a description of the claim from Buried Hill under the above-mentioned farm-in agreement due to the purported termination of the Gambian licenses, please see Sections 8.9.2 and 18 below.

8.9.2 Purported termination of the Gambian Licences

In 2010 African Petroleum Gambia Limited, a wholly owned subsidiary of the Company, acquired through a farm-in agreement a 60 per cent interest in the Gambian Licences from Buried Hill which retained a 40 per cent interest in the Gambian Licences. The Gambian Government purported to terminate the Gambian Licences by

letters dated 3 January 2014. The first exploration period for the Gambian Licences expired on 31 December 2013. Despite efforts by African Petroleum Gambia in 2013 to secure an extension of the first exploration period or to defer the drilling commitment in Licence A1 to the second exploration period, the Gambian Government terminated the Gambian Licences. The Gambian Government also notified African Petroleum Gambia in its letters of 3 January 2014 that all other obligations due to the Gambian Government should be fulfilled as required by the Gambian Licences. African Petroleum Gambia has disputed the purported termination and is actively seeking to persuade the Gambian Government to agree a basis for the continuation of the Gambian Licences.

Disputes are subject to strict confidentiality obligations under the Licences. Nevertheless, in accordance with the license agreements, disputes that cannot be settled amicably are to be resolved by ICSID arbitration. The Gambian Government has failed to respond to African Petroleum Gambia's invitations to meet. In the circumstances African Petroleum Gambia's board of directors has resolved that the dispute will now be resolved by arbitration. Request for arbitration in respect of both of the Gambian Licences were registered by ICSID on 21 March 2014.

African Petroleum Gambia has received unquantified claims from Buried Hill in relation to the Gambian Government's purported termination of the Gambian Licences. Buried Hill has alleged that it has suffered loss as a result of African Petroleum Gambia's breach of the 2010 farm-in agreement. African Petroleum Gambia rejects Buried Hill's claims and if the dispute cannot be amicably resolved any remaining issues will be resolved by confidential ICC arbitration.

8.9.3 Agreements regarding third party interests in subsidiaries

Following an agreement between Prestamex Group Inc. ("Prestamex"), African Petroleum Cayman and African Petroleum Senegal dated 28 November 2011, Prestamex received 10 per cent of the shares in African Petroleum Senegal for consultancy services provided by Prestamex on an exclusive basis to African Petroleum Senegal. Prestamex has maintained its 10 per cent ownership of African Petroleum Senegal (while the remaining 90 per cent are held by African Petroleum Cayman). The agreement dated 28 November 2011 *inter alia* governs Prestamex's and African Petroleum Cayman's shareholder interests in African Petroleum Senegal.

Under the agreement and in consideration for the services performed by Prestamex, African Petroleum Cayman, in addition to transferring 10 per cent of its shares in African Petroleum Senegal, has paid Prestamex USD 2,000,000. There are no further liabilities on the part of the Group towards Prestamex under the agreement, save for the shareholder regulations described below.

The agreement governs *inter alia* board composition, shareholder reserved matters, restrictions on the transfer of shares, pre-emption rights and deadlock resolution in African Petroleum Senegal:

- **Board composition:** the agreement allows African Petroleum Cayman to appoint four directors (including the Chairman) to the Board of African Petroleum Senegal. Prestamex is entitled to appoint one director for so long as it holds 10 per cent of the issued share capital of African Petroleum Senegal.
- **Shareholder reserved matters:** The written consent of shareholders holding at least 91 per cent of issued shares is required for certain shareholder reserved matters, which in effect gives Prestamex a veto right in respect of such matters.
- **Restrictions on the transfer of shares:** Other than permitted transfers, transfers of shares (or other dealings in shares) by any shareholder are not permitted without prior written consent of all other shareholders of African Petroleum Senegal. Prestamex has also undertaken not to undergo a change of control without the prior written consent from African Petroleum Cayman.
- **Deadlock:** if a deadlock arises because the parties fail to agree on any of the shareholder reserved matters (as described above) or any other management matter then the issue must be referred to the respective Chairman of each shareholder and the parties shall seek to resolve the disagreement in the best interests of African Petroleum Senegal.

8.9.4 Guarantees

In connection with the various licences the Company has provided the following guarantees:

- i. The Gambian licences required a total of USD 8 million to be guaranteed against the minimum work programs and the Company has provided corporate guarantees for such amount. Per the licence agreements, the guarantee should be reduced each quarter by the aggregate amount of all expenditures

in relation to the work program. As of 31 December 2013, the Company had incurred costs far in excess of USD 8 million for the work program in the Gambia, but the Company has not yet received confirmation from the Gambian commissioner for the guarantee reduction. Although the Gambian Government has purported a termination of the licences, the Company is of the opinion that the guarantees may not be enforced by the Gambian Government as the Group has spent more than the total guarantee amount under the licence work programs.

- ii. The PSCs for SL-4A-10 in Sierra Leone requires a corporate guarantee for USD 10 million against the current minimum work program under the licence. This corporate guarantee has been provided by the Company as assurance to the government of Sierra Leone that the Group will fulfil its obligation to acquire 1,500 km² of seismic data and drill one well on the licence no later than 17 September 2015. The drilling is contingent on results of 3D interpretation and drilling rig technology for ultra-deep water. Once the Group has demonstrated to the government that it has spent a minimum of USD 10 million towards these obligations the corporate guarantee will terminate. As of 31 December 2013, the Group had spent USD 0.89 million in SL-4A-10.
- iii. The Company has provided two corporate guarantees in the aggregate amount of USD 20 million (USD 10 million each) in relation to the performance of the minimum work commitments of African Petroleum Senegal during the initial exploration period under the PSCs for the Senegal Licences. The guarantees were valid from 2 November 2011 and 10 November 2011 and will expire on 2 November 2014 and 10 November 2014 respectively.
- iv. The Company has deposited USD 12.0 million into an escrow account to guarantee the performance of the minimum work program during the first exploration period of the CI Licences. The escrow account funds will be released as follows;
 - a. for CI-513, USD 3 million will be released upon the commencement of drilling of one exploration well, then a further USD 3 million will be released after delivery of all reports and documents resulting from the performance of the minimum exploration works program for the first exploration period and the completion, in a manner satisfactory to the government, of the well abandonment works;
 - b. for CI-509, USD 3 million will be released upon the commencement of drilling of one exploration well, and a further USD 3 million will be released following delivery of all reports and documents resulting from the performance of the minimum exploration works program for the first exploration period and the completion, in a manner satisfactory to the government, of the well abandonment works.

The Company intends to farm out interests in the CI Licences during 2014 in order to complete these work obligations. Following the extensions granted in April 2014, the first exploration period expires on 19 December 2015 and 16 March 2016 for Licences CI -513 and CI-509 respectively. Additional guarantees shall be provided if the second exploration period is entered into.

If the Group fails to meet the minimum work programs to which the above-mentioned guarantees listed in i) – iv) relate, the Company would be in default under the PSCs and be at risk of having the affected licence terminated and having to pay under the corporate guarantees and with respect to item iv) above, lose the escrow amount.

8.10 TREND INFORMATION

The Group is an exploration focused oil and gas company with operations offshore West Africa. The Group's operations consist of continuous geological and geophysical research and evaluation of its licences, leading to periods of exploration and appraisal offshore drilling activities.

Except as disclosed in relation to the purported termination of the Gambian licences and the extension of the Liberian Licences and the CI Licences, the Group has not experienced any changes or trends outside the ordinary course of business that are significant to the Group between 31 December 2013 and the date of this Prospectus, other than those described elsewhere in this Prospectus. The Company is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year. Please refer to section 8.9.2 and section 18 for a description of the purported termination of the Gambian Licences. Please also see Section 8 (Presentation of the

Company), Section 9 (The assets of the Group) and Section 10 (Industry overview) for more information about significant recent trends in the Group's business and relevant markets.

8.11 ENVIRONMENTAL REQUIREMENTS

The Company's business is subject to a number of environmental requirements, in addition to such requirements imposed on the Company under the PSCs. Please refer to section 2.3.11 for more information. Any non-compliance with environmental protection legislation may lead to breach of contracts and fines imposed by the competent authorities of the country of operations.

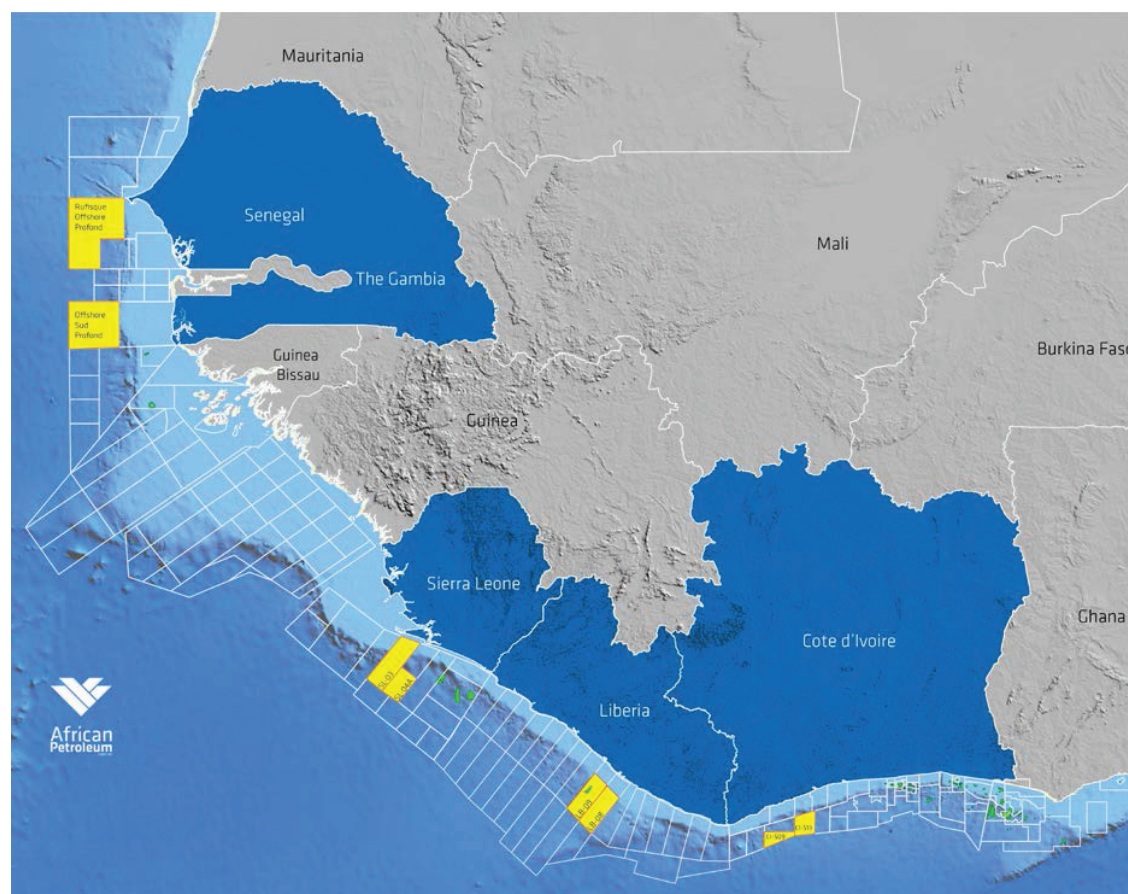
Currently, to the extent known to the Company, there are no environmental requirements preventing the Group from operating under its current Licences.

9. THE ASSETS OF THE GROUP

The Group is focused on hydrocarbon exploration and appraisal activities along the West African Transform Margin ("WATM") from Ghana to Guinea and the southern part of the North West African Atlantic Transform Margin, covering Senegal. Oil and gas activity in the region has grown significantly following the discovery of the Jubilee field offshore Ghana in 2007 which proved the presence of hydrocarbons in a previously under explored region.

The Group holds eight offshore exploration and production licences consisting of two licences in each of Côte d'Ivoire, Liberia, Senegal and Sierra Leone. The Group acts as operator of all its licences which cover a gross acreage of 32,020 km². Following awards, the Group has performed an active work program on all licences, acquiring 3D seismic on a majority of its licences and in addition drilled three wells on its 100 per cent owned LB-09 licence in Liberia. The Group is among the largest net acreage owners in West Africa, rivalling industry majors such as Anadarko Petroleum, Chevron Corporation and Tullow Oil. Going forward, the Group aims to continue its active operations in the area. The Group is actively seeking potential farm-in partners for one or more of its licence blocks, the agreement with which will impact future work programs on the Group's licences. Figure 9.1 below shows the location of the Group's licences and Table 9.1 shows a detailed overview of the Group's licence interests.

Figure 9.1: Overview of the Company's Licences



Source: The Company

A summary of the licences held by the Group are set out in the table below:

Table 9.1: Summary of Licences

Country	Licence	Operator	Working Interest	Grant Date	End Current Phase	Area km ²	Outstanding commitments in current phase
Liberia	LB-08	European Hydrocarbons Limited	100%	Jun 2005	Jun 2016	2,717	None
Liberia	LB-09	European Hydrocarbons Limited	100%	Jun 2005	Jun 2016	2,634	None
Côte d'Ivoire	CI-513	African Petroleum Côte d'Ivoire Limited	90% ¹	Dec 2011	Dec 2015	1,446	One exploration well
Côte d'Ivoire	CI-509	African Petroleum Côte d'Ivoire Limited	90% ²	Mar 2012	Mar 2016	1,091	One exploration well
Senegal	Rufisque Offshore Profond	African Petroleum Senegal Limited	90% ³	Oct 2011	Oct 2015	10,357	One exploration well
Senegal	Senegal Offshore Sud Profond	African Petroleum Senegal Limited	90% ⁴	Oct 2011	Oct 2014	7,920	None
Sierra Leone	SL-03	European Hydrocarbons Limited	100% ⁵	Apr 2010	Apr 2015	3,860	Further geoscience
Sierra Leone	SL-4A-10	African Petroleum Senegal Limited	100% ⁶	Sep 2012	Sep 2015	1,995	One contingent exploration well

Source: The Company

Each PSC and licence agreement provides for a specific mechanism to extend the licences. Prior to the end of an exploration phase the licence holder may apply to the Ministry or the regulatory body for an extension or an additional exploration period provided it has fulfilled all its contractual obligations under the PSC or the licence agreement.

As further explained in section 8.5.2 above, the Company has obtained a CPR dated 22 April 2014 to audit its work and calculate Prospective Resources. The CPR has been prepared by ERC in compliance with the definitions set by the Petroleum Resources Management System issued by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers in March 2007 (March 2007 SPE/WPC/AAPG/SPEE Petroleum Resources Management System (PRMS)). The CPR is available on the Company's webpage www.africanpetroleum.com.au and incorporated by reference to this Prospectus under section 19.5 below. The Group's resources are estimated to a total of 5,224 MMstb mean net un-risked Prospective Resources.

¹ Société Nationale d'Opérations Pétrolières de la Côte d'Ivoire has an option to increase its 10 per cent interest to 20 per cent following exclusive exploitation authorisation.

² As above.

³ Société des Pétroles du Sénégal has an option to increase its 10 per cent interest to 20 per cent following exploitation authorisation.

⁴ As above.

⁵ The State of Sierra Leone shall have a 10 per cent carried interest from the development stage.

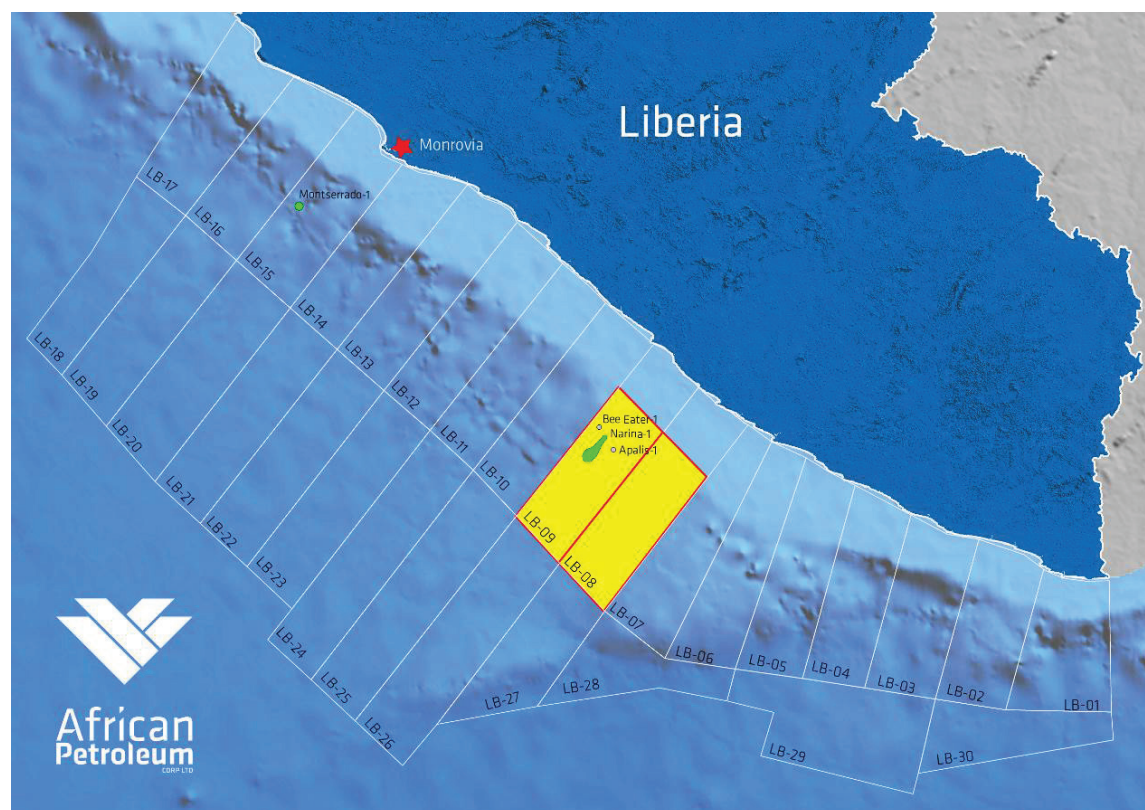
⁶ The State of Sierra Leone shall have a 10 per cent carried interest from the development stage with an option to increase with another 5 per cent.

9.1 LIBERIA

In Liberia, the Group is operator and holds a 100 per cent working interest in production sharing contracts over blocks LB-08 and LB-09 (the "Liberian Licences").

The Liberian Licences were awarded by NOCAL to EHL and Regal Liberia on 16 June 2005, following an international bidding round. EHL was awarded a 75 per cent operated working interest and Regal Liberia (which at the time was a wholly owned subsidiary of Regal Petroleum plc) was awarded a 25 per cent working interest in the Liberian Licences. In November 2007, EHL acquired Regal Liberia and its 25 per cent working interest in the Liberian Licences. The Liberian Licences were ratified on 11 June 2008 and are currently in the second exploration period. On 18 January 2014, the board of directors of NOCAL granted the Group a two year extension on both Liberian Licences with a new expiry of the second exploration period ending 11 June 2016. All exploration drilling obligations have been met on LB-09 and the two well second period obligations on LB-08 have been moved to the third exploration period. The Group will be working with NOCAL to implement a work program which includes additional 3D seismic data for the current exploration period.

Figure 9.2: Overview of the Liberia Licences



Source: The Company

Table 9.2: Liberian Licences: Key facts

Licence	APCL WI	Date of Grant	Licence period	Current Status	Outstanding commitments
LB-08	100 per cent	16 June 2005	8 years (4+2+2) from 11 June 2008 (date of ratification)	2 nd exploration period, (Ends 11 June 2016)	Group working with NOCAL to outline strategy for additional 3D seismic acquisition
LB-09	100 per cent	16 June 2005	8 years (4+2+2) from 11 June 2008 (date of ratification)	2 nd exploration period, (Ends 11 June 2016)	Group working with NOCAL to outline strategy for additional 3D seismic acquisition

Source: The Company

9.1.1 Regional geology

Regionally, along the WATM, hydrocarbons have been discovered within sandstones at a number of stratigraphic levels, from the pre-rift to early syn-rift Albian in Côte d'Ivoire, (Espoir, Foxtrot fields and a number of other discoveries), to turbiditic sandstones that have Late Cretaceous (Cenomanian/Turonian, Maastrichtian/Coniacian) to early Tertiary (Palaeocene to Eocene) ages. Recent drilling offshore Ghana has yielded a number of discoveries within these Upper Cretaceous sandstones, such as the Jubilee oil field, and the Enyenra, Tweneboa, Ntomme and Odum oil and gas/condensate discoveries.

In the Liberia-Sierra Leone basin, recent drilling has yielded six hydrocarbon discoveries (Bee Eater, Narina, Montserrado, Mercury, Venus and Jupiter), but as yet, none have been declared commercial. Although reservoir quality in the Albian sandstones is variable, reservoir quality in the Upper Cretaceous and Tertiary sandstones is often good. Successful trap types encountered regionally are both structural and stratigraphic.

Of significance to the evaluation of the petroleum systems of the Liberian Licences, the Company has drilled three wells within the deeper parts of the Liberian Licences: Apalis-1, Narina-1 and Bee Eater-1. Well Apalis-1 found source rock intervals of Albian to Cenomanian age, but failed to find the prognosed reservoir. Well Narina-1 found light oil within deep-marine sandstones of Cretaceous age. The sandstones were of variable reservoir quality as the well appears to have been drilled on the edge of a fan system which can be interpreted from seismic data. The extent of the Turonian hydrocarbon bearing interval around well Narina-1 is currently under investigation by the Company. The original TGS multi-client 3D seismic was recently reprocessed by CGGV (a leading geophysical contractor). The aim of this reprocessing effort is to identify possible areas of well connected porous and permeable reservoir within closure.

The Bee Eater-1 well, completed in February 2013, found tight very low permeability possible oil bearing reservoir. The Company interprets that the Bee Eater-1 well was drilled in a canyon system that may have been largely bypassed by good reservoir quality sediment input, such reservoirs are anticipated to better developed and more porous in deepwater water towards the Night Heron prospect area.

All three wells demonstrate the viability of the Cretaceous Petroleum Systems and have helped derisk the play for the planned seismic and well activity moving forwards.

9.1.2 Work history and next steps

The Group has conducted a large work program to date on the Liberian Licences. In 2010 the Group completed the acquisition and processing of 5,100 km² of 3D seismic data over both licences. The interpretation of this data identified numerous prospects and leads in the Upper Cretaceous section. To date the Company has drilled three wells on block LB-09: Apalis-1, Narina-1 and Bee Eater-1. The Group completed reprocessing of all the 3D seismic data in September 2013 to improve image quality, and support the maturation of additional prospects and appraisal opportunities within the licences.

In September 2011 the Group completed drilling of its first exploration well, Apalis-1, on LB-09. The well encountered oil shows in several geological units including the shallower (Tertiary) and deeper (Cretaceous). Petrophysical analysis, and core samples from the well, indicated the presence of hydrocarbons and source rock

intervals, confirming the critical components of a working hydrocarbon system, however no commercial quality reservoir with hydrocarbons was encountered.

Well Narina-1 was drilled on LB-09 in January 2012, targeting a major Turonian fan system. The well encountered a combined total of 31 metres of net oil pay in the primary objective Turonian and underlying Albian reservoirs with no oil water contacts observed. Oil was recovered from each of the Turonian and Albian reservoirs with gravities of 38° API and 44° API, respectively. Mobilities from formation pressure measurements and permeability from side-wall core measurements show the reservoirs to be of mixed quality, with the majority having relatively low permeability at this location. Pressure data from a combination of wells, indicates a projected oil water contact (OWC) approximately 80 meters deeper than the lowest known oil in Narina-1.

The Group drilled its third well, Bee Eater-1, on LB-09 in January 2013. The well encountered tight oil bearing sandstones and hydrocarbon source rocks within the Cretaceous formation, however reservoir permeabilities over the hydrocarbon bearing section of the well were lower than anticipated. No oil samples or pressure information were recovered. Analysis of core samples taken from the oil bearing zone support an interpretation that poor reservoir quality was influenced by the location of the well within a 'bypass' zone of sediment transport down a submarine canyon.

The Apalis-1 and in particular the Narina-1 and Bee Eater-1 wells have helped to de-risk the petroleum system for the Cretaceous play over the Liberian Licences. Work is ongoing to integrate well results into the Group's subsurface interpretation in order to mature the portfolio of exploration and appraisal opportunities. The Group is actively seeking a joint venture partner to fund the forward work programme for the Liberian Licences.

As part of the licence extension work obligation, new 3D seismic is being considered for LB-09 to cover two exploration prospects (Narina West and Night Heron) near the Narina-1 well. This survey will incorporate lessons learned from seismic processing to date and will be acquired utilising state of the art technology. Detailed stratigraphic analysis and reservoir quality prediction from seismic are the ultimate goals to enable accurate well positioning and efficient development in the event of appraisal success. This high resolution new seismic dataset will assist in the rapid assessment of both of these prospects.

In LB-08, new seismic data is also being considered to cover three prospects (Lovebird, Darter and Turaco) in the southern corner of the licenced area. Encouraging amplitude support for reservoir and potentially hydrocarbons exists within the current reprocessed dataset. However, near surface effects (shallow slump zone "mass transport deposit") degrades seismic data quality. Investment in both of these 3D datasets will better delineate and further de-risk the prospects prior to drilling.

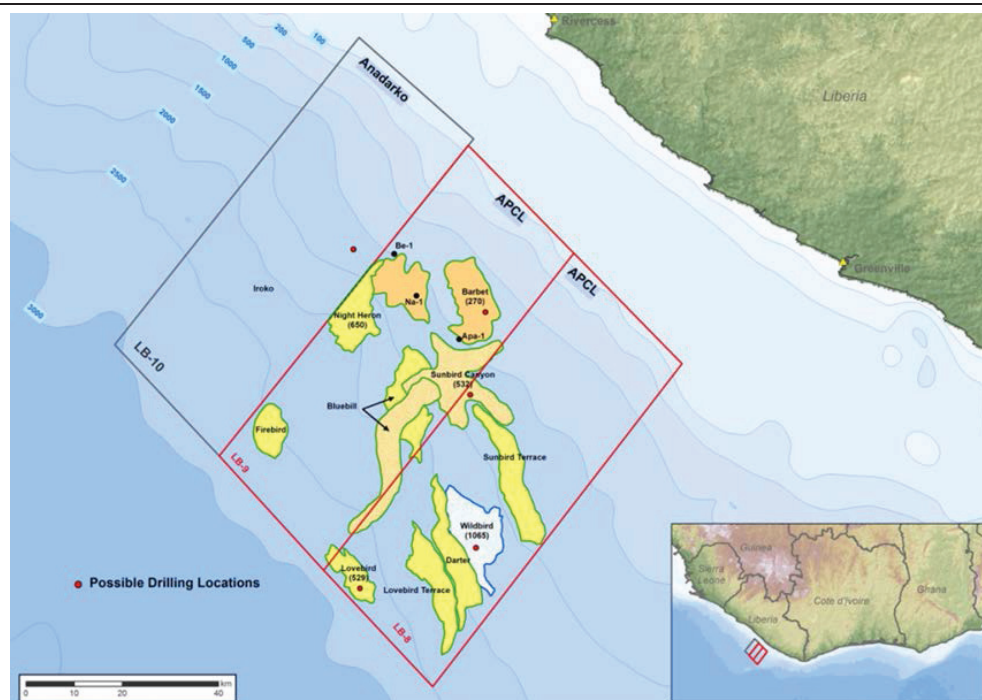
9.1.3 Net Prospective Resources

The table below summarises the estimates of Prospective Resources as per 31 December 2013 included in the CPR associated with selected prospects from the Liberian inventory and the water depths and the depth to top targets (TVDSS) on the relevant prospects:

Table 9.3: Liberian Net Prospective Resources

Prospects	Net Un-risked mean Prospective resources (MMstb)	Net Risked Mean Prospective Resources (MMstb)	Water depth (m)	Depth to top target TVDSS (m)
Wildbird	1,065	96	2,000	4,000
Night Heron	650	91	1,750	4,100
Sunbird Canyon	532	118	1,300	3,000
Lovebird (Isopach)	529	106	2,850	5,000
Barbet	270	59	770	3,000
Narina West	184	29	1,200	3,400
Total	3,230	499		

Source: ERC Equipose Competent Persons Report (April 2014)

Figure 9.3: Liberian Licenses: Overview of main prospects

Source: The Company

9.1.4 Main exploration prospects

The Liberian Licences exhibit high prospect density in a proven hydrocarbon system. As of the date of this Prospectus the main prospects being evaluated for drilling are:

LB-09 Turonian Slope Fan - Narina West Prospect:

The Narina West prospect is located within a stratigraphic trap proven by the Narina-1 discovery (21m net Turonian pay, 38 API oil). The prospect has a P10 area of 98 km² and is constrained by mapped pinch out of the Turonian slope fan. The downdip extent of the prospect is constrained by projected oil water contact supported by pressure data in Narina-1 and other offset wells. It is recognised that net to gross is highly variable within the mapped gross reservoir envelope. Work is under way to identify reservoir sweet spots within this target volume. There are encouraging anomalous amplitudes that may be supportive of improved reservoir quality.

Narina-1 had predominantly low permeability reservoir, however the well did encounter a thinly bedded higher quality reservoir unit (18.4 per cent porosity and permeability of 686 mD - supported by side wall core data). There is potential that this package will thicken to the west.

Potential well locations are under consideration to test the Narina West prospect. The goal is to target the thickest gross Turonian isopach that contains seismic evidence of reservoir development above the projected OWC. Through study of analogous accumulations there is potential for internal seals and additional deeper pay zones. This has not formed part of the current analysis as outlined in the CPR. There also may be potential for targeting shallower Campanian objectives with this well. Work is underway to determine the feasibility of targeting dual objectives.

ERC Equipoise ascribed net mean un-risked prospective resource of 184 MMstb to the Company's share of this prospect in the CPR.

LB-09 Turonian Basin Floor Fans - Night Heron Prospect:

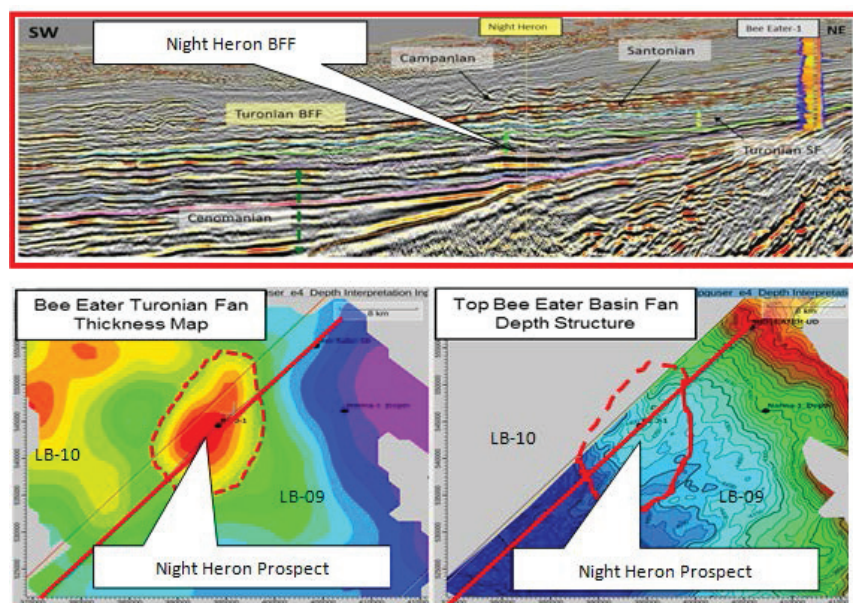
Following the Narina-1 discovery, the Bee Eater-1 well provided additional proof of the working petroleum system in Licence LB-09 by penetrating a high quality Turonian source rock, however underlying reservoir development and quality in the drilled location was poor. Following analysis of core samples from the well, the poor reservoir quality is interpreted to be associated with immature 'bypass' deposits in the sediment feeder system. In a thick untested wedge of the Cretaceous onlap, extensive, 'basin floor' sands of Turonian and Cenomanian age are predicted down-dip in the 'Night Heron' prospect and other prospects mapped in LB-08 and LB-09.

The Night Heron prospect is identified on 3D seismic data in LB-09 and extends onto 2D in LB-10. The prospect is expressed as an isopach thick in the seismic facies interpreted as Basin Floor fan sediments down the slope from the Bee Eater canyon. Shales penetrated in the Bee Eater well have been correlated across the area and represent an effective regional seal for stratigraphic trapping of the fan system. Upside resource potential is recognised in the underlying Cenomanian section, and in the overlying Campanian channel system.

The Anadarko group have announced plans to drill two wells (on the Timbo and Iroko prospects) along trend in the LB-10 portion of this fan system during 2014.

ERC Equipoise ascribed net mean prospective un-risked resources of 650 MMstb to the Company's share of this prospect in the CPR.

Figure 9.4: Night Heron Prospect

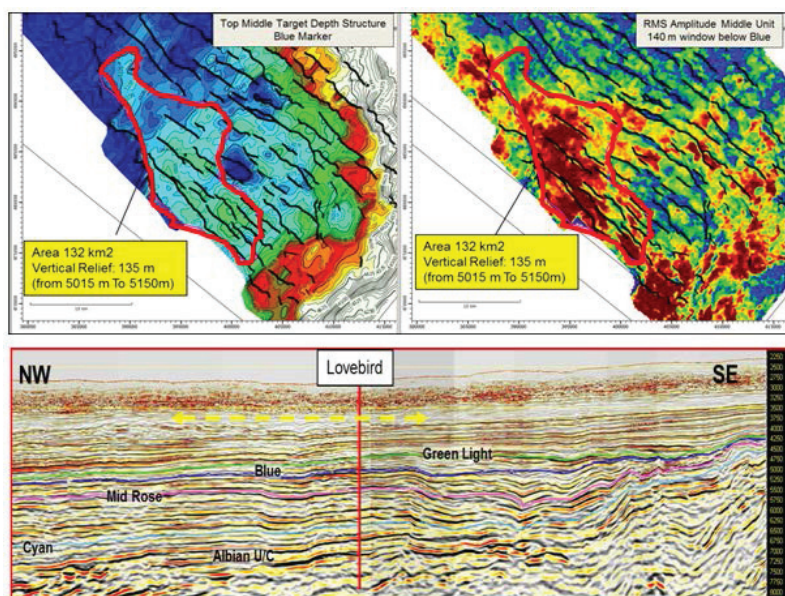


Source: The Company

LB-08 Cenomanian Basin Floor Fans - The Lovebird Prospect

An Easterly sediment input point from LB-07 in the southern portion of Licence Block LB-08 is associated with the intersection of the St Paul Transform Fault with the continental margin. A thick sequence of Cenomanian Basin Floor Fans ("BFF") has filled the accommodation space in this area. Late reactivation of the Transform system has developed a number of faulted anticlines that structurally close within the stacked fans. The largest of these, the Lovebird Prospect, was reviewed by ERC Equipose in the CPR with estimated net mean prospective un-risked resources of over 500 MMstb. Recent remapping on reprocessed seismic data has increased the Company's management estimates of the prospect volumes which are now estimated at over 1 billion barrels ("bnbbbls"). It is planned to include this updated technical work in a revised CPR. Several other structurally closed prospects in this system are mapped in Licence Block LB-08. Elevated seismic amplitudes are observed coincident with structural closure at several levels in the BFF sequence.

Figure 9.5: The Lovebird Prospect

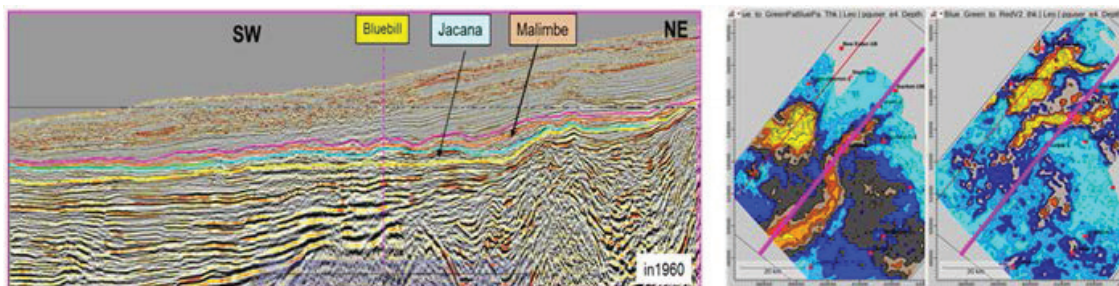


Source: The Company

LB-09 Campanian Leveed Channels:

A well-developed complex of channelised Campanian sands is mapped across LB-09. These host several seismic amplitude anomalies and are considered prospective where positioned over potential migration pathways from the underlying mature Turonian / Cenomanian source rocks. Four significant leads have been identified in this play. As these leads are technically matured to prospect level they will be added to future competent persons reports.

Figure 9.6: Campanian Leveed Channels



Source: The Company

LB-08 Aptian Lacustrine Carbonates - The Wildbird Prospect

A half graben in the central portion of LB-08 contains a thick section of Syn-rift sediments. Preserved over the top of this section are 'build-up' features that have been interpreted to be associated with carbonates formed via hydrothermal venting in a lacustrine environment. If these large mounded features contain reservoir quality rock they could be material exploration targets. The largest of these, the Wildbird Prospect, was ascribed net mean prospective un-risked oil resources of over 1 bnbbbls in the CPR.

9.1.5 Terms of the Liberian Licences

The Republic of Liberia, represented by NOCAL, owns the mining rights in respect of oil and gas exploration and exploitation over the entirety of available areas in Liberia, including the Liberian Licences.

Following the award of the Liberian Licences to EHL and Regal Liberia, PSCs were entered into for each LB-08 and LB-09 between the Republic of Liberia, NOCAL, EHL and Regal Liberia on 16 June 2005 (the "Liberian PSCs"). The Liberian PSCs are substantially identical and grant to EHL and Regal Liberia exploration and exploitation rights through exclusive authorisations as well as production rights. The PSCs were later amended on 1 March 2008 and ratified by the national legislature on 11 June 2008.

The Liberian Licences were originally granted for a period of eight consecutive years, defined by three consecutive periods (exploration phases). The first exploration period is four years, with renewal for a second period of two years and a third period of two years, subject to fulfilment of specified exploration work and expenditure commitments. The Group is currently in the second exploration period in both licences. In January 2014, the board of directors of NOCAL granted a two year extension for the current second exploration period on both Liberian Licences with new period expiry of 11 June 2016.

If a discovery is made on the Liberian Licences that is declared to be commercially exploitable, the Group will be granted by NOCAL an exclusive exploitation authorisation in respect of the commercial field, for a period of 25 years from the date of issue, with possible renewal for up to ten years. If a commercial exploitation remains possible after expiry of the renewed ten year term, an ultimate additional period may be agreed.

As described under section 9.1.7, the licensees are required to relinquish a specified minimum portion of the original license area for each exploration period. At the expiration of the third exploration period, the Group may retain areas defined within Appraisal and Exploitation Perimeters agreed with NOCAL for continued petroleum operations. The remaining areas of the Licences shall be surrendered. If at the expiration of all of the exploration periods, the Group has not obtained an exclusive appraisal or exploitation authorisation, the PSCs shall terminate.

In the event of a commercial discovery and subsequent production on the Liberian Licenses, the licensees share of future revenues are regulated under the Liberian PSCs. Pursuant to the PSCs, the licensees are entitled to cost oil for recovery of costs and investments of up to 70 per cent of the revenue per year, as well as a share of profit oil that ranges between 40 per cent to 60 per cent depending on the rate of daily crude oil production (from 60 per cent for crude oil production below 100,000 barrels per day and down to 40 per cent for a crude oil production exceeding 150,000 barrels per day). The licensees' share of profit gas is 70 per cent.

Under the terms of the Liberian PSCs, the licensees are obligated to pay annual license fees of approximately USD 460,000 per year for each of LB-08 and LB-09 during the exploration phase. These license fees include *inter alia* surface rental, training costs, social welfare and university contributions.

The Group is subject to the applicable laws and regulations of the Republic of Liberia in force concerning taxes which are or may be levied on incomes, or determined thereto. The corporate tax rate is 30 per cent, however the Liberian Licenses hold a 10 year tax free holiday for corporate tax commencing from the first day of production.

All or part of the rights and obligations arising from the Liberian PSCs may be assigned by EHL and Regal Liberia to third parties subject to the prior approval of NOCAL.

Withdrawal

The Liberian Licences may be withdrawn should no appraisal or exploitation authorisation be obtained or exploitation work carried out. Withdrawal can also come about in the event of interruption of development work or production for a period of six months. If NOCAL and the NOCAL board of directors should arrive at a

decision that EHL or Regal Liberia has shown a total neglect of responsibilities or has abandoned the PSC, the licence may be withdrawn as a last option.

9.1.6 Work and expenditure programme

Following a review of the exploration strategy for the Liberian Licences during Q2 2013, it was recommended that additional seismic data acquisition was desirable to improve image of the surface in certain areas. On 18 January 2014, NOCAL granted a two year extension of the second exploration period for both LB-08 and LB-09 and the commitment to drill two exploration wells on LB-08 was moved into the third exploration period. There are now no outstanding exploration well drilling commitments on either block for the current exploration period. The Group is working with NOCAL to implement a work program which includes additional 3D seismic acquisition on both LB-08 and LB-09.

Table 9.4: Liberian Licences: Work and Expenditure etc. Licence LB-08

Phase	Period	Relinquishment after end of period	Work Commitments	Minimum Investment Requirement	Status/Comments
1 st exploration period	4 years	25 per cent	1,500 km ² 3D seismic 1 well commitment	USD 8 million ²	3D commitment completed Agreement to defer 1st well into 2 nd period granted by NOCAL
2 nd exploration period	2 years	25 per cent	1 well commitment	USD 10 million	2 year extension granted. 2 well commitments moved to 3 rd period. No current commitments.
3 rd exploration period	2 years	Upon termination of the 3rd exploration period all the area shall be surrendered except the appraisal and exploitation perimeters	1 well commitment	USD10 million	Three exploration wells (deferred from previous exploration periods).

¹ Wells drilled during the relevant exploration period must be drilled to a minimum depth of 2,000 meters to qualify as satisfying the minimum work commitments

² Excess well or investment expenditures may be carried forward into the next exploration period

Source: The Company

Table 9.5: Liberian Licences: Work and Expenditure etc. Licence LB-09

Phase	Period	Relinquish-ment after end of period	Work Commitments	Minimum Investment Requirement	Status
1 st exploration period	4 years	25 per cent	1,500 km ² 3D seismic and 1 well ¹	USD 8 million	3D commitment completed. Drilled two wells
2 nd exploration period	2 years	25 per cent	2 nd well	USD 10 million	Drilled one well, 2 year extension granted. No current commitments
3 rd exploration period	2 years	Upon termination of the 3 rd exploration period all the area shall be surrendered except the appraisal and exploration perimeters	3 rd well	USD 10 million	No further commitments

¹Wells drilled during the relevant exploration period must be drilled to a minimum depth of 2,000 meters to qualify as satisfying the minimum work commitments

² Excess well or investment expenditures may be carried forward into the next exploration period

Source: The Company

9.1.7 Relinquishment

Under the Liberian PSCs, the licencees are required to relinquish a specified minimum portion of the original license area of the Liberian Licences upon expiry of each exploration period. As shown in tables 9.4 and 9.5 above, these minimum portions are:

- i. 25 per cent after the end of the first exploration period,
- ii. 25 per cent after the end of the second exploration period,
- iii. The remaining area not covered by appraisal and exploitation perimeters after the end of the third exploration period

The licencees may determine the area to be relinquished after the expiry of each exploration period. The licencees may surrender rights granted under the Liberian PSCs, but no surrender during or at the end of the exploration period shall reduce the work commitments. The licencees have the right to retain the appraisal perimeters and exploitation perimeters, which are respectively the area in which one or more petroleum discoveries have been made and the area in respect of which NOCAL has granted to EHL an exclusive exploitation authorization.

In relation to the renewal of the licences for the Liberian Licences for the second exploration period of two years from 11 June 2012, EHL relinquished 25 per cent of the geographical area covered by the licences related to the Liberian Licences at the time of renewal, in accordance with the terms of the Liberian PSCs.

9.1.8 Abandonment

The Liberian PSCs provide for abandoning and reclaiming of wells. Upon expiration, surrender or termination of the PSC, the Group may be required to transfer, at no cost to NOCAL, the ownership of assets which have been used for the requirements of the operations carried out in the relevant area, e.g. wells and their equipment, buildings, warehouses, docks, lands offices, plants machinery and equipment, bases, harbours, wharfs, jetties, buoys, platforms, pipelines, roads, bridges, railroads and other facilities.

In such event, the Group shall procure the release of any security over such assets. However, the contractor may continue to use assets beyond the date referred to above for the requirements of its petroleum operations in Liberia governed by other contracts.

NOCAL may further require the contractor, in accordance with good international petroleum industry practice, to perform abandonment operations and to remove, at the contractor's costs, the facilities relating to the surrendered area.

9.1.9 Regulatory matters

EHL and Regal Liberia have undertaken to carry out all petroleum operations in accordance with the Environmental Protection and Management Laws of Liberia (2002) and all International Environmental Protocols. EHL and Regal Liberia are required to and shall:

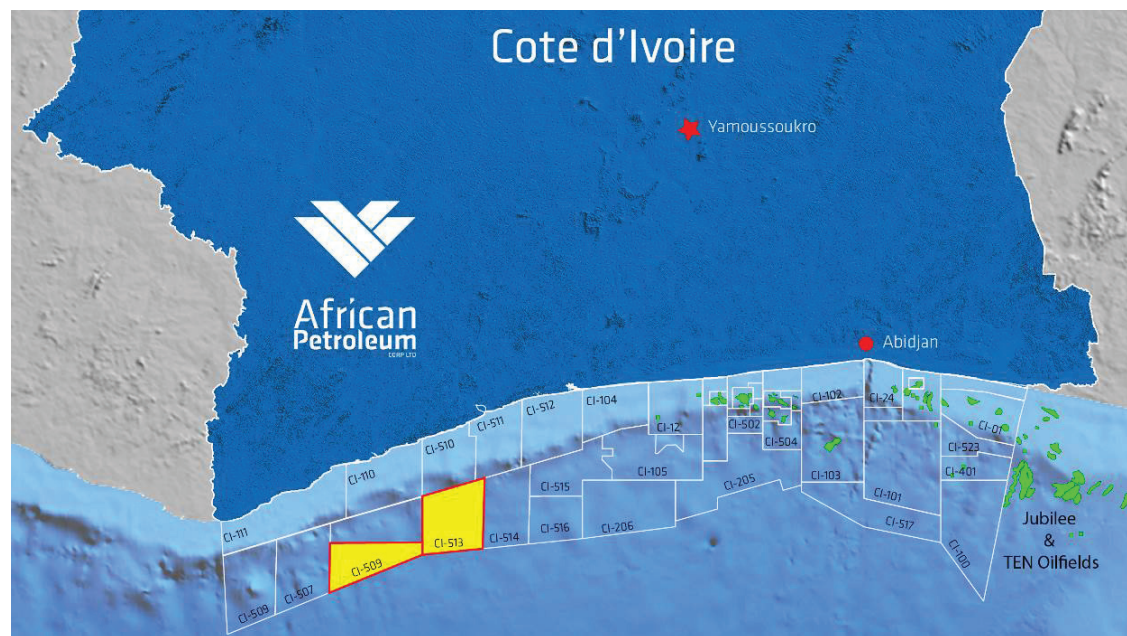
- (a) submit to the government, through NOCAL, an Environmental Impact Assessment (EIA) prior to commencement of petroleum operation; and
- (b) take reasonable preventative, corrective and restorative measures to protect from pollution, contamination or damage resulting from petroleum operations to water bodies, land surfaces and the atmosphere, and that any pollution, contamination and damage of such water bodies, land surface and atmosphere.

An EIA for the Liberian Licences was submitted to the government of Liberia in January 2011 and an Environmental Permit was issued in May 2011. All exploration operations have been carried out in accordance with the specifications in the EIA.

9.2 CÔTE D'IVOIRE

In Côte d'Ivoire, the Group holds 90 per cent working interest in offshore licences CI-509 and CI-513 (the "CI Licences"), through its wholly owned subsidiary African Petroleum Côte d'Ivoire SAU (the "CI Subsidiary"). The remaining 10 per cent carried interest is held by Petroci, the national oil company of Côte d'Ivoire, who also has an option to increase its interest by a further 10 per cent following an exploitation authorisation on the licences. The CI Licences were acquired in 2011 through direct negotiations with the Ministry of Mining, Petroleum and Energy of Côte d'Ivoire and Petroci. Block CI-509 covers 1,091 km² and block CI-513 covers 1,446 km², with a combined surface area of 2,538 km². Both of the CI Licences are currently in their first exploration period, which, following the extensions granted in April 2014 expires 19 December 2015 (CI-513) and 16 March 2016 (CI-509).

Figure 9.7: Overview of the CI Licences



Source: The Company

Table 9.6: Côte d'Ivoire Licences: Key facts

Licence	Date of Grant	Licence period	Current Status	Outstanding commitments
CI-513	19 December 2011	7 (4+1.5+1.5) years from date of grant	1 st exploration period	3D Seismic complete, one well required by December 2015
CI-509	16 March 2012	8 (4+2+2) years from date of grant	1 st exploration period	3D Seismic complete, one well required by March 2016

Source: The Company

9.2.1 Regional geology

Blocks CI-509 and CI-513 are located in the San Pedro area of the Côte d'Ivoiran Basin which is one of several Mesozoic basins along the east-west trending continental margin of the Gulf of Guinea. The Basin is located between two large dextral transform faults: the St. Paul Transform fault to the north, and the Romanche Transform Fault to the south. Basin evolution was controlled by extensive block and transform movements resulting from the opening of the South Atlantic during the Late Jurassic to Early Cretaceous. The final breakup of Africa and South America began in the Late Jurassic in the southernmost part of the South Atlantic and spread northward during the Neocomian. The Gulf of Guinea (of which the Côte d'Ivoire forms the northern

margin) opened last, forming a continuous anoxic seaway in the late Albian to Turonian. Unlike the rifted continental margins to the south, evaporites were not developed in the Gulf of Guinea transform basins. The passive margin at this stage is characterized by erosion of the crystalline basement that forms the uplands of Côte d'Ivoire and a general progradation from north to south of the Upper Cretaceous and Tertiary sections into the deep water basin as turbidites.

There are two main play types identifiable offshore Côte d'Ivoire as structural traps within the Lower Cretaceous (Aptian to Albian) syn-rift section, and as stratigraphic traps within post rift turbiditic sands of Cenomanian to Turonian age. Sourcing is prognosed from regional marine (Albian - Turonian) or lacustrine (Albo-Aptian) source rocks. The recent very large discoveries in Ghana: Jubilee, Tweneboa and Owo, are good examples of stratigraphic traps working in the region.

Several Albian to Turonian sand-fill incisions are observed in the San Pedro margin, south of the platform edge and within the CI-509 and CI-513 blocks. They develop off the shelf edge and are interpreted as shelf canyon fills and deep lobe and channel systems. They offer good potential stratigraphic traps that are capped by transgressive shales. Overlying these units in the San Pedro margin, a series of Santonian and Campanian fan-shaped systems assimilated to channel-levee lobate complexes are mapped and constitute prospective sand bodies.

9.2.2 Work history and next steps

The Group has been active in Côte d'Ivoire since 2011 when it was awarded CI-513 in December 2011 and CI-509 in March 2012, following negotiations with Petroci and the Ministry of Mining, Petroleum and Energy of Côte d'Ivoire. The CI Licences are both in their first exploration period. In April 2014, the Ministry of Petroleum and Energy of Côte d'Ivoire approved an amendment to the CI Licences to, *inter alia*, extend the first exploration periods for both licences by 12 months, with an equivalent reduction in the second exploration period for the CI-509 licence and a 6 month reduction in each of the second and third exploration periods for the CI-513 licence. The current exploration period for CI-509 and CI-513 will now end in March 2016 and December 2015, respectively.

In October 2012, African Petroleum acquired a 4,200 km² of 3D seismic data over the CI Licences, fulfilling the seismic work commitments of the first exploration phase for both licences. Fast-track 3D seismic data was received in November 2012 while final 3D seismic processing for the entire survey was completed in June 2013. Interpretation work done to date has identified numerous significant prospects which have been subject to independent evaluation by ERC Equipoise. Subject to a successful farm-out of parts of the CI Licence interest, rig availability and prospect maturity, the Group currently plans to drill one well on CI-513 by December 2015 and one well on CI-509 by March 2016. During 2014, drilling activity by other operators is planned targeting similar opportunities in adjacent blocks, which may impact this planned campaign.

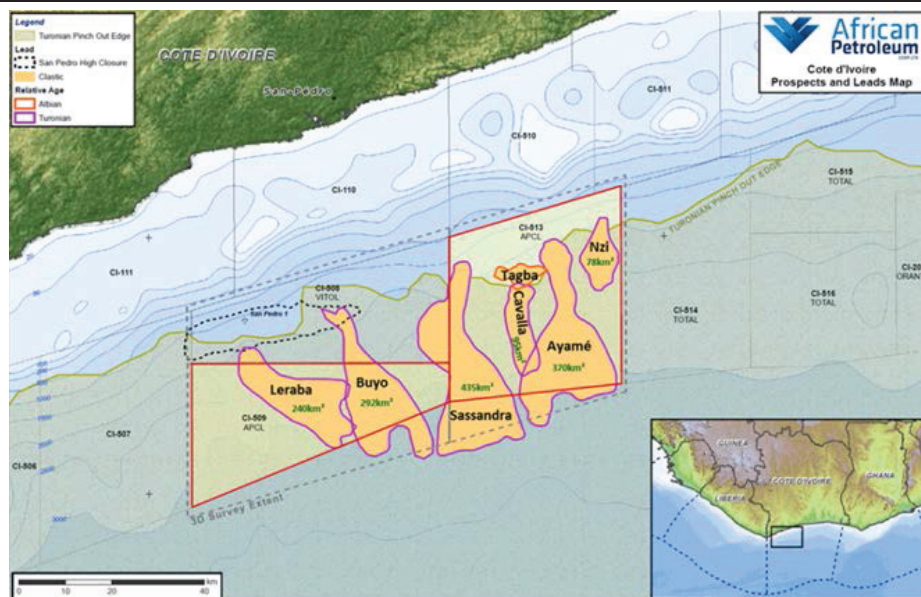
9.2.3 Prospective Resources

The table below summarises the estimates of Prospective Resources associated with selected prospects from the Côte d'Ivoire inventory as of 31 December 2013 as well as the water depths and the depth to top targets (TVDSS) on the relevant prospects.

Table 9.7: Prospective resources in the CI Licences

Prospects	Net Un-risked mean Prospective resources (MMstb)	Net Risked Mean Prospective Resources (MMstb)	Water depth (m)	Depth to top target TVDSS (m)
Ayamé	502	68	2,500	4,200
Ayamé West	298	40	2,500	4,200
Agnéby	414	68	2,500	3,700
Sassandra	175	17	2,500	4,400
Cavalla	171	16	2,500	3,900
Total	1,560	209		

Source: ERC Equipoise Competent Persons Report (April 2014)

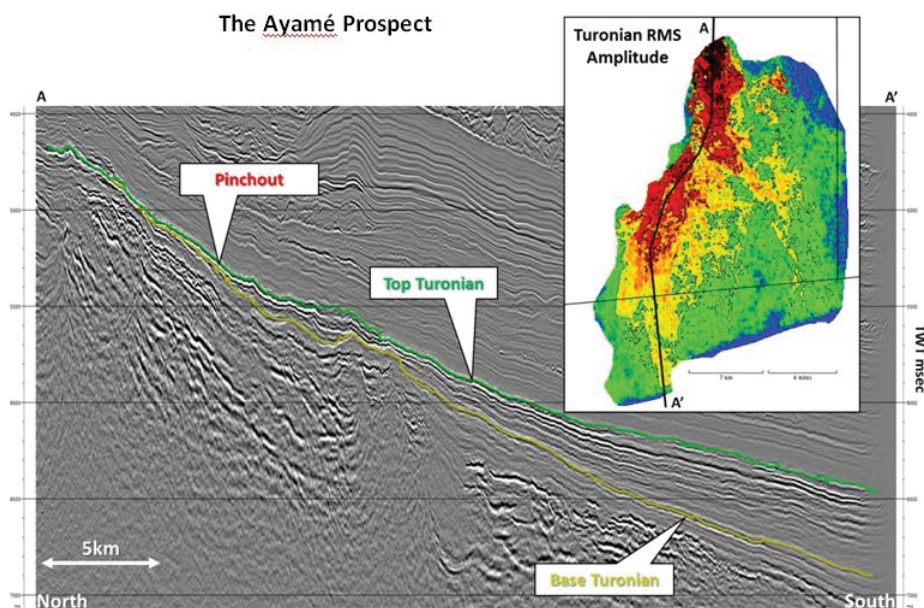
Figure 9.8: CI Licenses: Overview of main prospects

Source: The Company

9.2.4 Main exploration prospects

CI-513 Turonian fan: The Ayamé Prospect

Identified on new PSTM and PSDM seismic data, Ayamé is interpreted as a Turonian stratigraphic pinch-out trap with net mean un-risked resources of 800 MMstb (Ayamé and Ayamé West). The fan system covers some 370 km², with underlying upside potential in the Cenomanian section. Channel axis and sheet facies are demonstrable from the high quality 3D data. Top, lateral, and bottom seals are interpreted from seismic character to be widespread marine shales in the Turonian and Albian.

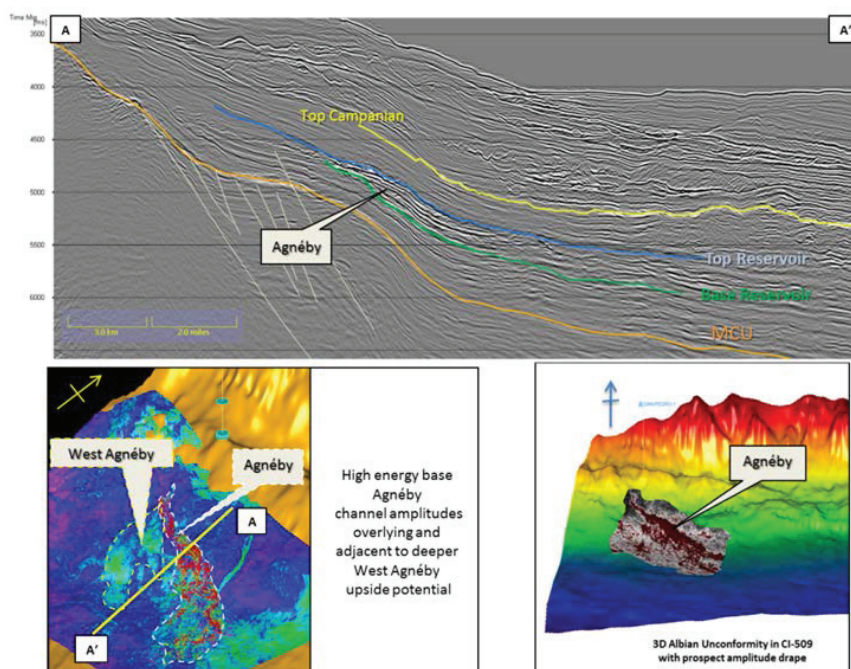
Figure 9.9: The Ayamé Prospect

Source: The Company

CI-509 Turonian fan: The Agnéby Prospect (formerly Leraba)

Identified on new PSTM seismic data, Agnéby is interpreted as a Turonian stratigraphic pinch-out trap with net mean un-risked resources of 414 MMstb. The prospect contains a range of seismic facies including an anomalously high amplitude upper channel system with underlying cyclic deep-water fan geometries. High quality imaging quality on PSTM data allows observation of amalgamated sinuous channel bodies expected to contain coarse clastics. Top, lateral, and bottom seals are interpreted from seismic character to be widespread marine shales in the Turonian and Albian.

Figure 9.10: The Agnéby Prospect



Source: The Company

9.2.5 Terms of the CI Licences

The effective date for the CI Licenses are the date of signature of the PSC's (the "Ivorian PSCs"), being 19 December 2011 for CI-513 and 16 March 2012 for CI-509. The CI Subsidiary is the operator with 90 per cent working interest under both CI Licences with Petroci as a 10 per cent partner.

A JOA was entered into between the CI Subsidiary and Petroci for each of the CI Licences on 11 May 2012. Pursuant to the respective JOAs, the CI Subsidiary has a participating interest of 100 per cent and a property share of 90 per cent, whereas Petroci has a participating interest of 0 per cent and a property share of 10 per cent. The term "property share" refers to the amount of hydrocarbons which one party has the right and obligation to take delivery of in the event of future production.

Pursuant to the Ivorian PSCs, Petroci has the option right to acquire an additional participating interest of 10 per cent in the event of a declaration of commerciality of a discovery on the licenses. Petroci's maximum participation is capped at a 20 per cent interest. Following the election to increase its interest, Petroci shall contribute to its share of the development and production exploitation costs.

Both of the CI Licences are currently in their first exploration period, which following the amendments to the CI Licences approved by the Côte d'Ivoire Ministry of Petroleum and Energy in April 2014, lasts for four years from the effective date of each license as specified above. At the request of Petroci or the CI Subsidiary and subject to fulfilment of work and expenditure commitments, the CI Licences are renewed for consecutive second and third exploration periods. The second exploration period is one and a half years for licence CI-513 and two years for licence CI-509. The third exploration period is one and a half years for CI-513 and two years for CI-509.

Upon a successful discovery, the licensees may apply for an exploitation of the discovered field. The total exploitation period is 25 years with a possible 10 year extension from the date of award of the exploitation license. If an exploitation authorisation (development of discovery) is granted, the expiry date shall be 25 years following the exploitation authorisation award date.

In the event of a commercial discovery and subsequent production on the CI Licenses, the licensees share of future revenues are regulated under the Ivorian PSCs. For recovery of costs and investments, the licensees are entitled to a cost oil of up to 70 per cent of revenue for CI-509 and 75 per cent of revenue for CI-513. The licensees share of profit oil ranges between 46 per cent to 30 per cent depending on the daily crude oil production (from 46 per cent for a daily crude oil production below 50,000 barrels per day down to 30 per cent for a production above 150,000 barrels per day) with a cost oil of 70 per cent for the CI-509 licence and 75 per cent for the CI-513 licence.

As a part of the Ivorian PSCs, the Côte d'Ivoire government pays income tax on behalf of Petroci and the CI Subsidiary and the Côte d'Ivoire government participates in the CI Licences through Petroci as described above.

Under the terms of the Ivorian PSCs, the licensees are obligated to pay annual license fees of approximately USD 2.0 million and 2.25 million for CI-509 and CI-513, respectively. These license fees include *inter alia* training costs, social welfare costs and equipment fund contributions. Historically, the majority of costs under the Ivorian PSCs payable by the Group have not been paid and therefore accrued due to an undefined payment mechanism of the fees. As of 31 December 2013, accrued unpaid license fees totaled USD 7.89 million. Following amendments of the Ivorian PSCs in April 2014, a payment plan was agreed under which the accrued fees will be paid by December 2015.

Transfer or assignment of participating interests and property shares requires approval from the government of the Republic of Côte d'Ivoire. Transfer fees may apply, unless it is an intra-affiliate transfer. In the event of transfer by Petroci or the CI Subsidiary of its entire participating interest and property share, no transfer shall be made that would result in the transferor or the transferee holding a participating interest or a property share of less than 10 per cent. The CI Subsidiary and Petroci hold a pre-emptive right in the event of a transfer to a third party.

Withdrawal

The CI Licences may be withdrawn in the event of non-performance of contractual obligations or the interruption of development work or production for a period of 6 months.

9.2.6 Work and expenditure programme

Licence CI-509

The Group shall during the first exploration period carry acquisition and interpretation of existing 2D seismic data, acquisition, processing and interpretation of 1,091 km² of 3D seismic data; geological and geophysical ("G&G") studies; as well as drill one exploration well that shall reach the Albian formation and cross the same over at least one hundred meters. The Group has undertaken to invest USD 60 million during the first exploration period. As per the date of this Prospectus, the Group has completed its commitments regarding 2D and 3D seismic; however the other commitments are outstanding.

During the second and third exploration periods the Group shall carry out geological, geophysical and engineering studies and drill one exploration well during each phase. The Group has undertaken to invest USD 50 million during each of the second exploration period and third exploration periods.

Table 9.8: CI Licences: PSC overview CI-509

Phase	Period	Relinquishment after end of period	Work Commitments	Minimum Investment Requirement	Status
1st exploration period	4 years	25 per cent	G&G works, acquisition and interpretation of 1,100 km ² 3D seismic data, and one well (100 m into Albian)	USD 60,000,000	3D seismic commitment completed. One well outstanding
2nd exploration period	2 years	25 per cent	G&G and engineering studies, and one well (100 m into Albian)	USD 50,000,000	
3rd exploration period	2 years	If there is a discovery the licencees will relinquish the licence area except for the exploitation area, if no discovery the entire area is to be relinquished.	G&G and engineering studies, and one well (100 m into Albian)	USD 50,000,000	

Source: The Company

Licence CI-513

During the first exploration period, the Group shall carry out acquisition and interpretation of existing 2D seismic data; acquisition, processing and interpretation of 1,446 km² of 3D seismic data; G&G studies as well as conduct drilling of one exploration well. The Group has committed to invest USD 60 million during the first exploration period. As per the date of this Prospectus, the Group has completed its commitments regarding 2D and 3D seismic; however the other commitments are outstanding.

During the second and third exploration periods the Group shall carry out geological, geophysical and engineering studies and drill one exploration well during each phase. The Group has committed to invest USD 50 million during each of the second and third exploration periods.

Table 9.9: CI Licences: PSC overview CI-513

Phase	Period	Relinquishment after end of period	Work Commitments	Minimum Investment Requirement	Status
1st exploration period	4 years	25 per cent	Acquisition and interpretation of 1446 km ² 3D seismic data, G&G studies and one well (100 m into Albian)	USD 60,000,000	3D seismic commitment completed. One well outstanding
2nd exploration period	1.5 years	25 per cent	G&G and engineering studies, and one well (100 m into Albian)	USD 50,000,000	
3rd exploration period	1.5 years	If there is a discovery the licencees will relinquish the licence area except for the exploitation area, if no discovery the entire area is to be relinquished	G&G and engineering studies, and one well (100 m into Albian)	USD 50,000,000	

Source: The Company

Bank guarantees

The Ivorian PSCs provide that a bank guarantee shall be furnished by the CI Subsidiary within thirty days from the execution date of each PSC. If, for any reason other than a defined event of force majeure, the CI Subsidiary does not complete the minimum work program corresponding to any given exploration period, the CI Subsidiary shall pay a penalty equivalent to the amount of the bank guarantee.

The bank guarantees as required under the Ivorian PSCs are as follows:

- USD 15,000,000 for the first exploration period;
- USD 12,500,000 for the second exploration period;
- USD 12,500,000 for the third exploration period.

The amount of the guarantees will be reduced as the CI Subsidiary fulfils certain milestones within the relevant exploration periods. The bank guarantee amount in relation to the first exploration period for both of the CI licenses has been received, and the remaining amount per licence block is USD 6 million, totalling USD 12 million for the two CI Licenses.

Non-performance by the CI Subsidiary of the minimum work and expenditure commitments will entitle the Government to terminate the Ivorian PSCs and enforce the outstanding amounts on the bank guarantees.

9.2.7 Relinquishment

The licencees under the CI Licenses are obligated to relinquish at least 25 per cent of the original surface area at the expiry of each of the first and second exploration periods. The location of the relinquished acreage, as well as the potential size in excess of 25 per cent relinquishment is at the discretion of the licensees. As a result of this, CI-509 and CI-513 will upon commencement of the second exploration phase at most cover 818 km² and 1,080 km², respectively.

9.2.8 Regulatory Matters

Any major project likely to have an impact on the environment should be subject to prior Environmental Impact Assessment study (article 39 of Environment Code and article 29 of Water Code). The Group is further subject to the "polluter pays" principle and rehabilitation obligation:

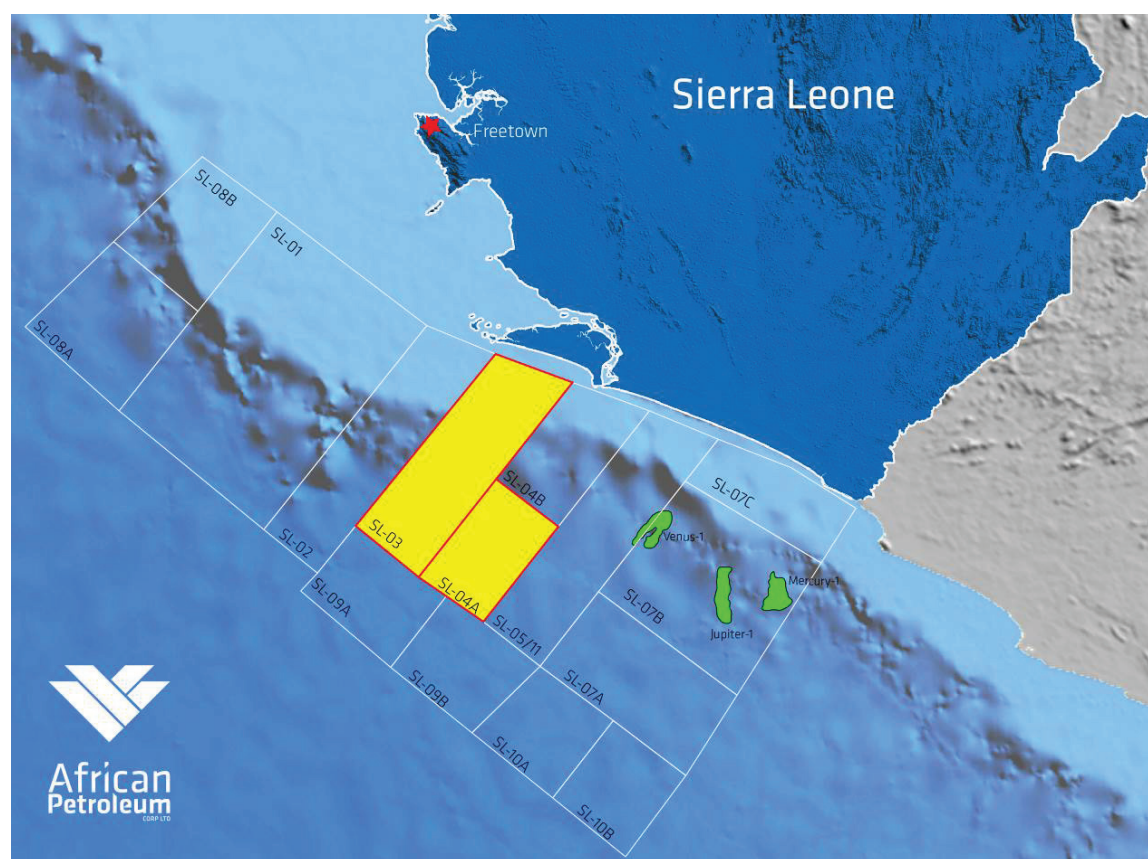
- Any person or company whose actions and/or activities are causing or likely to cause damage to the environment is subject to fees and/or tax. It must also take all measures of rehabilitation (article 55.5 of Environment Code and article 6 of Water Code).
- The holder of a petroleum contract shall repair all damage caused by the oil or related activities or operations or facilities located within or outside the contract scope, if such damage is done by it or by its sub-contractors. In case of failure to repair, compensation must correspond to the value of the damage caused. (Article 64 of Petroleum Code).

9.3 SIERRA LEONE

In Sierra Leone, the Group holds 100 per cent operated working interest in licences SL-03 and SL-4A-10 offshore (the "Sierra Leone Licences") through its subsidiaries European Hydrocarbons and African Petroleum (SL) Limited ("African Petroleum Sierra Leone"), respectively. The Group was awarded 100 per cent interest in SL-03 in April 2010 which is currently in its initial exploration period, while license SL-4A-10 was awarded as part of Sierra Leone's third offshore licensing round in 2012 and is currently in the initial exploration period. The Sierra Leone Licences cover a total area of 5,855 km² and are located to the south of Freetown offshore Sierra Leone.

As of the date of this Prospectus, the Company has acquired 3D seismic data covering the SL-03 and 2D seismic data over the SL-4A-10 licence and is currently performing extensive G&G work on both blocks to mature drilling candidates.

Figure 9.11: Overview of the Sierra Leone assets



Source: The Company

Table 9.10: Sierra Leone Licences: Key facts

Licence	EHL/APSL WI	Date of Grant	Licence period	Current Status	Outstanding obligations
SL-03	100 per cent	23 April 2010	7 years (3+2+2) from date of grant	Initial exploration period ¹	Further geoscience work
SL-4A-10	100 per cent	6 July 2012	7 years (3+2+2) from date of grant	Initial exploration period	Purchase/acquire 3D Seismic and drilling of 1 contingent well

¹ Sierra Leone Government ratified an extension of two years to the initial exploration period in November 2013

Source: The Company

9.3.1 Regional geology

The Sierra Leone Licences are located in the northernmost area of the Sierra Leone – Liberia Basin, close to the Guinea Transform zone. This basin is one of several developed basins along the equatorial margin of West Africa during the separation of the African and American continents to form the Atlantic Ocean. Basin development occurred in two stages; a syn-rift phase in the early Cretaceous, associated with lacustrine to shallow marine conditions, followed by a passive post-rift phase from the mid to late Cretaceous, characterised by fully marine conditions. Sediment fill into the Basin was derived from drainage off the African continent. During the post-rift phase, sediment was transported into deep-water from the continental shelf via a system of discrete entry points typically associated with submarine canyons. The resulting wedge of clastic deep-water deposits sequentially on-lap the steep continental slope and contain sandstones deposited within channelised slope fans, and basin floor fans. Widespread organic rich shales are present at multiple stratigraphic levels in both the lacustrine and marine phases, and have been proven to be good hydrocarbon source rocks regionally.

Three out of four deep-water exploration wells drilled to date in Sierra Leone by the Anadarko/Tullow/Repsol partnership in licence SL-07B-10 have encountered hydrocarbons. These are the Venus, Mercury and Jupiter discoveries drilled between 2010 and 2012. They all encountered oil of good quality but were not of a commercial size to merit commercial development. The most recent discovery in the Basin is the Savannah discovery drilled by Lukoil in Licence SL-05 adjacent to the Group's Sierra Leone Licences.

Turonian, Santonian and Campanian fan systems extending across the Sierra Leone Licences are associated with major submarine canyon sediment entry points. These are prospective for structural and stratigraphic traps.

9.3.2 Work history and next steps

On SL-03, the Group acquired an extensive 3D seismic survey covering approximately 2,500 km² in September 2011 which was completed by TGS-Nopec and a fast-track interpretation was received in January 2012. Prospects are currently being matured based on the final 3D data, which was received in the fourth quarter of 2012.

Following discussion with the Government of Sierra Leone, the Group received a two year extension to the first exploration period for SL-03 on 23 September 2013, extending the first exploration period on the block to April 2015.

On SL-4A-10, the Group has interpreted existing 2D seismic and have identified a number of promising prospects for verification. TGS-Nopec acquired a multi-client 3D seismic survey over parts of SL-4A-10 in October 2011, which the Group is considering to licence for further G&G work subject to a successful farm-out of parts of the Sierra Leone licences.

9.3.3 Prospective Resources

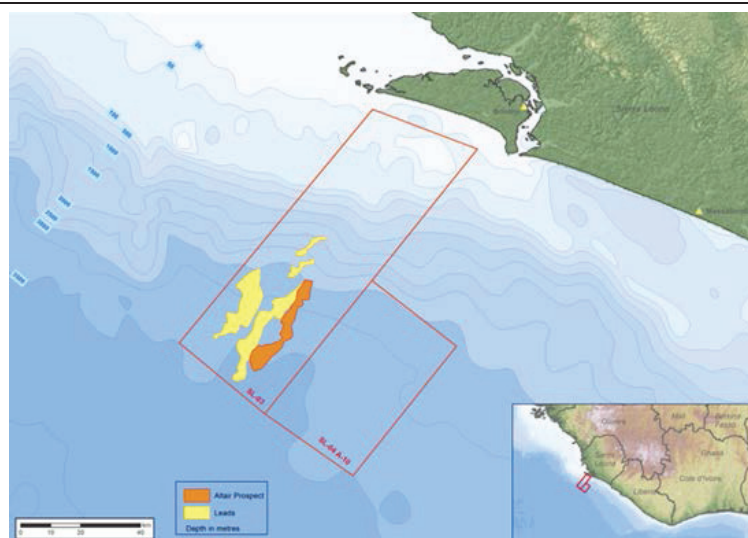
The table below summarises the estimates of Prospective Resources associated with a selected prospect from the Sierra Leone inventory as of 31 December 2013 as well as the water depths and the depth to top targets (TVDSS) on the relevant prospect:

Table 9.11: Prospective resources in the Sierra Leone Licences

Prospects	Net Un-risked mean Prospective resources (MMstb)	Net Risked Mean Prospective Resources (MMstb)	Water depth (m)	Depth to top target TVDSS (m)
Altair	434	79	3,300	5,400

Source: ERC Equipoise Competent Persons Report (April 2014)

Figure 9.12: SL-03: Overview of main prospects



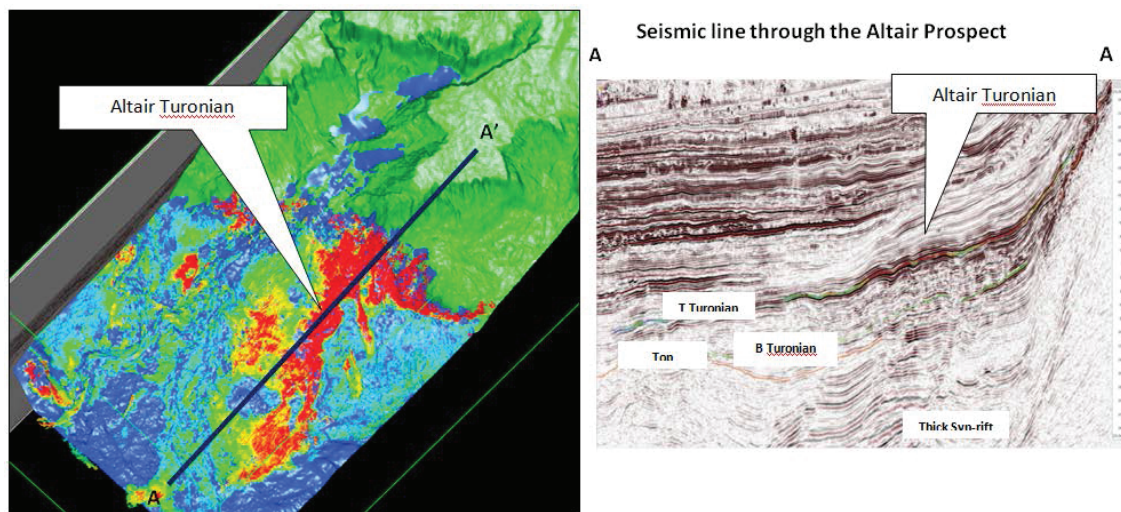
Source: The Company

9.3.4 Main exploration prospects

Altair prospect

Detailed mapping of 3D seismic has identified three major Turonian age channel complexes emerging from a well-defined submarine canyon sediment entry point within the SL-03 licence block. The Altair Channel is the most easterly of these and exhibits a high amplitude seismic expression within a stratigraphic trap. The CPR by ERC Equipoise estimated un-risked mean prospective oil resources of 434 MMstb in this prospect. Amplitude with offset analysis shows results consistent with a class II/III anomaly (brightening with far offsets). Top, lateral, and bottom seals are interpreted as widespread marine shales within the Turonian and Albian from seismic attributes.

Additional prospects are mapped in both the Turonian and the overlying Campanian sections; with the Campanian sediment entry point interpreted to be within the SL-4A-10 licence block to the east.

Figure 9.13: The Altair Prospect

Source: The Company

9.3.5 Terms of the Sierra Leone Licences

The SL-03 license was awarded to the Group following an application to the General Director of Petroleum Resources Unit of the Republic of Sierra Leone in 2009 and SL-4A-10 was awarded to the Group following an international bidding round in 2011.

SL-03

EHL was awarded a 100 per cent working interest in the SL-03 licence by the Government of the Republic of Sierra Leone on 23 April 2010 for a 30 year term from that date. On the same date, a petroleum agreement was entered into between the Sierra Leone government and EHL.

The initial exploration period for Licence SL-03 is three years from the effective date of 23 April 2010; however the first exploration period has been extended by 2 years to 23 April 2015. The initial exploration period is followed by two additional exploration periods of 2 years each. As described above, the Group received a two year extension, from 23 April 2013 until 23 April 2015, of the initial exploration period for SL-03 on 23 September 2013. The amendment was ratified by an act of the Sierra Leone Parliament on 7 November 2013.

Upon production of crude oil on Block SL-03, the Government of Sierra Leone is entitled to a royalty for oil production at a rate that varies between 10 per cent for crude oil produced with a water depth less than 200 meters and 8 per cent for crude oil produced with a water depth superior to 200 meters. The Government of Sierra Leone shall have the right to elect to receive cash in lieu of its royalty share. In the event of discovery of natural gas, the royalty to be delivered to the Government shall be at the rate of 5 per cent for natural gas produced from onshore and water depths less than 200m and 3 per cent from offshore with water depths greater than 200m of the annual gross production of natural gas.

The Sierra Leone state participation is 10 per cent full carried interest during the development phase.

SL-4A-10

Following an international bidding round in 2011, African Petroleum Sierra Leone was provisionally awarded a 100 per cent working interest in licence SL-4A-10 on 6 July 2012, and signed a petroleum exploration and production licence agreement with the government of the Republic of Sierra Leone on 17 September 2012 (the "SL-4A-10 Petroleum Agreement"), which entered into force on 21 September 2012. The licence term is 30 years from 21 September 2012, and shall comprise an exploration period of maximum 7 years.

The initial exploration period for licence SL-4A-10 is three years from 21 September 2012, followed by two additional exploration periods of 2 years each.

Upon production of crude oil on Block SL-4A-10, the Government of Sierra Leone is entitled to a royalty for oil production at a rate of 10 per cent for crude oil produced. The Government of Sierra Leone shall have the right to elect to receive cash in lieu of its royalty share. In the event of discovery of natural gas, the royalty to be delivered to the Government shall be at the rate of 5 per cent for natural gas produced.

The Government of Sierra Leone participation is 10 per cent fully carried interest during the development phase with an optional 5 per cent paying interest. For the SL-4A-10 license an additional profit tax is triggered after development when the internal rate return reaches 22 per cent. The rate is 30 per cent for the petroleum resource rent tax with 22 per cent uplift for accumulated net expenditure.

Pursuant to the terms of the SL-4A-10 petroleum agreement, licensees may assign all or part of its right and obligations arising from the licence to third parties whose technical and financial reputation is well established, and on the condition that written consent is obtain from the director general, and an assignment fee is paid to the Government of Sierra Leone. In the case of an assignment to an affiliate of the licence, a lower assignment fee rate applies.

The income tax rate in Sierra Leone is 30 per cent and the capital amortisation is 40 per cent the first year and 20 per cent for the remaining 3 years with a 30 year exploitation period. Under the terms of the Sierra Leone PSCs, the licensees are obligated to pay annual license fees of approximately USD 355,000 and approximately USD 280,000 for SL-03 and SL-4A-10, respectively. These license fees include *inter alia* surface rental costs and training costs. The annual license fees for subsequent exploration phases are lower than the current levels. In addition, the licensees are required to make minimum spending commitments per exploration phase for social welfare costs and technology bonuses. For the current exploration phase the spending commitment is USD 1.5 million for SL-03 and USD 1.0 million for SL-4A-10. For future exploration phases there is no period commitment for SL-03 and USD 500,000 spending commitment per phase for SL-4A-10. Failure to pay the annual fee will result in revocation of the licence.

Withdrawal

The Sierra Leone Licences may be withdrawn in the event that the Director General of the Petroleum Directorate of Sierra Leone considers the Company to have breached the terms of the agreement by failing to meet its obligations. Furthermore, the Sierra Leone Licences shall be withdrawn where such licence area becomes a discovery area, which happens on the date of a commercial discovery in respect of such area during exploration. Withdrawal can also come about where there are serious or repeated violations of any conditions or directives of the laws governing petroleum operations in Sierra Leone or if it is discovered that during application for the Sierra Leone Licences, false, misleading and incorrect information were contained in the application or whether a crucial information was withheld and if it is confirmed that with such information the Sierra Leone Licences would not have been granted. In general, in the event that the guarantee provided by a licensee becomes significantly weakened and the holder of a licence dissolves or becomes bankrupt or winds up, the licence in question shall also be withdrawn.

9.3.6 Work and expenditure programme

SL-03

During the initial exploration period, the group shall spend a minimum amount of USD 5 million. The minimum expenditure for the work in the first extension period shall be USD 30 million and the licensee must drill one well. The minimum expenditure for the work in the second extension period shall be USD 30 million. As per the terms of the SL-03 licence agreement, the Group deposited the sum of USD 1 million as performance bond in an escrow account in a local bank in Sierra Leone. As per the date of this Prospectus, the Group has completed the required 3D commitment and the deposit has accordingly been released.

As part of the extension, further geoscience work over block SL-03 was agreed. This includes a minimum expenditure of USD 3 million on:

- Re-assessment of the deeper syn-rift package, including reprocessing and detailed fault mapping
- Regional depositional model and predictive reservoir quality model is required
- Further mapping of the companion sand fairway is required to tie in to SL-4A-10
- Detailed stratigraphic analysis must be carried out on multi-attribute volumes using paradigm tool suite

Table 9.12 Sierra Leone Licences: PSC Overview SL-03

Phase	Period	Relinquishment after end of period	Work Obligations	Minimum Investment Requirement USD	Rental Payments USD/ km ²	Status
Initial exploration period	3 years	50 per cent	Purchase/Interpretation of 2D seismic data + acquisition/interpretation of 500 km ² 3D seismic data	5,000,000 ¹ and USD 3,000,000	30	Exploration period extended by 2 years to 23/04/15. 3D seismic commitment completed. Further geosciences work outstanding
1st extension period	2 years	25 per cent	1 exploration well	30,000,000	50	
2nd extension period	2 years	100 per cent ²	1 exploration well	30,000,000	75 ³	

1. The Company must spend on average USD 125,000 per year on training Sierra Leonean personnel.

2. Does not apply to a discovery or development area.

3. Rental payments over any development/production area would be set at USD100/ km²/year.

Source: The Company

SL-4A-10

During the initial exploration period, the Group shall spend the minimum amount USD 10 million and drill one well (contingent on 3D interpretation and availability of a drilling rig capable of safely drilling in ultra-deep water). The minimum expenditure for the work in the first extension period shall be USD 50 million. The minimum expenditure for the work in the second extension period shall be USD 50 million.

Pursuant to the terms of the petroleum agreement for SL-4A-10, African Petroleum Sierra Leone shall deliver a parent company guarantee in the amount of USD 10 million as a minimum expenditure in the initial exploration period to guarantee the performance of their work obligation under the license, and an equivalent guarantee for the minimum spending amount following the effective date for ensuing extension periods. As further described below and under section 8.9.4, such guarantee has been provided by the Company.

In the circumstances of a default of African Petroleum Sierra Leone to undertake the minimum work obligation by the end of the applicable period for which a parent company guarantee is issued, the director general may make a demand on each parent company guarantee. Payment due from a guarantor shall be reduced by an amount equal to the expenses incurred by the Group for any part of the work obligations completed on or before the end of the relevant period.

Table 9.13 Sierra Leone Licences: PSC Overview SL-4A-10

Phase	Period	Relinquishment after end of period	Work Obligations	Minimum Investment Requirement USD	Rental Payments USD/ km ²	Status
Initial exploration period	3 years	50 per cent	Acquire 1,500 km ² 3D seismic data + 1 exploration well ¹	10,000,000 ²	40	3D seismic commitment still outstanding. Well contingent on results of 3D interpretation and drilling rig technology for ultra-deep water
1st extension period	2 years	25 per cent	1 exploration well	50,000,000	60	
2nd extension period	2 years	100 per cent	1 exploration well	50,000,000	85	

1. Drilling of one contingent exploration well subject to; results of 3D seismic data interpretation; and availability of rig for ultra-deep water. Minimum depth of exploration wells 2,500 metres.

2. The Company must spend on average USD 125,000 per year on training Sierra Leonean personnel.

Source: The Company

Performance guarantees

The Company has provided a USD 10 million corporate guarantee as assurance to the government of Sierra Leone that the Company will fulfil its obligations on Block SL-4A-10 in the Initial Exploration Period. Once the Company has demonstrated to the government that it has spent a minimum of USD 10 million towards these obligations, the corporate guarantee will terminate. Please refer to section 8.9.4 for further information.

Should the licensee fail to complete the minimum exploration work program within the stipulated period, the Minister may revoke the licence and enforce the guarantee.

9.3.7 Relinquishment

In both Sierra Leone licences, the Company may retain up to 50 per cent of the original licence area on progression into the second exploration period. On progression into the third exploration period, the Group is required to relinquish an additional 25 per cent of the original license surface. Following the expiry of the third exploration period, the Company may retain any portion of the licence area which constitutes or forms part of a discovery or a development area as agreed with the Sierra Leone Government. All the remaining licence area shall be surrendered.

9.3.8 Regulatory Matters

The Petroleum Exploration and Production Act 2011 provides for operations to be carried out within prescribed regulations and with international best practice. It further provides for reasonable steps to secure the safety, health and welfare of persons. To hold a petroleum right, the intended licensee should do an assessment of the impact which the proposed petroleum operations may have on the environment and that a licensee will not be permitted to commence petroleum operations without the approval of its environmental impact assessment. The Contractor will be strictly liable for pollution or damage caused or resulting from petroleum operations and the Contractor shall take all necessary measures to remedy any pollution or damage so caused.

The Petroleum Exploration and Production Act further provides for a decommissioning plan and establishes a decommissioning fund and the licensee is made liable for damages for disposal of decommissioned facility and any damage caused in connection with abandoned facility.

The Petroleum Exploration and Production Act stipulates that within and not less than 90 days prior to the surrender or revocation of a licence and before the petroleum operations permanently terminates on a facility, the licensee should submit a plan for decommissioning which must be approved by the Minister. This plan should include proposals for continued production, shutdown of production, disposal of facilities and

rehabilitation of the land. If the licensee should fail to carry out the decommissioning of a facility in accordance with the act or the plan approved by the Minister, the Minister may take the measures necessary to remedy the situation at the instance of the licensee's account and risk.

For this purpose a decommissioning fund is to be set up by the Minister and after the first production, the licensee shall commence paying an agreed amount and currency into the decommissioning fund.

9.4 SENEGAL

In Senegal, the Group, through its 90 per cent owned subsidiary African Petroleum Senegal, holds a 90 per cent operated working interest in exploration blocks Rufisque Offshore Profond ("ROP") and Senegal Offshore Sud Profond ("SOSP") (together the "Senegal Licences"). The Senegal Licences are located offshore southern and central Senegal, covering a combined surface area of 18,277 km², with the remaining 10 per cent carried interest in the licenses is held by Petrosen, the national oil company of Senegal, who also has an option to increase its interest up to 20 per cent in the event of a successful discovery and award of an exploitation authorisation on each of the licenses. The Senegal Licences are currently in the first exploration period, which ends 24 October 2014 for SOSP and 24 October 2015 for ROP.

To date, the Group has acquired 2D and 3D seismic over the licence blocks and are currently maturing prospects towards drilling.

Figure 9.14: Overview of the Senegal exploration assets



Source: The Company

Table 9.14: Senegal Licences: Key facts

Licence	APCL WI	Date of Grant	Licence period	Current Status	Outstanding commitments
ROP	81 per cent ¹⁾	25 October 2011	8 years (4+2+2)	First exploration period	3D seismic acquired, 1 well outstanding
SOSP	81 per cent ¹⁾	25 October 2011	8.5 years (3+3+2.5)	First exploration period	3D seismic acquired

Note: 1) The Group's 90 per cent owned subsidiary African Petroleum Senegal holds a 90 per cent interest and Prestamex holds a 10 per cent interest in ROP and SOSP

Source: The Company

9.4.1 Regional geology

The Senegal Licences are located offshore within the Mauritania-Senegal-Gambia-Bissau-Conakry Basin which extends from Morocco to Guinea. The Basin formed during the initial Triassic to Jurassic rifting of the Central Atlantic region. Hydrocarbons are proven throughout the basin, including current producing fields in

Mauritania, major accumulations at Dome Flore (AGC) and Cap Juby (Morocco) and oil and gas shows in many wells onshore and offshore Senegal. Source rocks of Neocomian and Aptian to Turonian age are proven in shelfal wells as well as the DSDP-367 well, some 400 km offshore. Jurassic source rocks are inferred to be present from regional and analogue studies in adjacent basins on both sides of the Atlantic. There is seismic evidence for Jurassic clastic input to the basin, continuing during the Cretaceous, with deep canyons eroded into the adjacent shallow marine carbonate platform providing sediment conduits into the basinal area. Clastic reservoirs of Jurassic to Turonian age are interpreted to be present in the exploration blocks and are prospective in structural and stratigraphic traps. The carbonate platform is also an exploration target with possible reservoirs associated with karst, reef, fore reef and slope wedge settings.

9.4.2 Work history and next steps

African Petroleum Senegal has licenced over 10,000 km² of 2D seismic data over the Senegal Licences to compile an extensive regional database. In May 2012, the Company further completed a 3,600 km² 3D seismic data acquisition over the SOSP licence. Fast-track 3D seismic data was received in July 2012, and initial prospects and leads have been identified. The final 3D data over SOSP has been received and is currently being interpreted. In addition, 1,500 km² of 3D data over the ROP licence block is currently being reprocessed ready for final interpretation during 2014. The evaluation of the prospectivity of the Senegal licences will be influenced by the results of exploration drilling by other operators in adjacent acreage during 2014. The timing of any well activity will be linked to rig availability, partners coming into the acreage to share risk and Government agreement.

9.4.3 Prospective Resources

The 3D seismic data in SOSP is currently being interpreted, and have so far resulted in identification of certain leads. Due to the present status, these identified leads are of insufficient technical maturity for inclusion into the Group's CPR in April 2014 and as such no prospective resources are included for Senegal.

9.4.4 Main exploration plays

Promising prospectivity has been identified in Upper and Lower Cretaceous fan systems, and in Jurassic reef, fore-reef, karstified and slope wedge limestones. The Jurassic source rocks are interpreted to be ideally positioned for charging these targets from beneath, with additional charge from Cenomanian to Albian source rocks to the West. The 3D seismic in ROP is currently being reprocessed to assist in the technical maturation of this acreage.

In Senegal initial mapping the SOSP 3D has identified a number of large stratigraphic leads in DW fan systems within the Cretaceous onlap play. There are several locations where stacked reservoirs may be tested in a sequence of overlapping Maastrichtian through late Jurassic fans and channel complexes.

Recent work on the final 3D volume has revealed multiple carbonate leads developed on the platform margin in karst, reef, fore reef, and slope wedge settings. Additional seismic processing in depth is expected to enhance the ability to de-risk these prospects.

9.4.5 Terms of the Senegal Licences

African Petroleum Senegal was awarded a 90 per cent operated working interest in the Senegal Licences on 25 October 2011 by the Senegalese government. Petrosen was awarded the remaining 10 per cent working interest. Petrosen also has an option to increase its interest up to 20 per cent when the exploitation authorisation becomes effective. It is agreed that Petrosen's 10 per cent interest will be carried by African Petroleum Senegal through all exploration periods. The Senegal Licences are governed by individual PSCs (the "Senegalese PSCs") between the licencees and Senegalese government and two JOAs entered into between African Petroleum Senegal and Petrosen on 25 November 2011.

The initial research periods relating to the ROP and the SOSP licences are four and three years from 25 October 2011 to 25 October 2015 and 25 October 2014 respectively. Subject to fulfilment of work commitments, the period may be renewed for two additional research periods of two and three years for the ROP licence and three and two and a half year for SOSP, as further shown in table 9.14 above.

In the event of a discovery of hydrocarbons, African Petroleum Senegal will be awarded a 25 year exploitation authorisation by decree. At the time the exploitation authorisation becomes effective, Petrosen shall have the option to increase its working interest to up to 20 per cent. To exercise the right, Petrosen shall notify African

Petroleum Senegal of its decision to exercise its option and the percentage of share equity chosen no later than six months after the effective date of the exploitation authorisation.

In the event of a commercial discovery and subsequent production, the licensees share of future revenues are regulated under the Senegalese PSCs. For recovery of costs and investments, the licensees are entitled to a cost oil for recovery of historical costs and investments of 75 per cent of revenues, and a further share of profit oil ranging between 42 per cent to 65 per cent depending on the daily oil production (from 65 per cent for oil production below 30,000 barrels per day and down to 42 per cent for production above 120,000 barrels per day). The corporate income tax rate in Senegal is 25 per cent. The Senegal state participates in the Senegal Licences through Petrosen as described above.

Under the terms of the Senegal PSCs, the licensees are obligated to pay annual license fees of approximately USD 350,000 and USD 340,000 for ROP and SOSIP respectively. These license fees include *inter alia* surface rental costs, training costs and social welfare costs. The annual licence fees are subject to minor increases for subsequent exploration phases. In addition, the Company is required to pay a technology bonus of USD 150,000 per licence during the first exploration period.

Petrosen shall not be obligated to reimburse any part of the expenses incurred before the effective date of the exploitation authorisation, or to contribute to training and promotion expenses. Petrosen shall reimburse African Petroleum Senegal in USD, with no interest, on a pro rata basis of the increase of its share equity, the expenses incurred related to the exploitation perimeter in question between the effective date of the exploitation authorisation and the date of its option exercise notice.

Withdrawal

The Senegal Licences may be withdrawn in the event of serious violation by African Petroleum of the provisions of the Petroleum Code, as set out in Law No. 98-05 dated 8 January 1998, or stipulations of the PSC's with regards to work and financial obligations. The Senegal Licences may further be withdrawn in the event of a delay of more than three months in any payment to be made by the Company to the Senegalese state or after the production start on a commercial deposit, where production has been stopped for a period of one year, without restart of the production six months after a notice to do so.

9.4.6 Work and expenditure programme

ROP

During the initial exploration period, the Group is obligated to purchase existing seismic data and conduct geological and geophysical evaluation for a minimum investment of USD 2 million; and to drill one exploration well for a minimum investment of USD 20 million. The same obligations are applicable for each renewal period. Each of the exploration wells shall be drilled to a minimum depth of 3,500 meters. As per the date of this Prospectus, the Group has completed its seismic commitments, however with a remaining commitment to drill one well in the initial exploration period.

SOSIP

During the initial exploration period, the Group is obligated to purchase existing seismic data and conduct geological and geophysical evaluation for a minimum investment of USD 10 million. During the first and second renewal periods, the Group shall carry out drilling of at least one exploration well with a minimum investment of USD 20 million in each period and with a minimum well depth of 3,500 meters. As per the date of this Prospectus, the Group has completed the seismic commitments.

Performance Guarantees

In accordance with the obligations under the PSCs, the Company has provided two parent guarantees in the aggregate amount of USD 20 million (USD 10 million for each licence) to secure the performance of work obligations for the initial research period. The guarantees are valid from 2 November 2011 and 10 November 2011 and will expire on 2 November 2014 and 10 November 2014 respectively. Should the Group enter into the second exploration period, the Group will be required to provide a similar guarantee for the minimum work obligations for the new period concerned.

If at the end of any period of research, or in case of total waiver or termination of the contract, African Petroleum Senegal has not reached the minimum commitments, the Group shall pay to the Senegal government

a compensation equal to the unpaid balance of the work commitments scheduled for this period and the minister shall have the right to call the guarantees as compensation for non-performance by African Petroleum Senegal.

Table 9.15 ROP

Phase	Period	Relinquishment after end of period	Work Obligations	Minimum Investment Requirement USD	Rental Payments USD/ km ²	Status
Initial exploration period	4 years	30 per cent	Acquisition of existing seismic data + 1 exploration well ¹	20,000,000 + 2,000,000	5	3D seismic commitment completed. One well outstanding
1st extension period	2 years	20 per cent	1 exploration well	20,000,000	8	
2nd extension period	2 years	100 per cent ²	1 exploration well	20,000,000	15	

1. All exploration wells must be drilled to a minimum depth of 3,500 m from sea level.

2. If at the End of Exploration phase there is a discovery the Contractor will relinquish the contract zone except for the exploitation area, if no discovery the entire tenement is relinquished.

Source: The Company

Table 9.16 SOSF

Phase	Period	Relinquishment after end of period	Work Obligations	Minimum Investment Requirement USD	Rental Payments USD/ km ²	Status
Initial exploration period	3 years	30 per cent	2,500 km ² 3D seismic survey, reprocessing	10,000,000	5	3D seismic commitment completed
First extension period	3 years	20 per cent	1 exploration well	20,000,000	8	
Second extension period	2.5 years	100 per cent ³	1 exploration well	20,000,000	15	

3. If at the end of exploration phase there is a discovery the Contractor will relinquish the contract zone except for the exploitation area, if no discovery the entire tenement is relinquished.

Source: The Company

9.4.7 Relinquishment

For both of the Senegal Licenses, the licensees are required to relinquish 30 per cent of the surface area after end of the initial exploration period, 20 per cent after end of the first extension period and 100 per cent after the end of the second extension period. However in the event of a commercial discovery and ensuing award of exploitation license, the exploration license area will be retained.

9.4.8 Regulatory Matters

Laws concerning classified installations for Environmental Protection

The creation or modification of an Installation Classified for Environmental protection (ICPE) is subject to an administrative authorisation before it can start operation. Depending on the type of procedure applicable to the installation (subject to declaration or to authorisation), in order to obtain the authorisation, the operator must register an ICPE file or an operating licence application.

Laws concerning water pollution

Civil liability of a polluter arises in the absence of any fault when the property at the origin of damage caused is an establishment of "risk". Responsibility can be avoided only by proving that the pollution and its harmful effects are only due to a case of force majeure, fault of a third party or the victim, by action or inaction, has contributed to the damage.

Petroleum Act

Under Article 58 of the Petroleum Code, in case of expiry or termination of an agreement or a service contract and according to the provisions of Article 59 of the same code or in case of total or partial waiver, the State may exercise its right to recover the facilities and equipment related to petroleum operations abandoned area, unless such facilities and equipment are used by the owner for other oil operations in the territory of the Republic of Senegal.

If the State exercises its right of recovery, no compensation is paid to the owner.

If the State does not wish to return the facilities and equipment, the licensee must perform disassembly and removal as well as other works of abandonment; in case of failure by the licensees to fulfil such obligations the Minister may direct the necessary procedures at the expense of the licensees.

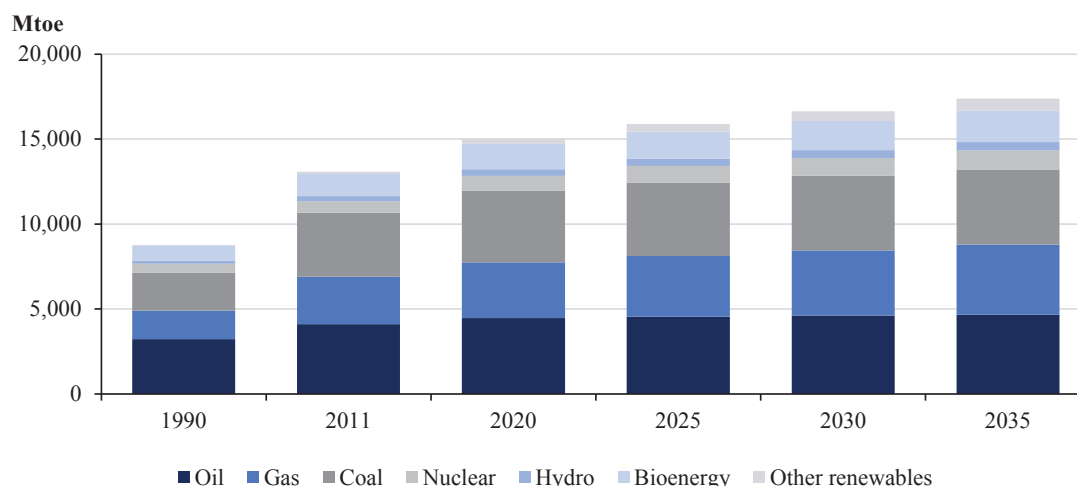
10. INDUSTRY OVERVIEW

The Group is an upstream oil and gas company with focus on the exploration and development phase of the upstream value chain. The Group's business is to gain and de-risk oil and gas licenses in the West African region and successfully explore for oil and gas in its licenses. In the event of a commercial discovery the Group will participate in maturing its discoveries towards development and eventually commercial hydrocarbon production. While the Group has internal resources to conduct geological and geophysical work, as well as drilling operations, in order to conduct its business the Group is reliant on third party providers of (when relevant) seismic data, offshore vessel and drilling rig services, as well as engineering and other consultancy services. The long-term profitability of the Group is highly dependent on its success in discovering oil and gas, as well as the long-term development of hydrocarbon commodity prices. As such this chapter provides certain background information on the dynamics in the pricing of oil and gas, as well as the historic pricing of oil.

10.1 THE GLOBAL ENERGY MARKET

Global energy consumption is driven by world population, economic growth and availability of resources. Overall consumption has grown consistently and seen a steady increase throughout modern economic history. Going forward, energy consumption is expected to increase for all forms of energy, primarily as a result of increased consumption in emerging economies as well as a growing global population and expanding economy. According to BP's 2013 Statistical review of World Energy, oil is the most consumed source with an annual consumption of 89.8 million barrels per day in 2012. The world consumption of primary energy, including oil, natural gas, coal, nuclear, hydro power and other renewable energy, increased by 2.1 per cent in 2012. In the same period, global oil consumption increased by 1.1 per cent, equivalent to 0.9 million barrels per day.

Figure 10.1: Global Energy Consumption



Source: IEA World Energy outlook 2013

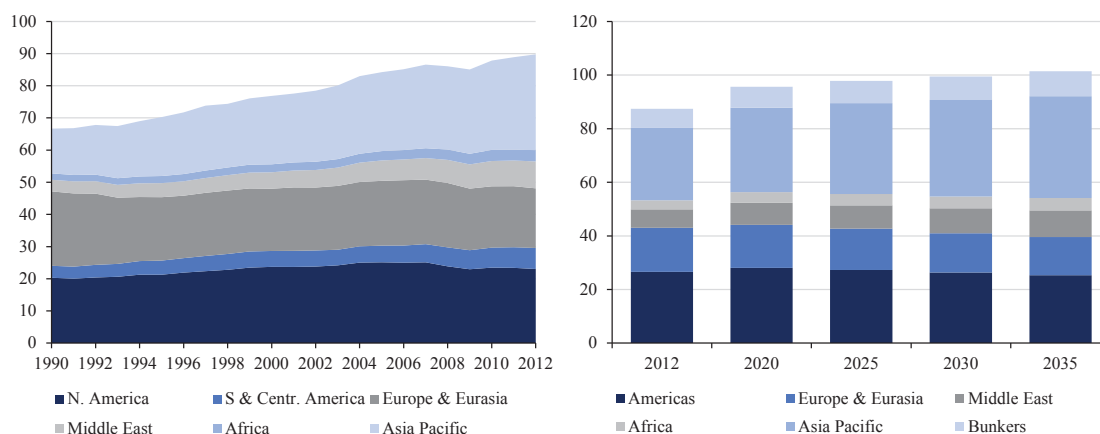
10.2 OVERVIEW OF THE OIL MARKET

10.2.1 Oil consumption

Oil is the world's primary source of energy and in 2012 global oil consumption was approximately 89.9 million barrels per day. Oil consumption has grown consistently over the past decades, and from 2000 to 2012, consumption increased by 17 per cent on a global basis. According to IEA's Oil Market Report as of 13 February 2014, global oil consumption in 2012 was 90.0 million barrels per day, and increased to 91.3 million barrels per day in 2013. For 2014, global consumption is expected to increase to 92.6 million barrels per day. According to IEA's 2013 World Energy Outlook, global oil consumption is expected to continue to increase going forward, growing to 101.4 million barrels per day in 2035. Oil is used for a wide array of purposes including transportation, petrochemical processes for feedstock, power generation and agriculture. Currently, oil used for transportation in the form of among other gasoline, diesel and jet fuel is the main source of oil

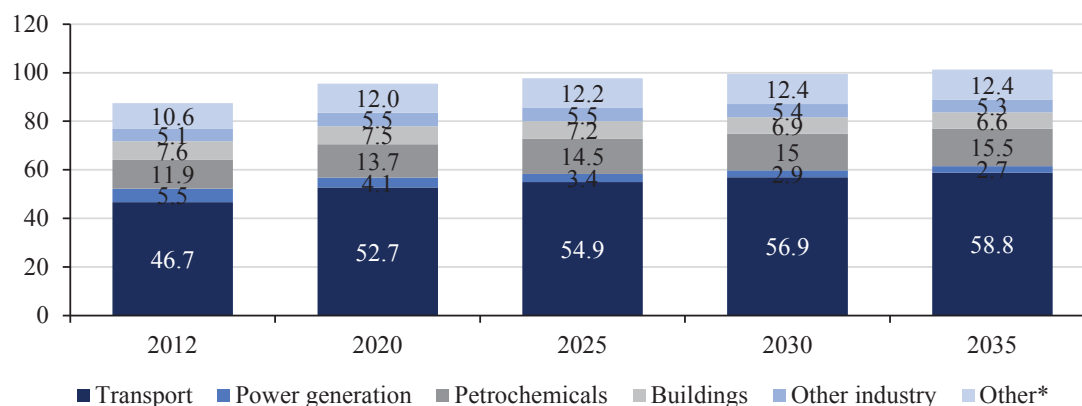
consumption globally, constituting 53 per cent of global consumption in 2012¹. Transportation is expected to be a key source of consumption growth going forward, constituting 58 per cent of global oil consumption in 2035¹. Geographically, the largest consuming countries in 2012 were the United States (18.6 million barrels per day) and China (10.2 million barrels per day). Consumption is today fairly evenly distributed between OECD and non-OECD countries with approximately 50 per cent of consumption from each of the groups. Going forward, as a result of among other increased fuel efficiency and stricter environmental policies, consumption in OECD countries is expected to decrease while global consumption is expected to increase overall due to strong consumption growth in emerging economies. From 2012 to 2035 oil consumption in non-OECD countries is expected to increase by 49 per cent, primarily driven by growing consumption in China, India and the Middle East. Figure 10.2 below shows the historic and expected future development in geographical consumption, as well as current and expected mix of oil consumption going forward

Figure 10.2: Global Oil Consumption growth and composition (mmbbls/day)



Source: Left chart: BP Statistical Review of World Energy 2013, Right chart: IEA World Energy outlook 2013

Figure 10.3: Global oil demand by sector (mmbbls/day)



Source: IEA World Energy Outlook 2013. *Other includes agriculture, transformation and other non-energy use (mainly bitumen and lubricants)

10.2.2 Oil production and reserves

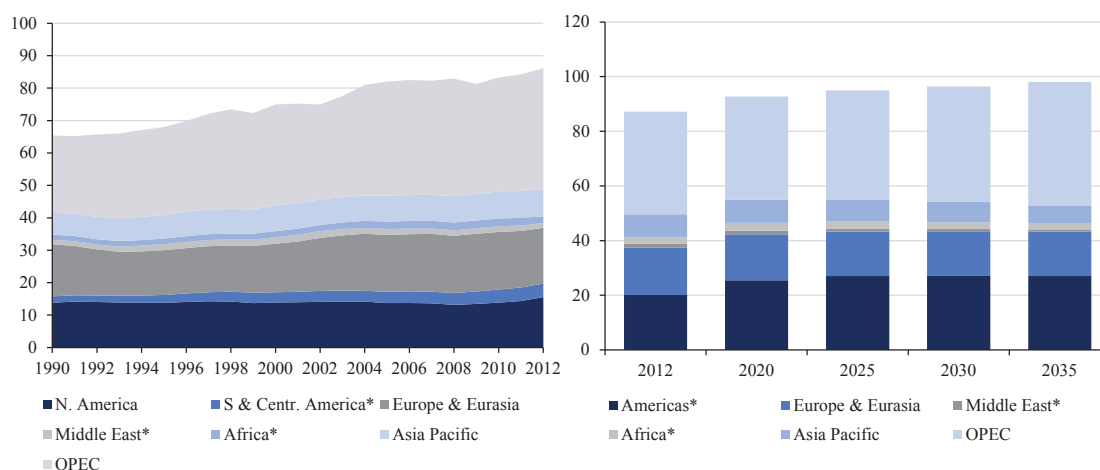
Oil is found in large quantities on most continents of the world. Crude oil production is active in all major populated continents and in 2012 the global production totalled an estimated 86.2 million barrels per day². The largest producers are Saudi Arabia (11.5 million barrels per day), Russia (10.6 million barrels per day) and the

¹ Source: IEA World Energy Outlook 2013

² Source: BP Statistical Review of World Energy 2013

United States (8.9 million barrels per day). From 2000-12, production grew at an annual compounded rate of 1.2 per cent per year, and production grew in all major regions of the world however with varying growth between nations. In the period, Russia was the largest growing producer, growing its oil production from 6.6 million barrels per day in 2000 to 10.6 million barrels per day in 2012 (62 per cent growth). Other countries with large production growth were Saudi Arabia, the United States, Canada, Qatar, Angola and Kazakhstan, all growing daily production by more than 1 million barrels per day in the period. Simultaneously, production declined significantly in the North Sea in the period, with the United Kingdom and Norway seeing production declining by 1.7 and 1.4 million barrels, respectively. According to IEA's Oil Market Report as of 13 February 2014, global production in 2012 was 90.9 million barrels per day, markedly higher than estimated in the BP Statistical Review due to the exclusion of refinery processing gains (2.1 million barrels per day) and global biofuel production (1.9 million barrels per day) by the latter. For 2013 IEA's Oil Market Report estimates global production of 91.5 million barrels per day. Going forward, oil production growth is expected to be dependent on increased output from the Organization of the Petroleum Exporting Countries ("OPEC")¹, as well as increased unconventional oil production, including Canadian oil sands, tight oil and extra heavy oil, while conventional oil production is expected to decline due to natural production decline in existing fields and reduced rate of production from new conventional fields. Production from OPEC countries is expected to be the main source of growth, growing from 37.6 million barrels per day in 2012 to 45.2 million barrels per day in 2035². Within OPEC, increased production from Iraq as a result of an improved security situation, enhanced infrastructure availability and renewed activity in the region drives activity. Further, unconventional extra-heavy oil production from Venezuela is expected to contribute more than 2 million barrels per day in 2035, from around 0.6 million barrels per day in 2012. Chart 10.4 shows the historic development in global oil production per country from 1990 to today³ and the expected production composition going forward, while chart 10.5 shows the expected product composition of global oil production from 2012 to 2035¹.

Figure 10.4: Global oil production by region (mmbbls/day)

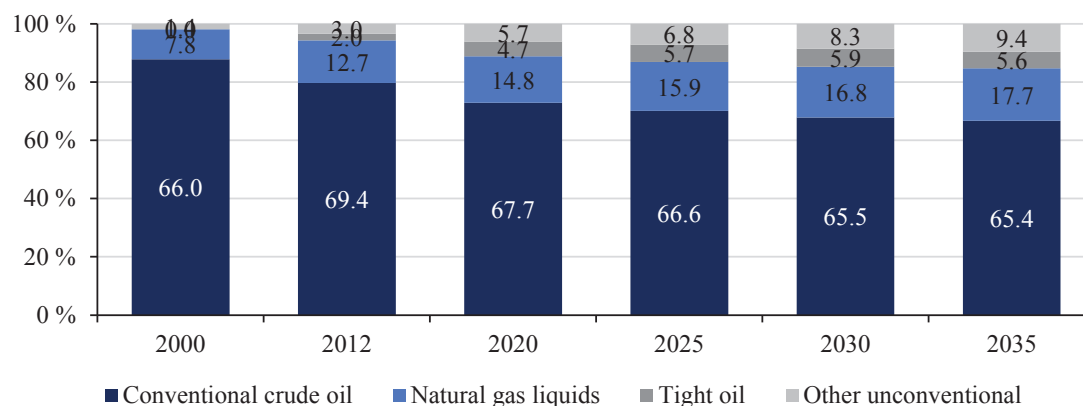


Source: Left chart: BP Statistical Review of World Energy 2013. Right chart: IEA World Energy Outlook 2013. *Non-OPEC

¹ OPEC member countries: Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela

² Source: IEA World Energy Outlook 2013

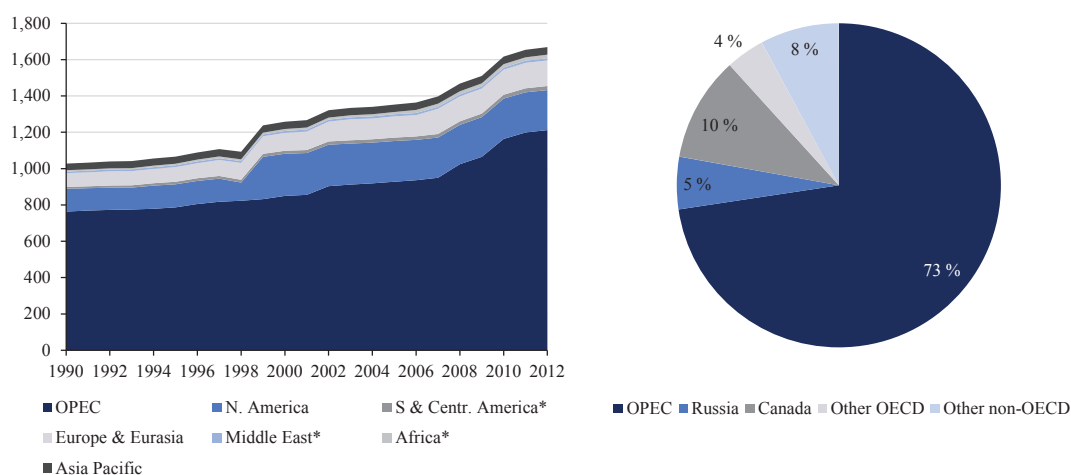
³ Source: BP Statistical Review of World Energy 2013

Figure 10.5: Global oil production by product (mmbbls/day)

Source: IEA World Energy Outlook 2013.

In terms of reserves, nearly half of the total proved reserves in the world today are located in the Middle East, primarily Saudi Arabia, Iran, Iraq, Kuwait and the United Arab Emirates. In total, 73 per cent of remaining proven reserves are held by the OPEC members. Other large reserve pools are located in unconventional resources in Canada (oil sands) and Venezuela (extra heavy oil), which will require significant investments and technology improvements in order to commercially develop. Of the remaining oil reserves in the world, a large proportion is owned by state owned entities. In 2012, nearly 80 per cent of the world's proven plus probable reserves, including both conventional and unconventional oil, are controlled by national oil companies ("NOCs") or their host governments. In addition, NOCs also hold those reserves with by far the lowest average development and production costs. Remaining reserves are shared between major oil companies (13 per cent) and independents (7 per cent). A large portion of NOCs tend to focus primarily on supplying their national markets, or are subject to political supervision, which may impact rate of production and flow of sales, while activities of privately owned companies including major oil companies, independents and certain NOCs are geared towards shareholders' interests and market signals. Due to the strategic importance of oil as a key source of energy supply in the modern economy, as well as a large portion of the world's remaining reserves are controlled by politically influenced national entities and located in countries that are members of OPEC, future production and supply of oil may be influenced by factors outside the course of normal market functions. This could in the future, as has been demonstrated in the past, have material impact on the trade of oil between countries, as well as the price of oil.

Chart 10.6 below shows the historical development in proven oil reserves, as well as the current composition between OPEC and main non-OPEC countries.

Figure 10.6: Global oil reserves (mmbbls/day)

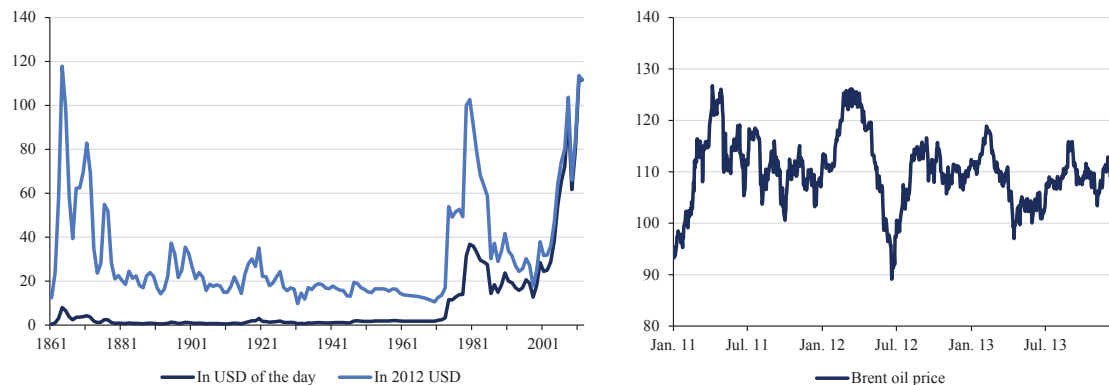
Source: BP Statistical Review of World Energy 2013

10.2.3 The oil price

Oil is a commodity with a well-developed world market. The prices are determined on the world's leading commodities exchanges, with NYMEX in New York and the IPE in London as the most important market for the determination of world oil prices. Prices are determined by the weight of the oil, with WTI, the main benchmark for NYMEX, as the lightest of the main benchmarks in oil pricing. Brent Crude, the main benchmark for IPE is slightly heavier. In recent years, Brent price has emerged as the benchmark price of oil sales in global markets, including West Africa.

Oil prices have historically experienced significant fluctuations, but have in recent years stabilized in the region between USD 90-120 per barrel (Brent prices). The oil price is highly dependent on the current and expected future supply and demand of oil, and is as such influenced by global macroeconomic conditions and may experience material fluctuations on the basis of economic indicators, material economic events and geopolitical events. Historically, oil prices have also been heavily influenced by organizational and national policies, most significantly the implementation of OPEC and subsequent production policies announced by the organization. Chart 10.7 below shows the historical development in the price of crude oil from 1861 to 2012¹, as well as the development in Brent prices from 2011 until today².

Figure 10.7: Development in crude oil prices



Source: BP Statistical Review of World Energy 2013, InFront Online Trader

¹ Source: BP Statistical Review of World Energy 2013

² Source: InFront Online Trader

11. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

11.1 BOARD OF DIRECTORS

11.1.1 Members of the Board of Directors

In accordance with the Constitution of the Company and Australian law, the Board of Directors is responsible for the management of the business of the Company and ensuring that the Company's operations are organised in a satisfactory manner and should do so in the interests of all shareholders.

The Company's Constitution provides that the Board of Directors shall have no fewer than three directors and no more than 12 directors. The directors are elected by a general meeting of shareholders by ordinary resolution. Additionally, pursuant to Clause 13.4 of the Constitution, the Board of Directors may at any time appoint a person to be a Director, provided that the maximum number of Directors is not exceeded. Any such Director appointed will hold office until the next general meeting and will be eligible for re-election. At the Company's annual general meeting held every year, one-third of the Directors for the time being, shall retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of three years without submitting himself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election. A retiring Director is eligible for re-election. In the event of equal voting at a director's meeting, the chairman of the meeting shall have a second or casting vote providing there is more than two directors competent to vote on the question. As the Company is incorporated in Australia, the Australian Corporations Act requires the Company to have at least two directors that reside in Australia.

As at the date of this Prospectus, the Board of Directors consists of nine directors, whereof four Directors are independent of the management, main business associates and the main shareholder. As further described in section 11.1.2 below, it is contemplated that a Norwegian, independent director will be appointed in connection with the Listing.

The current Board of Directors of the Company is presented below:

Mr. Charles Matthews OBE, Independent Chairman

Mr. Matthews has over 10 years of experience as a chairman and director of listed and unlisted companies having been on the board of a number of listed manufacturing and technology companies, including the FTSE 250 LSE listed company FKI Plc. Mr. Matthews is currently Chairman of LSE listed Porvair Plc, a specialist filtration technologies business in the aerospace and general engineering sectors. He has previously held senior management positions at Cosworth Group, Rolls Royce and Bentley Motor Cars, and has served as a Director of the Vickers Group Executive Board. He has previously served as Chairman of AG Holdings, Creative Learning Media Limited and as Strategic Advisor to the board of "3", the 3G mobile business of Hutchison Whampoa, and as strategic advisor to NEC.

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.

Mr. Matthews is a British citizen and resides in the United Kingdom.

Dr. Stuart Lake, Chief Executive Officer and Executive Director

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

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

resulted in seven consecutive hydrocarbon discoveries and the subsequent submission of the appraisal plans for those discoveries.

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

Dr. Lake is a British citizen and resides in the United States.

Mr. Mark Ashurst, Executive Director

Mr. Ashurst has been employed as a senior investment banker with a broad range of corporate finance and broking skills gained from over 20 years in the City of London. Institutions Mr. Ashurst has worked for include BZW, Hoare Govett, Credit Lyonnais Securities and Canaccord. He has advised both UK and overseas listed companies and has significant expertise in Initial Public Offerings, fund raising and mergers and acquisitions. Mr. Ashurst stepped down from his role as CFO of the Company in October 2013, but has remained on the board as an Executive Director.

Prior to his career as an investment banker, Mr. Ashurst qualified as a Chartered Accountant at PricewaterhouseCoopers in London.

Mr. Ashurst graduated from Sheffield University with a BA (Hons) Law, is a qualified Barrister and a Fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Ashurst is a British citizen and resides in the United Kingdom.

Mr. Gibril Bangura, Non-Executive Director

Mr. Bangura is an Executive Director of London listed African Minerals Limited and Executive Chairman of African Minerals Limited Sierra Leone. Mr. Bangura is the former Financial Controller of Regent Star International, and Deputy General Manager and Director of Bond Tak Mining Company.

Mr. Bangura graduated from the Junior College of Atlanta with a degree in Arts and Business Management and holds an Advanced Level Certificate from the American College in Cairo.

Mr. Bangura is a Sierra Leonean citizen and resides in Sierra Leone.

Mr. Jeffrey Couch, Independent Non-Executive Director

Mr. Couch joined BMO Capital Markets' London office in 2011 to focus on the metals and mining sector in mergers and acquisitions (M&A), strategic advisory and equity and debt financing. Before joining BMO, Mr. Couch was head of Business Development at Eurasian Natural Resources Corporation plc and has 15 years of investment banking and capital markets experience with Credit Suisse, Citigroup (Salomon Brothers/Schroder Salomon Smith Barney), Campbell Lutyens and Kleinwort Benson. Mr. Couch has extensive experience in the natural resources sector having advised and raised capital for clients globally, with a particular focus in emerging markets and Africa. Key transactions at Eurasian Natural Resources Corporation plc include the acquisitions of CAMEC and Bahia Mineração Ltda and the strategic investment in Northam Platinum. Other transactions include Rio Tinto's defence of BHP Billiton, the initial public offerings of Eurasian Natural Resources Corporation plc, EVRAZ plc and Ivanplats Ltd and advisory work for Glencore International plc and Anglo American plc.

Mr. Couch was called to the Ontario Bar after having graduated from Osgoode Hall Law School and holds a Bachelor of Business Administration from the University of Western Ontario.

Mr. Couch is a Canadian citizen and resides in the United Kingdom.

Dr. David King, Independent Non-Executive Director

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. Dr. King is currently non-executive Chairman of three ASX listed companies; the gold exploration company Robust Resources Limited, Gailee Energy Limited, an oil and gas

exploration company which currently has a coal seam gas appraisal project in the Galilee Basin, Queensland and a 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.

Dr. King graduated from the University of East Anglia with a BSc (Hons) in Class 1 Physics/Mathematics, holds a MSc in D.I.C. Geophysics from the Imperial College, University of London and a PhD in Seismology from the Australian National University. From 1974-76, Dr. King was a Research Fellow with the Royal Norwegian Council for Scientific and Industrial Research (NTNF), working on the NORSAR seismic array. Dr. King is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australasian Institute of Mining & Metallurgy and Chartered Professional (Management), a Fellow of the Australian Institute of Geoscientists, a member of the Australian Society of Exploration Geophysicists, an active member of the Society of Exploration Geophysicists and a member of the Petroleum Exploration Society of Australia.

Dr. King is an Australian citizen and resides in Australia.

Mr. James N. Smith, Independent Non-Executive Director

Mr. Smith is a senior oil and gas executive with a strong earth science background. Mr. Smith has over 25 years' experience in the oil and gas industry, predominantly in Africa and Middle East exploration.

He is currently the owner and Director of Cadence Energy UK Limited, a consultancy company which advises several small entrepreneurial oil and gas companies, currently including PetroGrand AB, Orca Exploration Limited and PanAfrican Tanzania. In addition, Cadence Energy UK Limited has a consultancy agreement with African Petroleum, which will be terminated prior to Listing.

He previously served as Vice President Exploration of Orca Exploration Inc. an international oil and gas company listed on TSX and previously as New Venture and Project Leader for Chevron Corporation in Africa and the Middle East and more recently was Vice President Exploration of Pan-Ocean Energy Corporation Limited. At Pan-Ocean, he was instrumental in the rapid development of the company's portfolio of onshore and offshore oil assets in Gabon that was sold in 2006. He has also recently been a Non-Executive Director of Canoro Resources until 2 July 2010.

Mr. Smith graduated from the University of Reading with BSc (Hons) in Geological Geophysics and from Imperial College, University of London with MSc Petroleum Geology. Mr. Smith is a Fellow of the Geological Society.

Mr. Smith is a British citizen and resides in the United Kingdom.

Mr. Timothy Turner, Non-Executive Director

Mr. Turner is a senior and founding partner of the Australian accounting firm, Hewitt Turner & Gelevitis. Mr. Turner specialises in domestic business structuring, corporate and trust tax planning and the issuing of audit opinions. Mr. Turner has in excess of 21 years' experience in new ventures, capital raisings and general business consultancy, in addition to 9 years of experience in ASX listed junior resource based exploration companies. Mr. Turner is a Non-Executive Director of ASX listed entities Cape Lambert Resources Limited and Legacy Iron Limited and a Non-Executive Director of NSX listed International Petroleum Limited.

Mr. Turner is a Registered Company Auditor, a registered Tax Agent and SMSF Auditor, a Fellow of CPA Australia and a Fellow of the Taxation Institute of Australia. He holds a Bachelor of Business Degree with a Major in Accounting.

Mr. Turner is an Australian citizen and resides in Australia.

Mr. Anthony Wilson, Independent Non-Executive Director

Mr. Wilson was a partner in general practice in Dixon Wilson, Chartered Accountants before moving into the investment banking sector initially with Wedd Durlacher Mordaunt & Co, the stockjobber, and latterly with BZW (on acquisition), the investment banking division of Barclays. Mr. Wilson was Finance Director for BZW Securities and BZW Investment Management over a period of 10 years. Following BZW, Mr. Wilson held various senior management roles as a director for DAKS Simpson Group Plc and as a non-executive director of Panceltica Holdings Plc. Mr. Wilson is currently a Non-Executive Director of LondonPharma Limited, Grand

Lodge Limited and GQS Properties Limited, and was previously a Non-Executive Director of GreenGold Invest Group and a Non-Executive Director of New Hill Group Limited.

Mr. Wilson is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Chartered Institute for Securities and Investment.

Mr. Wilson is a British citizen and resides in the United Kingdom.

Table 11.1: The Company's directors

Name	Position	Director since	Term
Mr. Charles Matthews	Chairman	11 October 2013	8 January 2017
Dr. Stuart Lake	Director	1 February 2014	1 February 2017
Mr. Mark Ashurst	Director	30 June 2010	May 2015
Mr. Gibril Bangura	Director	30 June 2010	May 2015
Mr. Jeffery Couch	Director	23 September 2010	May 2015
Dr. David King	Director	1 July 2013	8 January 2017
Mr. James N. Smith	Director	25 November 2010	May 2014 ¹⁾
Mr. Tim Turner	Director	30 June 2010	May 2014 ¹⁾
Mr. Anthony Wilson	Director	30 June 2010	May 2014 ¹⁾

¹⁾ Mr. Smith, Mr. Turner and Mr. Wilson are up for re-election at the Company's annual general meeting to be held 30 May 2014 for a new term of three years

Source: African Petroleum

All the directors have a business address at Stratton House, 5 Stratton Street, London W1J 8LA, except for directors resident in Australia, who have a business address at 32 Harrogate Street, West Leederville, WA 6007, Australia.

11.1.2 Amendments to the Board of Directors

It is proposed that upon listing on Oslo Axess or shortly thereafter, the Company will appoint Mr. Bjarne Moe as a Norwegian based independent director to the Board of Directors. Mr. Moe holds his degree in economics from the University of Oslo and has worked in the oil and gas sector for more than 35 years. He started out in the Ministry of Industry and was transferred to the Ministry of Petroleum and Energy when it was established in 1978. In 1988, Mr. Moe was appointed Director General and head of the Oil and Gas department. Furthermore, Mr. Moe has been a diplomat working for the Ministry of Foreign Affairs and been counsellor at the Norwegian embassy in Washington, D.C. and Mr. Moe has further chaired several international commissions for solving questions regarding median line fields, and international gas and oil pipelines. He has also been heading delegations outside of Norway to solve specific questions and been a mediator for unitization of fields etc. Mr. Moe has headed several delegations for OECD (IEA) and has been a member of the Petroleum Price board for 15 years.

Since July 2011, Mr Moe has been a partner at Ricardo Corporate Finance AS. The company is specialising in financial structuring and is also an advisor to the oil and gas industry and has several large, international companies as clients. Mr. Moe is currently chairman of Consultor Energy AS, an energy advisory company.

11.1.3 Past and present directorships

The following table sets out current and past directorship held by the Company's Directors in the past five years (apart from their directorships of the Company and its subsidiaries):

Table 11.2: Board of Directors: Past and present directorships

Name	Current directorships/partnerships	Previous directorships/partnerships
Mr. Charles Matthews	Norican Group ApS (Chairman), Beck and Pollitzer Limited (Chairman), Porvair PLC (Chairman)	AG Holdings (Chairman)
Dr. Stuart Lake	-	Hess (VP Exploration Capture), Hess (VP Exploration Africa, Middle East, CIS and Europe)
Mr. Mark Ashurst	Pan African Minerals Limited (Director), Green Power Corporation Limited (Director), Green Technology Ltd (Director), African Resources International Limited (Director), Ginkgo Process Limited (Director), Londonpharma Limited (Director), MLRA Properties Limited (Director), Gulf Energy International Limited (Director)	International Petroleum Limited (Non-Executive Director)
Mr. Gibril Bangura	African Minerals Limited (Executive Director), Obtala Resources PLC (Director), African Minerals Limited Sierra Leone (Executive Chairman), African Minerals Engineering Limited (Director), Pan African Minerals Ltd (Director)	Bond Tak Mining Company (Director)
Mr. Jeffery Couch	BMO Capital Markets (Managing Director and Head of Investment and Corporate Banking Europe)	Eurasian Natural Resources Corporation PLC (Head of Business Development and Mergers and Acquisitions), Credit Suisse First Boston Zurich (Director of Metals & Mining Investment Banking)
Dr. David King	Cellmid Limited (Chairman), Robust Resources Limited (Chairman), Galilee Limited (Chairman), Republic Gold Ltd (Director), Tamboran Resources Pty Ltd (Director), Seistend Pty Ltd (Executive, then Non-Executive Director), Baron Partners Limited (Director), Rotadyne Limited (Director), Wallaroo Pty Ltd (Director), Vini Pty Ltd (Director), Biotech Resources for Agriculture and Industry (Director), ConnectIX Pty Ltd (Director)	Eastern Star Gas Limited (Non-Executive Director), Sapex Limited (Non-Executive Director), Ausmon Resources Limited (Non-Executive Director)
Mr. Timothy Turner	Adrican Minerals Exploration Pty Ltd (Director), Australis Exploration Pty Ltd (Director), Buka Minerals Pty Ltd (Director), Cape Lambert Minsec Pty Ltd (Director), Cape Lambert Resources Limited (Non-Executive Director), Dempsey Resources Bermuda Limited (Director), Dempsey Resources Pty Ltd (director), Metals Exploration (SL) Limited (Director), Metal Exploration Mauritius Limited (Director), Metals Exploration (Australia) Pty Ltd (Director), Metals Exploration (Bermuda) Limited (Director), Mineral Assets (Bermuda) Limited (Director), Mineral Projects Pty Ltd, Mineral Securities (UJ) Ltd (Director), Mineral Securities Investments (Australia) Pty Ltd, Mineral Securities Limited (Director), Mineral Securities Operations Pty Ltd (Director), Mining International Pty Ltd (director), Mining Quest Pty Ltd (director), Minsec Investments (BVI) Limited (Director), Mojo Mining Pty Ltd (Director, Mt Anketell Pty Ltd (Director), Pinnavle Group Assets Limited (Director), Pinnacle Group Assets Limited SA (Director), Pinnacle Group Assets SL Limited (Director), Legacy Iron Ore Limited (Non-Executive Director), International Petroleum Limited (Non-Executive Director)	Algarrobo Holdingsa BVI Limited (director), Cape Lampert Lady Annie Exploration (Director), Cuesta Resources (BVI) Limited (Director), Guinea Exploration Limited (Director), Kukuna REsources Limited (Director), Lady Ammie (BVI Limited) (Director), Mienral Assets Limited (Director), Q Copper Limited (Director)

Mr. James N. Smith	Cadence Energy UK Limited (Owner, Director, Consultant), PanAfrican Tanzania Ltd (Subsurface Advisor), Orca Exploration Group Inc. (Subsurface Advisor), PetroGrand AB (Deputy Director), Prescience Film Partners 2.1 LLP (Partner), Prescience Media 1 LLP (Partner), Eurocentral (Internationale) Development Syndicate (Partner), Excelsior Park 4 Development Syndicate (Partner), Foxcover Development Syndicate (Partner), Hamilton International (HFD) Development Syndicate (Partner)	PetroAsia Limited (Director and CEO), Orca Exploration Group Inc. (Board Director and Vice President of Exploration), Canoro Resources Limited (Non-Executive Director), PetroGrand AB (Advisor to the CEO), Gerson Lehrman Group (Subsurface Advisor), Addax Petroleum Maghena Inc. (Subsurface Advisor), Metroland BV (Subsurface Advisor), Quadra Energy Ltd (Subsurface Advisor)
Mr. Anthony Wilson	LondonPharma Limited (Non-Executive Director), Grand Lodge Limited (Non-Executive Director), GQS Properties Limited (Non-Executive Director)	GreenGoldInvest Group (Consultant, Non-Executive Director), New Hill Group Limited (Non-Executive Chairman), Panceltica Holdings Plc (Non-Executive Deputy Chairman and Chairman of Audit Committee), Malaria Research Company Pty Ltd

Source: African Petroleum

11.1.4 Directors' shareholdings

Table 11.3: Directors' shareholdings in the Company

Name	Position	Shares owned	Options
Mr. Charles Matthews	Chairman	-	1,666,667
Dr. Stuart Lake*	Executive Director	-	5,000,000
Mr. Mark Ashurst	Executive Director	-	833,334
Mr. Gibril Bangura	Director	-	333,334
Mr. Jeffery Couch	Director	147,900	333,334
Dr. David King	Director	-	-
Mr. James N. Smith	Director	-	416,668
Mr. Timothy Turner	Director	41,894	166,667
Mr. Anthony Wilson	Director	-	333,334

* As further described in section 11.1.6 below, Dr. Lake will as part of his remuneration package receive shares in the Company

Source: African Petroleum

Please refer to section 15.5 for a description of the terms of the options.

11.1.5 Remuneration and benefits 2013

The total aggregate fixed sum per annum to be paid to the non-executive directors from time to time will not exceed the maximum sum determined by the shareholders in general meeting (currently AUD 900,000) and the total aggregate fixed sum will be divided between the non-executive directors as the Directors shall determine and, in default of agreement between them, in equal shares.

The table below sets out the compensation for each of the Directors of the Company for the year ended 31 December 2013.

Table 11.4: Board member remuneration, year ended 2013

Name	Position	Salary and fees (AUD)	Share based payments
Mr. Charles Matthews*	Chairman	AUD 55,590	-
Mr. Mark Ashurst**	Executive Director	AUD 739,075	-
Mr. Gibril Bangura	Director	AUD 48,000	-
Mr. Jeffery Couch	Director	AUD 48,000	-
Dr. David King	Director	AUD 32,500	-
Mr. James N. Smith	Director	AUD 48,000	-
Mr. Timothy Turner	Director	AUD 48,000	-
Mr. Anthony Wilson	Director	AUD 48,000	-

* Mr. Matthews was appointed chairman of the Board from 11 October 2013

** Mr. Ashurst stepped down as CFO with effect from 1 October 2013

Source: African Petroleum

Non-Executive Director remuneration:

The Board of Director's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board of Directors as a whole determine payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of cash fees that can be paid in total to Non-Executive Directors is AUD 900,000 or such other amount approved by shareholders.

Pursuant to Clause 14.5 of the Constitution and in accordance with Australian market practice, the Directors may at any time, subject to the NSX Listing Rules, adopt any retirement scheme or plan for the Directors which they consider to be in the interests of the Company and which is designed to provide retiring or superannuation benefits for both present and future non-executive Directors, and they may from time to time vary this scheme or plan. The Directors may attach any terms and conditions to any entitlement under any such scheme or plan that they think fit. However, no scheme or plan shall operate to confer upon any Director or on any of the dependants of any Director any benefits exceeding those contemplated in Section 200F of the Australian Corporations Act, except with the approval of the Company in general meeting.

The terms of remuneration for the executive directors of the Company are set out in section 11.2.5 below.

11.1.6 Independence of the board

Mr. Matthews, Mr. Couch, Mr. Smith and Dr. King are independent of the Company's management, significant business relations and large shareholders. Upon appointment as Director of the Company, Mr. Moe will be deemed an independent Director.

Mr. Wilson is a director of the board of LondonPharma Limited, a company associated with the main shareholder of African Petroleum. Mr. Wilson will step down from his position as director in LondonPharma Limited with effect from the Listing. Furthermore, Mr. Wilson has entered into a consultancy agreement with the Company whereof Mr. Wilson shall promote the interests of the Company and the Group over the above normal duties as a non-executive Director of the Company with a guaranteed two days consultancy work per month. Mr. Wilson has not charged under his service agreement to date, and will terminate this agreement prior to the Listing and thereafter be deemed independent both from the majority shareholder, the Company's significant business relations and the Company's management.

Mr. Smith stepped down from his position as Chief Executive Officer and director of PetroAsia Limited, a company associated with the main shareholder of the Company, on 30 April 2014. Furthermore, Mr. Smith is a director of Cadence Energy Pty Ltd a company which up until 1 May 2014 provided consultancy services to the Board of Directors with the strategic direction of exploration and new ventures and reviewing exploration

strategy and programs. Please refer to section 11.8.1 for a description of the payments made under this agreement. As at the date of this Prospectus, Mr. Smith is deemed independent from the Majority Shareholder, and from the Company's management and significant business relations.

Mr. Turner is a director on the board of International Petroleum a Company associated with the majority shareholder of the Company, and is accordingly not deemed independent from the majority shareholder.

Dr. Lake is the CEO of the Company and is accordingly a non-independent director.

Mr. Ashurst is the former CFO of the Company and currently an Executive Director of the Company and Mr. Bangura as Executive Chairman of African Minerals Limited, which, according to the Company's internal guidelines means that they do not qualify as an independent Director.

11.1.7 Board Committees

Nomination committee

At the date of this Prospectus, the Company does not have a nomination committee. However, it is contemplated that the Board of Directors will form a nomination committee (the "Nomination Committee") consisting of the following members: Mr. Matthews (Chairman), Mr. Couch, and Mr. Wilson (each elected for a term expiring at the annual general meeting of the Company in 2014).

According to the Nomination Committee Charter to be adopted by the Board, the Nomination Committee shall comprise at least three non-executive Directors, one of whom will be appointed the Chairman of the committee. The majority of the members of the Nomination committee shall be independent.

The primary purpose of the Nomination Committee is to support and advise the Board of Directors in maintaining a Board of Directors that has an appropriate mix of skills and experience to be an effective decision-making body, and ensuring that the Board of Directors is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

Audit Committee

The audit and risk committee (the "Audit Committee") is a committee of the Board of Directors that supports the Board of Directors in fulfilling its requirements with respect to financial reporting, internal accounting controls and auditing matters. The Audit Committee is required to comply with laws, regulations and stock exchange requirements, which *inter alia* require that the majority of the members are independent and at least one of the independent members shall have relevant qualifications within accounting/auditing.

As of the date of this Prospectus, the Audit Committee consists of Mr. Wilson (Chairman) and Mr. Couch. As from the time of Listing, it is contemplated that Mr. Matthews will be elected as an additional member to the audit committee. The Audit Committee is appointed by and amongst the members of the Board of Directors. Mr. Wilson will at the time of listing satisfy the criteria of being both independent from management and competent in accounting.

According to the Company's Audit and Risk Committee Charter, the Audit Committee shall consist of at least three members appointed by the Board of Directors. All members of the committee must be non-executive directors and a majority of the members must be independent.

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its statutory and fiduciary responsibilities relating to:

- a) the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- b) compliance with all applicable laws, regulations and company policy;
- c) the effectiveness and adequacy of internal control processes;
- d) the performance of the Company's external auditors and their appointment and removal;
- e) the independence of the external auditor and the rotation of the lead engagement partner; and
- f) the identification and management of business risks.

A secondary function of the Committee is to perform such special reviews or investigations as the Board of Directors may consider necessary.

Remuneration Committee

As of the date of this Prospectus, the remuneration committee ("Remuneration Committee") comprises of the following members: Mr. Ashurst (Chairman), Mr. Couch and Mr. Smith. As from the date of the Listing, it is contemplated that the Remuneration Committee is amended to consist of the following members: Mr. Smith (Chairman), Mr. Couch, Dr. King and Mr. Wilson.

According to the Remuneration Committee Charter as adopted by the Board of Directors, the Remuneration Committee shall consist of at least three members, the majority being independent non-executive directors. The committee is chaired by an independent director appointed by the Board of Directors. The primary purpose of the committee is to support and advise the Board of Directors in fulfilling its responsibility to shareholders by:

- a) reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- b) ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- c) recommending to the Board of Directors the remuneration of executive Directors;
- d) fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- e) reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- f) reviewing and approving the remuneration of director reports to the Managing Director, and as appropriate other senior executives; and
- g) reviewing and approving any equity based plans and other incentive schemes.

Continuous Disclosure Committee

In accordance with the Company's Corporate Governance Plan, the Company has established a Continuous Disclosure Committee, which currently consists of the following members: Dr. King (Chairman), Mr. Ashurst, Mr. Couch, Mr. Smith and Mr. Wilson. As from the date of Listing, it is contemplated that the Continuous Disclosure Committee shall be amended to consist of the following members: Dr. King (Chairman), Mr. Matthews and Mr. Smith.

The Continuous Disclosure Committee shall be comprised of at least three Directors, the majority being independent non-executive directors. The committee is chaired by an independent director appointed by the Board of Directors.

The Continuous Disclosure Committee is charged with the responsibility for the development and oversight of the policy and procedures applicable to the Company's continuous disclosure obligations. In particular, the Continuous Disclosure Committee is charged with the responsibility of ensuring that any exchange announcement concerning operational or geological activities, updates, results or statements of similar nature are reviewed and signed off by an appropriately qualified person from the senior management of the Company who is independent from the Company's larger shareholders, or an appointed independent adviser, which may include the competent person, and that their name, position and qualifications are included in the notification together with a statement to the effect that they have reviewed the information contained therein.

11.2 MANAGEMENT

11.2.1 Members of the Senior Management

The Company's senior management is responsible for the daily management and the operations of the Company. The senior management consists of the Chief Executive Officer, the Finance Director, the Chief Operating Officer, the Exploration Director and an Executive Director and is presented below.

All of the members of the senior management have a business address at Stratton House, 5 Stratton Street, London W1J 8LA.

Dr. Stuart Lake, Chief Executive Officer

Please refer to information provided in section 11.1.1.

Stephen West, Finance Director

Mr. West has over 20 years of financial and corporate experience gained in public practice, oil and gas, mining and investment banking. During his career Mr. West has held senior positions at Horwath Chartered Accountants, PricewaterhouseCoopers, Barclays Capital and Regal Petroleum plc. Mr. West is currently a non-executive director of ASX listed Apollo Consolidated Limited (mining exploration company with permits in Côte d'Ivoire), ASX listed Zeta Petroleum plc (oil & gas exploration and production company with permits in Romania) and unlisted Norsve Resources plc (mining exploration company with permits in Sweden). He is also currently Advisory Partner in Partner Capital Limited.

Mr. West is a qualified Chartered Accountant who holds a Bachelor of Commerce (Accounting and Business Law) from Curtin University of Technology in Australia. He has over 20 years of financial and corporate experience in oil and gas, mining and investment banking industries spanning Australia, United Kingdom, Europe, CIS and Africa.

Mr. West is an Australian and British citizen and resides in the United Kingdom.

Jens Pace, Chief Operating Officer

Mr. Pace has a background in geosciences, and has had a career spanning over 30 years at BP Exploration Operating Company Limited ("BP"), and its heritage company Amoco (UK) Exploration Company. Mr. Pace has held senior positions at BP for over 10 years, gaining exploration and production experience in Africa, namely: Algeria, Angola, Congo, Gabon and Libya. In addition, he has experience in Europe, Russia and Trinidad. He has contributed to a number of BP's exploration discoveries over his career. Most recently, Mr. Pace managed a large and active exploration portfolio for BP in North Africa. In addition to exploration activities, Mr. Pace has gained experience in the areas of field development and as a commercial manager.

Mr. Pace graduated from the University College of Swansea, University of Wales with a BSc in Geology and Oceanography. Mr. Pace graduated from the Imperial College of Science and Technology, University of London with an MSc in Geophysics.

Mr. Pace is a British citizen and resides in the United Kingdom.

Michael Barrett, Exploration Director

Mr. Barrett has over 20 years global exploration experience from his career at Chevron Corporation, and more recently at Addax/Sinopec International. Mr. Barrett has held senior positions at Chevron and Addax Petroleum, gaining substantial exploration and operations experience in Africa, namely: Angola, Cameroon, Gabon, Kurdistan and Nigeria, having also extended experience in Australia. Mr. Barrett has held a variety of technical roles covering exploration and new ventures, and was part of Chevron's global Exploration Review Team, specialising in Play and Prospect risk assessment, volumetric analysis, commercial evaluation and portfolio management. Mr. Barrett also brings added strength to the team with his background in quantitative geophysics, stratigraphic interpretation workflows and 3D visualisation.

Mr. Barrett has a BSc in Geology & Geophysics from Durham University and a MSc in Petroleum Geology & Geophysics from Imperial College, Royal School of Mines.

Mr. Barrett is a British citizen and resides in the United Kingdom.

Mark Ashurst, Executive Director

Please refer to section 11.1.1 above for a full description of Mr. Ashurst.

11.2.2 Past and present directorship

The table below sets out the names of all companies of which the members of the senior management have been members of administrative, management or supervisory bodies in the previous five years (excluding any such positions within the Group). For information regarding Dr. Lake and Mr. Ashurst, please refer to section 11.1.3 above.

Table 11.5: Management: Past and present directorships

Name	Current directorships/partnerships	Previous directorships/partnerships
Dr. Stuart Lake	Please see section 11.1.3 above	
Mr. Stephen West	Zeta Petroleum plc (Director), Apollo Consolidated Ltd (Director), Norsve Resources plc (Director), Cresthaven Investments Pty Ltd (Director), Incube Investments Pty Ltd (Director), Incube Invest No 1 Pty Ltd (Director)	Bettridge Limited (Director)
Mr. Jens Pace	-	-
Mr. Michael Barrett	-	-
Mr. Mark Ashurst	Please see section 11.1.3 above	-

Source: African Petroleum

11.2.3 Executive shareholdings

The table below shows the senior management's direct and indirect ownership in the Company as at the date of the Prospectus:

Table 11.6: Management: Shareholdings in the Company

Name	Position	Shares owned	Options
Dr. Stuart Lake	CEO	-	Please see section 11.1.4
Mr. Mark Ashurst	Executive Director	-	Please see section 11.1.4
Mr. Michael Barrett	Exploration Director	-	1,158,335
Mr. Jens Pace	Chief Operating Officer	333,334	750,001
Mr. Stephen West	Finance Director	-	583,334

Source: African Petroleum

11.2.4 Remuneration and benefits

Information about the remuneration and benefits granted to the members of the senior management for the financial year 2013 is set out in the table below:

Table 11.7: Management: Remuneration

Name	Position	Short term benefits 2013 (USD)			Options and shares awards**	
		Salary and fees	Other cash benefits	Cash bonus	Shares	Options
Dr. Stuart Lake*	CEO	-	-	-	-	-
Mr. Mark Ashurst	Chief Financial Officer***	518,023	27,017	-	-	-
Mr. Michael Barrett	Exploration Director	412,648	4,752	-	-	81,416
Mr. Jens Pace	Chief Operating Officer	518,023	15,575	-	-	1,825,438
Mr. Stephen West****	Finance Director	97,258	1,227	-	-	25,794

*Dr. Lake was appointed as CEO in 2014

** Options figures are an accounting entry only

*** Resigned as Chief Financial Officer on 11 October 2013

**** Mr. West was appointed in October 2013

Source: African Petroleum

11.2.5 Management service agreements

Jens Pace – Chief Operating Officer

Mr. Pace's role as Chief Operating Officer of the Company and Chief Operating Officer of the Group companies is governed by a contract between African Petroleum Services and Mr. Pace. The agreement stipulates the following terms and conditions:

- Remuneration: basic salary of GBP 280,000 per annum less deductions required by law
- Cash bonus: A discretionary annual performance bonus of up to 150 per cent of the basic salary may be awarded at the Company's discretion. Further, Mr Pace is entitled to a bonus equivalent to 50 per cent of the basic salary upon completion of a farm-in or joint venture contract. Furthermore, in March 2014, Mr. Pace was awarded a retention bonus in the amount of GBP 140,000. The payment of the bonus is subject to approval from the Remuneration Committee.
- Pension: A pension payment of 10 per cent of basic salary on a yearly basis.
- Shares: the Company issued 1,000,000 fully paid shares to Mr. Pace in 2012 upon commencement of appointment. Upon the Group securing a commercial discovery of hydrocarbons he will be entitled to 2,500,000 treasury shares in the Company. As at the date of this Prospectus, this performance milestone has not yet occurred.
- Options: Mr. Pace has been awarded a total of 750,001 options over the Company's shares, please refer to section 15.5 for further description of the exercise prices and conditions of the options.
- Term and termination: Mr. Pace's employment continues on a year rolling basis until he or African Petroleum Services gives the other party a six months written notice of termination. The notice period is not applicable in certain circumstances of misconduct or poor performance.

Stephen West – Finance Director

Mr. West's role as Finance Director of the Company is governed by a contract between African Petroleum Services and Mr. West. The agreement stipulates the following terms and conditions:

- Remuneration: basic salary of GBP 240,000 per annum less deductions required by law.
- Cash bonus: A discretionary annual performance bonus of up to 100 per cent of the basic salary may be awarded at the Company's discretion.
- Pension: A pension payment of 10 per cent of basic salary on a yearly basis.
- Options: Mr. West has been awarded 583,334 options over the Company's shares; please refer to section 15.5 for further description of the exercise price and conditions of the options.

- e. Term and termination: After expiry of the fixed term (1 October 2014), Mr. West's employment continues until he or African Petroleum Services gives the other party a three months written notice of termination. The notice period is not applicable in certain circumstances of misconduct or poor performance.

Michael Barrett – Exploration Director

Mr. Barrett's role as Exploration Director of the Company is governed by a contract between African Petroleum Services and Mr. Barrett. The agreement stipulates the following terms and conditions:

- a. Remuneration: basic salary of GBP 220,000 per annum less deductions required by law.
- b. Cash bonus: A discretionary annual performance of up to 100 per cent of the basic salary may be awarded at the Company's discretion. Further, Mr. Barrett is entitled to a bonus equivalent to 50 per cent of his basic salary upon completion of a farm in or joint venture contract.
- c. Pension: A pension payment of 10 per cent of basic salary on a yearly basis.
- d. Options: Mr. Barrett has been awarded a total of 1,158,335 options over the Company's shares; please refer to section 15.5 for further description of the exercise price and conditions of the options.
- e. Term and termination: Mr. Barrett's employment continues on a year rolling basis until he or African Petroleum Services gives the other party a six months written notice of termination. The notice period is not applicable in certain circumstances of misconduct or poor performance.

Dr. Stuart Lake – Executive Director and CEO

Dr. Lake's role as Chief Executive Officer and Executive Director is governed by a contract between African Petroleum Corporation Services and Dr. Lake. The agreement stipulates the following terms and conditions:

- a. Rate: a fee of GBP 600,000 per annum is payable to Dr. Lake less deductions required by law.
- b. A discretionary annual bonus of up to 100 per cent of base salary may be awarded in the Company's discretion. In addition to the discretionary bonus the Group must pay a bonus of 100% of basic salary in the event the Company makes a discovery during the executive's employment. Discovery means finding oil or gas that can be proven to flow either via MDTs, DSTs or cased hole tests and will require further appraisal either with 3D seismic or a well.
- c. Options: Dr. Lake is granted 5 million options over the Company's shares with an exercise price of AUD 0.24 per share and exercisable for a period of three years, one third on each anniversary from the commencement of employment.
- d. Term and termination: Dr. Lake's employment continues on a one year rolling basis until he or the Company gives the other party six months written notice of his termination. The notice period is not applicable in certain circumstances of misconduct or non-performance.

In addition to the above, the Board of Directors has proposed to the annual general meeting that Dr. Lake, as a part of his remuneration package shall receive 5,000,000 Shares in the Company which will be issued in five tranches of 1,000,000 Shares upon on the achievement of either of the following milestones:

- a. The finding of oil or gas by the Company or any company in its Group that can be proven to flow either via MDTs, DSTs or cased hole tests and will require further appraisal either with 3D seismic or a well; or
- b. Completion of a significant sale or farm in of assets of the Company (or its subsidiaries)

Achievement of the milestones will be determined by the Remuneration Committee.

Mr. Ashurst – Executive Director and former CFO

Mr. Ashurst's role as Executive Director is governed by a contract between African Petroleum Corporation Services and Mr. Ashurst. The agreement stipulates the following terms and conditions:

- a. Rate: a fee of GBP 280,000 per annum is payable to Mr. Ashurst and subject to annual review by the Board of Directors.
- b. A discretionary annual bonus of up to 100 per cent of base salary may be awarded by the Board of Directors's Remuneration Committee subject to Mr. Ashurst meeting annual targets set at the commencement of each year.

- c. 2,500,000 options (pre consolidation) were awarded to Mr. Ashurst upon listing of the Company on the NSX. For further information regarding the options held by Mr. Ashurst, please refer to section 15.5 below.
- d. Term and termination: Mr. Ashurst's employment continues on a one year rolling basis until he or the Company gives the other party six months written notice of his termination. The notice period is not applicable in certain circumstances of misconduct or non-performance.

11.3 EMPLOYEES

As at the date of the Prospectus, the Group has approximately 46 employees, whereof 20 are employed in the United Kingdom, 2 are employed in Australia and 24 are employed in West Africa. The table below illustrates the average number of employees over the last two years, as per the end of each calendar year.

Table 11.8: Employee overview

Geographical location	2013	2012
United Kingdom employees	18	37
Australia employees	2	2
West Africa employees	33	49
Total Number of employees	53	88

Source: African Petroleum

11.3.1 Employee incentive schemes

The Company does not have a bonus incentive scheme or an option scheme for its employees. For the senior management, the right to receive bonus is governed in the individual employee contract. For all employees including senior management, the bonus is paid out the following year.

11.3.2 Pensions

The Group does not have any collective pension schemes for its employees, the employee's rights to receive pension benefits from the Group are governed in the individual employee contract. As of 31 December 2013, the total amounts set aside or accrued by the Group to provide pension, retirement or similar benefits amounted to USD 0.

11.4 CONFLICT OF INTEREST

There are no family relations between any of the Directors or the senior management.

As further described under section 11.8 below, the Company has entered a loan agreement with Mr. Pace for the amount to cover the tax payable on the 333,334 treasury shares (1,000,000 shares before share consolidation) that Mr. Pace was awarded upon his commencement of employment with the Company. In consideration of the Company providing such loan, Mr. Pace has agreed that the received shares are restricted from trading until (i) repayment of the loan, or (ii) notification that the borrower will sell some of the treasury shares to repay the loan to the Company. Thus, such shares may be transferred, but any proceeds from the sale of such shares must be paid to the Company to cover the loan commitment to the Company.

Save as disclosed in Section 11.1.6 above and herein, the Company is not aware of any conflict of interest between any duties to the Company, of the members of the senior management and of the Directors, and their private interests and or other duties.

11.5 ADDITIONAL INFORMATION CONCERNING THE SENIOR MANAGEMENT AND THE BOARD OF DIRECTORS

Mr Matthews was Non-Executive Chairman of Axion plc which went through a Pre Pack Administration in April 2009. Except as described herein, none of the members of the senior management or the Directors as listed above have during the last five years preceding the date of this Prospectus:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

11.6 BENEFITS UPON TERMINATION OF CONTRACT

None of the Directors' service agreements with the Group provides for benefits upon termination of employment. Whereas the same applies in respect of members of the senior management, they are however entitled to salary in relation to notice periods of 3 or 6 months.

11.7 CORPORATE GOVERNANCE

The Board of Directors of the Company is responsible for establishing the corporate governance framework of the Company having regard to the Australian Corporations Act 2001 and the applicable Listing Rules related to the listing on NSX. The Board of Directors of African Petroleum is committed to administering its corporate governance policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with African Petroleum's needs. Given its NSX listing, the Company's corporate governance framework has been constructed in recognition of, and with regard to, the Australian Corporations Act; the ASX Corporate Governance Council's ("CGC") 'Principles of Good Corporate Governance and Best Practice Recommendations' (Recommendations) and CGC published guidelines; and an extensive range of varying legal, regulatory and governance requirements applicable to publicly listed companies in Australia.

The Board of Directors supports the principles of effective corporate governance and is committed to adopting high standards of performance and accountability, commensurate with the size of the Company and its available resources. Accordingly, the Board of Directors has adopted corporate governance principles and practices designed to promote responsible management and conduct of the Company's business.

The current corporate governance plan adopted by the Company is available on the Company's website www.africanpetroleum.com.au. The Company is in compliance with the NSX Corporate Governance Principles.

11.8 RELATED PARTY TRANSACTIONS

11.8.1 Transactions between the Company and its related parties

The Group's related party transactions for the last three financial years and four month period ended 30 April 2014 are set out below. All transactions with related parties have been based on arm's length principles (estimated fair market value).

- Loan to International Petroleum Limited:** In May 2011, the Company provided a USD 10 million loan facility to a director related entity, International Petroleum Limited ("IPL")¹. During 2011, the loan facility was fully drawn down. Under the terms of the facility agreement (as amended), the amounts drawn down are required to be repaid in full by the earlier of:
 - 31 December 2013;
 - receipt by IPL of AUD 45 million pursuant to the terms of an arrangement with another company;
 - the date IPL completes a raising of funds by way of a public offering in shares in the capital of the borrower on NSX; and
 - the date IPL is listed on an alternative stock exchange, as part of a fundraising.

Interest is receivable on amounts drawn down under the facility at the cash rate plus 3 per cent. Interest earned on the facility for the year ended 31 December 2013 is USD 324,903 (year ended 31 December

¹ Mr. Frank Timis is a director and major shareholder of International Petroleum Limited

2012: USD 318,552; 31 December 2011: USD 185,910). Interest earned on the facility for the four month period ended 30 April 2014 is USD 111,420. The Company is also entitled to a commitment fee of USD 250,000 for the provision of the facility and a further USD 225,000 for extension of the repayment date. As at 30 April 2014, the total amount receivable from IPL in relation to this loan facility was USD 11,415,785 (31 December 2013: USD 11,304,365; 31 December 2012: USD 10,879,462; 31 December 2011: USD 10,435,209).

In order to secure the payment and performance of its obligations, IPL has agreed to assign and charge in favour of the Company the following collateral:

- all allocations and distributions of income, cash flow and profits and payments arising from IPL's right, title and interest in production sharing contracts ("Contracts") between the Republic of Niger and IPL over the four petroleum licence blocks known as Manga 1, Manga 2, Aorak and Tenere Ouest; and
- rights to receive all proceeds from the sale or transfer of IPL's interest in the Contracts.

The Company continues to review this facility and notes that in October 2013, IPL announced that it had entered into binding conditional terms sheets for the sale of its Russian and Kazakhstan assets for cash consideration of USD 60 million. However, due to the current financial position of IPL and notwithstanding the security held, the Company has considered it prudent to recognise an impairment provision for the outstanding balance of the IPL loan facility of USD 11,415,785. This impairment loss may be reversed if IPL executes a strategic transaction or a sale of assets, such that their liquidity facilitates repayment of the loan.

Further, IPL granted the Company for a period of 6 months, commencing 17 April 2013, the sole and exclusive right, but not the obligation, to acquire up to 100 per cent of IPL's rights and obligations under the exploration and production sharing contracts for Manga-1, Manga-2, Aborak and Tenere West Blocks in the Republic Niger.

As a condition of exclusivity, the Company paid a good faith deposit of USD 1,235,000. As the exclusivity period has now expired, IPL is obligated to refund the deposit, without interest, to the Company.

Due to the current financial position of IPL and notwithstanding the security held, the Company has considered it prudent to recognise an impairment provision for the outstanding balance of the deposit with IPL of USD 1,235,000. This impairment loss may be reversed if IPL executes a strategic transaction or a sale of assets, such that their liquidity facilitates repayment of the deposit.

During the period ended 30 April 2014, a further USD 96,884 (year ended 31 December 2013: USD 379,586) was advanced to IPL to cover an employee's costs in relation to work on the exploration and production sharing contracts in the Republic Niger. The payment was made to protect and preserve the Company's security interest in relation to the loan to IPL as described above. There are no future obligations to advance future payments and no further payment will be made beyond the payment of USD 96,884 as per April 2014. The Company has recognised an impairment provision for this amount.

- ii. **Loan to former CEO Mr Karl Thompson:** During 2012, USD 841,994 (GBP 521,252) was loaned to Mr Thompson to cover tax payable on performance shares awarded to Mr Thompson. In January 2013, an additional USD 200,658 (GBP 124,107) was loaned to Mr Thompson to cover an additional 10 per cent tax payable on these performance shares. The loan can only be used for the payment of the relevant tax (upon presentation of the tax amount) and must be repaid within 5 years or from the sale of any shares prior to this time. The shares are subject to a voluntary escrow, whereby the shares cannot be sold or transferred until the loan is discharged and the proceeds are to be applied to discharge the loan. Interest is charged on the loan at 4 per cent for the first year and thereafter at the official rate as published by HM Revenue & Customs, with USD 40,916 (GBP 26,139) of interest recognised during 2013 (2012: USD 11,221 (GBP 6,946)). During the period ended 30 April 2014, a further USD 11,109

(GBP 6,713) of interest was charged. The loan agreement was approved by the Board of Directors as being on arm's length terms. If prior to the repayment date the proceeds from the sale of the performance shares are insufficient in total to cover the loan, the Company will waive the remaining balance of the loan. If such waiver results in a tax liability for Mr. Thompson, his gross salary may be increased in order to cover such tax liability (even after resignation from his position as CEO). The limited recourse feature of the loan has been accounted for as a share based payment and an amount of USD 886,210 has been recognised within the line item "Employee remuneration" within the Statement of Comprehensive Income.

- iii. **Loan to Mr Jens Pace:** During 2012, USD 630,497 (GBP 390,321) was loaned to Mr Pace to cover tax payable on performance shares awarded to Mr Pace. The loan can only be used for the payment of the relevant tax (upon presentation of the tax amount) and must be repaid within 5 years or from the sale of any shares prior to this time. The shares are subject to a voluntary escrow, whereby the shares cannot be sold or transferred until the loan is discharged and the proceeds are to be applied to discharge the loan. Interest is charged on the loan at 4 per cent for the first year and thereafter at the official rate as published by HM Revenue & Customs, with USD 25,123 (GBP 16,047) of interest recognised during 2013 (2012: USD 5,752 (GBP 3,561)). During the period ended 30 April 2014, a further USD 6,709 (GBP 4,057) of interest was charged. The loan agreement was approved by the Board of Directors as being on arm's length terms. If prior to the repayment date the proceeds from the sale of the performance shares are insufficient in total to cover the loan, the Company will waive the remaining balance of the loan. If such waiver results in a tax liability for Mr. Pace, his gross salary may be increased in order to cover such tax liability. The limited recourse feature of the loan has been accounted for as a share based payment and an amount of USD 604,927 has been recognised within the line item "Employee remuneration" within the Statement of Comprehensive Income.
- iv. **Payments to Cape Lambert Resources Limited:** During the period ended 30 April 2014 USD 17,702 was paid to Cape Lambert Resources Limited for reimbursement of employee, consultancy and occupancy costs (31 December 2013: USD 56,278; 31 December 2012: USD 58,068; 31 December 2011: USD 12,000; 31 December 2010: USD 30,842). Former deputy chairman of the Board of Directors, Antony Sage and board member Timothy Turner are directors of Cape Lambert Resources Limited.
- v. **Payments to PG Partnerships Pty Ltd:** During 2011, USD 51,423 was paid to PG Partnerships Pty Ltd, an entity related to Mr Sage for corporate boxes at Perth Glory football matches (31 December 2010: USD 1,002). No amounts have been paid to PG Partnerships Pty Ltd during 2012 or 2013.
- vi. **Rental of Corporate Aircraft by Related Parties:** During 2011, a corporate aircraft was purchased which, when not being used by the Company, is leased to related parties. During the period ended 30 April 2014 USD 190,718 was paid, or was due and payable by African Minerals Engineering Ltd for rental of the Company's corporate aircraft (31 December 2013: USD 589,184; 31 December 2012: USD 1,056,078; 31 December 2011: USD 325,930). As at 30 April 2014 USD 243,787 was outstanding (31 December 2013: USD 474,912; 31 December 2012: USD 157,675; 31 December 2011: USD 235,093). Mr Timis and Mr Bangura are directors of African Minerals Engineering Ltd. During the period USD 356,741 was paid, or was due and payable by Pan African Minerals Ltd and its subsidiaries for rental of the Company's corporate jet (31 December 2013: USD 850,912; 31 December 2012: USD 1,336,412; 31 December 2011: USD 321,954). As at 30 April 2014 USD 1,992,045 was outstanding (31 December 2013: USD 1,305,543; 31 December 2012: Nil; 31 December 2011: USD 27,336). Mr Timis, Mr Bangura and Mr Ashurst are directors of Pan African Minerals Ltd. During the period ended 30 April 2014 USD 141,571 was paid, or was due and payable by Mr Timis for personal use of the Company's corporate aircraft (31 December 2013: USD 388,720; 31 December 2012: USD 322,079; 31 December 2011: USD 51,162). As at 30 April 2014 USD 243,685 was outstanding (31 December 2013: USD 65,300; 31 December 2012: USD 322,079; 31 December 2011: Nil).

- vii. **Office Rental From Related Party:** During the period ended 31 December 2013 USD 217,311 was paid, or was due and payable to African Minerals Limited for office rental costs (31 December 2012: USD 710,959; 31 December 2011: USD 630,000; 31 December 2010: Nil). As at 31 December 2013 USD 62,700 was outstanding (31 December 2012: USD 57,000; 31 December 2011: USD 473,451; 31 December 2010: Nil). Mr Timis and Mr Bangura are directors of African Minerals Limited. In addition, on 20 January 2014 African Minerals Limited and African Petroleum Corporation (Services) Limited entered into an agreement whereby African Petroleum Corporation Services Limited was granted a license to occupy office premises in Stratton House, London, at an annual rate of GBP 240,000 per annum.
- viii. **Payments to Bedaam Pty Ltd:** During the period ended 30 April 2014 USD 24,999 was paid, or was due and payable to Bedaam Pty Ltd for legal and company secretarial services (31 December 2013: USD 84,837; 31 December 2012: USD 125,242; 31 December 2011: USD 108,252; 31 December 2010: USD 9,625). As at 30 April 2014 no amount was outstanding (31 December 2013: USD Nil; 31 December 2012: USD 8,691; 31 December 2011: USD 6,625; 31 December 2010: USD 9,625). Company Secretary Claire Tolcon is a director of Bedaam Pty Ltd.
- ix. **Payments to Okewood Pty Ltd:** During the period ended 30 April 2014 USD Nil was paid, or was due and payable to Okewood Pty Ltd for consultancy services (31 December 2013: USD 22,636; 31 December 2012: USD 103,541; 31 December 2011: USD 103,229; 31 December 2010: USD 215,326). As at 31 December 2013 no amount was outstanding (31 December 2012: Nil; 31 December 2011: Nil; 31 December 2010: Nil). Former deputy chairman of the Board of Directors, Antony Sage is a director of Okewood Pty Ltd.
- x. **Payments to Cadence Energy UK Ltd:** During the period ended 30 April 2014 USD 12,647 was paid, or was due and payable to Cadence Energy UK Ltd for geological and geophysical consultancy services (31 December 2013: USD 130,168; 31 December 2012: USD 263,768; 31 December 2011: USD 46,330; 31 December 2010: 3,769). As at 30 April 2014 Nil was outstanding (31 December 2013: USD 21,385; 31 December 2012: Nil; 31 December 2011: Nil; 31 December 2010: USD 3,769). Mr James Smith is a director of Cadence Energy Ltd. This agreement has been terminated as at 1 May 2014.
- xi. **Aircraft Management Expenses:** During 2011 African Petroleum Limited (a wholly owned UK subsidiary company of the Company) purchased a corporate aircraft. The Directors of African Petroleum Limited are Stephen West, Chris Butler and Ian Middleton. During the period ended 30 April 2014 Nil was paid, or was due and payable to Direct Aviation Management Limited for ongoing management of the corporate aircraft and acquisition in 2011 (31 December 2013: USD 494,193; 31 December 2012: USD 1,004,444; 31 December 2011: USD 5,817,556). As at 30 April 2014 no amount was outstanding (31 December 2013: Nil; 31 December 2012: Nil; 31 December 2011: USD 81,687). During the period ended 30 April 2014 USD 991,625 was paid, or was due and payable to DA International Air Support Limited for management of the corporate aircraft (31 December 2013: USD 3,801,206; 31 December 2012: USD 3,792,504; 31 December 2011: USD 1,360,691). As at 30 April 2014 USD 191,458 was outstanding (31 December 2013: USD 158,948; 31 December 2012: USD 77,118; 31 December 2011: USD 28,579). Mr Ian Middleton is a director of both Direct Aviation Management Limited and DA International Air Support Limited.
- xii. **Payments to Hewitt Turner and Gelevitis:** During 2010 USD 10,363 was paid or payable to Hewitt Turner and Gelevitis, an entity related to Mr Turner, a Director, for the provision of accounting services to the Company. No amounts were paid in subsequent years.
- xiii. **Consulting Agreement with Frank Timis:** The Company had a consultancy agreement with Mr Frank Timis, which commenced on 1 August 2010 and terminated on 11 October 2013 following his resignation from the Board of Directors and from his position as Non-Executive Chairman. During the period ended 31 December 2013 no amounts were paid to Mr Timis for consultancy services

(31 December 2012: Nil; 31 December 2011: USD 238,985; 31 December 2010: Nil). There were no amounts outstanding as at 31 December 2013.

- xiv. **Amounts were payable to directors of the Company or their nominees:** As at 31 December 2013, 31 December 2012, and 31 December 2011 the following amounts were payable to directors of the Company or their nominees:

Table 11.9: Amounts payable to directors of the Company as of year end

	2014 (USD)	2013 (USD)	2012 (USD)	2011 (USD)
Corporate Resource and Mining Services Limited, which is an entity controlled by Mr. Tim Turner	-	-	4,148	4,070
Cadence Energy UK Ltd, which is an entity controlled by Mr. James Smith	-	3,887	-	-
Dexwood Ltd, which is an entity controlled by Mr. Charles Matthews ¹⁾	16,640	-	-	-
Mr. Gibril Bangura	-	7,421	4,148	4,070
Phuket Investments Ltd, which is an entity controlled by Mr. Jeffrey Couch	-	22,262	-	-
Mr. Alan Watling (resigned from the Board of Directors on 1 July 2013)	-	-	24,890	4,070

¹⁾Payment of Director's fees in 2014

Source: African Petroleum

11.8.2 Transactions between the Company and its subsidiaries and associated companies

Loans are provided to subsidiaries to fund the ongoing exploration operations and working capital of the Group. The loans are non-interest bearing and repayable on demand. As at 30 April 2014, 31 December 2013, 31 December 2012, and 31 December 2011 the following amounts were due from the subsidiaries of the Company:

Table 11.10: Transactions between the Company and its subsidiaries and associated companies

	2014 (USD)	2013 (USD)	2012 (USD)	2011 (USD)
African Petroleum Corporation Ltd (Registered in the Cayman Islands)	514,269,034	500,740,853	453,695,853	234,695,853
African Petroleum Corporation (Services) Ltd (Registered in England & Wales)	9,343,063	-	28,461,563	51,622
African Petroleum Gambia Ltd (Registered in Cayman Islands)	-	5,811,900	5,811,900	5,811,900
African Petroleum Senegal Ltd (Registered in Cayman Islands)	-	7,716,280	7,716,280	7,716,280

Source: African Petroleum

12. SELECTED OPERATING AND FINANCIAL INFORMATION

You should read the following discussion of the financial condition and results of operations in conjunction with the financial statements incorporated by reference to this Prospectus.

12.1 ACCOUNTING PRINCIPLES

12.1.1 General

The consolidated financial statements of the Group are prepared in accordance with Australian Accounting Standards, which are consistent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The historical financial information has been audited by Ernst & Young. For further information regarding the statutory auditor of the Company, please refer to section 12.4 below. In addition, the Company prepares unaudited quarterly cash flow statements substantially in accordance with Australian Accounting Standard AASB 1026 "Statement of Cash Flows".

The historical financial information referred to above has been included in this prospectus by reference as set out in section 19.5 below.

12.1.2 Exploration and evaluation expenditure accounting policy

Oil and gas exploration and development expenditure is accounted for using the full cost method of accounting, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. At 31 December 2013, the Company's entire capitalised oil and gas costs relate to the exploration and evaluation stage. The Group's exploration and evaluation expenditure accounting policy is as follows:

- a) Exploration, evaluation and development expenditure is recorded at historical cost on an area of interest basis. Expenditure on an area of interest is capitalised and carried forward where rights to tenure of the area of interest are current and:
 - (i) it is expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale; or
 - (ii) exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.
- b) Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the period in which the decision to abandon the area is made. The Company treats each licence as a separate area of interest.

This accounting policy is in-line with IFRS 6, which sets out the following principles:

Paragraph 7.1 An entity's accounting policy for the treatment of its exploration and evaluation expenditures shall be in accordance with the following requirements. For each area of interest, expenditures incurred in the exploration for and evaluation of mineral resources shall be:

- a. expensed as incurred; or*
- b. partially or fully capitalised, and recognised as an exploration and evaluation asset if the requirements of paragraph Aus7.2 are satisfied.*

An entity shall make this decision separately for each area of interest.

From its definition the Company has elected to capitalise expenditure on an area of interest which is similar to the Full Cost method under US GAAP. All licence acquisitions and annual licence costs are capitalised as intangible fixed assets. Examples of such capitalized licence costs include but are not limited to:

- Surface Rentals
- Annual Training Fees (Include contributions to university degrees)
- Social Welfare contributions
- Hydrocarbon development Funds.

Paragraph 7.2 An exploration and evaluation asset shall only be recognised in relation to an area of interest if the following conditions are satisfied:

- a. the rights to tenure of the area of interest are current; and*

- b. at least one of the following conditions is also met:
- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
 - exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing

Please see the Company's accounting policy as described above.

Paragraph 7.3 An area of interest refers to an individual geological area whereby the presence of a mineral deposit or an oil or natural gas field is considered favourable or has been proved to exist. It is common for an area of interest to contract in size progressively, as exploration and evaluation lead towards the identification of a mineral deposit or an oil or natural gas field, which may prove to contain economically recoverable reserves. When this happens during the exploration for and evaluation of mineral resources, exploration and evaluation expenditures are still included in the cost of the exploration and evaluation asset notwithstanding that the size of the area of interest may contract as the exploration and evaluation operations progress. In most cases, an area of interest will comprise a single mine or deposit or a separate oil or gas field.

The Company treats each of its licences, as further described in section 9, as a separate area of interest.

12.2 CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

12.2.1 Selected Income Statement Information

The table below sets out a summary of the Group's audited consolidated statement of comprehensive income for the years ended 31 December 2013 and 2012.

USD '000	31/12/2013 Audited	31/12/2012 Audited
Continuing operations		
Revenue	2,794	3,911
Aircraft expenses	-3,748	-4,076
Depreciation expense	-1,699	-1,294
Impairment of exploration and evaluation expenditure	-31,221	-
Impairment of consumable spares	-3,841	-
Rig demobilisation/cancellation costs	-3,753	-
Loss on disposal of consumable spares	-4,547	-
Impairment of aircraft	-1,708	-
Impairment of related party loans and deposits	-12,919	-
Consulting expenses	-7,622	-6,289
Compliance and regulatory expenses	-792	-412
General administration expenses	-3,044	-5,338
Employee remuneration	-11,194	-17,627
Occupancy costs	-2,259	-1,773
Travel expenses	-1,838	-3,875
Net foreign currency gains/ losses	-555	-3,652
Finance Costs	-284	-6
Loss from continuing operations before income tax	-88,230	-40,432
Income tax expense	-	-
Loss for the period, attributable to the members	-88,230	-40,432
Other Comprehensive gains/losses		
Foreign exchange gain / loss on translation of functional currency to presentation currency	-138	4,206
Other comprehensive losses for the period, net of tax	-138	4,206
Total comprehensive loss for the period	-88,368	-36,226

Loss for the period is attributable to:		
Non-controlling interest	-126	-150
Owners of the parent	-88,103	-40,282
Total	-88,230	-40,432
Loss per share attributable to members		
Basic/diluted loss per share (US cents)	-5.20	-2.43

12.2.2 Selected Consolidated balance sheet information

The table below sets out a summary of the Group's consolidated statement of financial position information as of 31 December 2013 and 2012.

USD '000	31/12/2013 audited	31/12/2012 audited
ASSETS		
Current assets		
Cash and cash equivalents	7,914	52,599
Trade and other receivables	7,709	16,506
Restricted cash	12,074	50,114
Prepayments	1,266	10,303
Total current assets	28,963	129,522
Non-Current assets		
Property, plant and equipment	3,158	6,993
Restricted cash	-	22,500
Exploration and evaluation expenditure	403,273	354,823
Intangible Assets	352	-
Total non-current assets	406,783	384,316
Total assets	435,746	513,838
EQUITY AND LIABILITIES		
LIABILITIES		
Current liabilities		
Trade and other payables	32,384	25,685
Total current liabilities	32,384	25,685
Total Liabilities	32,384	25,685
Net Assets	403,362	488,153
Equity		
Issued capital	575,912	575,912
Reserves	17,282	13,844
Accumulated losses	-189,571	-101,468
Parent interest	403,623	488,288
Non controlling interest	-261	-135
Total Equity	403,362	488,153

The Group has a potential claim for withholding tax of USD 13.5 million related to payment to subcontractors. The potential claim has been included as a contingent liability (trade and other payables) in the financial statements and any negative outcome should thus not have a negative effect on the accounts. The Company's

management consider this matter as an uncertainty for the whole industry and the Company has adopted a cautious approach. The outcome of the potential claim is not known at the date of this Prospectus.

12.2.3 Selected Consolidated Cash flow statement information

The table below sets out a summary of the Group's consolidated cash flow information for the year ended 31 December 2013 and 2012.

USD '000	Year ended 31/12/2013 audited	Year ended 31/12/2012 audited
Cash flows from operating activities		
Payments to suppliers and employees	-32,587	-24,748
Rental income	1,442	2,610
Interest received	151	1,103
Finance costs	-74	-6
Net cash flows used in operating activities	-31,068	-21,041
Cash flows from investing activities		
Payment for plant, equipment and aircraft	-276	-2,225
Payment for exploration and evaluation activities	-75,246	-177,360
Cash received for sale of consumable spares	2,976	-
Payment of deposit to related party	-1,235	-
Loan to related parties	-1,297	-1,742
Loan repaid by related parties	1,060	-
Increase in cash backing security provided for drilling operations & seismic data acquisition	-	-79,941
Cash backing security returned	60,453	46,672
Net cash used in investing activities	-13,565	-214,596
Cash flows from financing activities		
Proceeds from issue of shares	-	90,352
Capital raising costs	-	-3,839
Net Cash from financing activities	-	86,513
Net increase/ decrease in cash and cash equivalents	-44,633	-149,124
Cash and cash equivalents at the beginning of the year	52,599	204,529
Net foreign exchange differences	-52	-2,806
Cash and cash equivalents at the end of year	7,914	52,599

The table below sets out a summary of the Group's consolidated cash flow information as of Q1 2014 and 2013 prepared substantially in accordance with Australian Accounting Standards AASB 1026 "Statement of Cash Flows".

USD '000	Q1 2014 unaudited	Q1 2013 unaudited
Cash flows related to operating activities		
Receipts from customers	-	-
Payments for		
a) staff costs	-2,002	-3,837
b) advertising and marketing	-22	-58
c) research and development	-	-
d) leased assets	-	-
e) other working capital	-1,415	-1,261

Dividends received	-	-
Interest and other items of a similar nature received	3	89
Interest and other costs of finance paid	-	-
Income taxes paid	-	-
Other (provide details if material)		
a) Exploration and evaluation	-3,395	-63,348
b) Business development	-674	-92
c) Project related travel	-227	-1,054
d)	43	-
Net operating cash flows	-7,722	-69,561
Net operating cash flows (carried forward)	-7,722	- 69,561
Cash flows related to investing activities		
Payment for acquisition of:		
a) businesses	-	-
b) equity investments	-	-
c) intellectual property	-	-
d) physical non-current assets	-15	-296
e) other non-current assets	-	-
Proceeds from disposal of:		
a) businesses	-	-
b) equity investments	-	-
c) intellectual property	-	-
d) physical non-current assets	-	-
e) other non-current assets	-	-
Loans to other entities	-108	-13
Loans repaid by other entities	113	197
Other		
a) cash backing security provided	-2	-
b) cash backing security returned	-	39,506
Net investing cash flows	-11	39,394
Total operating and investing cash flows	-7,733	-30,167
Cash flows relating to financing activities		
Proceeds from issue of shares, options etc	7,718	-
Proceeds from sale of forfeited shares	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Dividends paid	-	-
Other	-	-
Net financing cash flows	7,718	-
Net increase/ decrease in cash held	-15	-30,167
Cash at the beginning of the year	7,914	52,599
Exchange rate adjustments	36	-14
Cash at end of quarter	7,935	22,418

12.2.4 Selected Consolidated statement of Changes in Equity

The table below sets out a summary of the Group's audited changes in equity information for the years ended 31 December 2013 and 2012.

USD'000	Total
Balance at 1 January 2012	426,195
Loss for the year	-40,432
Foreign currency exchange differences arising on translation from functional currency to presentation currency	4,206
Total comprehensive gain/loss for the year	-36,226
Transactions with owners in their capacity as owners:	
Issue of capital - capital raising	84,177
Exercise of options	2,336
Share-based payments	11,671
Balance at 31 December 2012	488,153
Balance at 1 January 2013	488,153
Loss for the year	-88,230
Foreign currency exchange differences arising on translation from functional currency to presentation currency	-138
Total comprehensive gain/loss for the year	-88,368
Transactions with owners in their capacity as owners:	
Issue of capital - capital raising	-
Exercise of options	-
Share-based payments	3,577
Balance at 31 December 2013	403,362

12.2.5 Significant changes in financial trading position after 31 December 2013

In January 2014, the Gambian Government purported to terminate the Gambian Licences despite the Group's efforts to secure an extension of the first exploration period. Dr. Lake was appointed as new Chief Executive Officer 1 February 2014. In January 2014, the Group was granted extensions on its Liberian Licences as described in section 9.1.5 and in April 2014, the Group was granted extensions on its CI Licences as described in section 9.2. As referred to in section 15.2 below, the Company conducted a two-tranche private placement to institutional and sophisticated investors in February and April 2014, raising a total of AUD 20,000,160 in gross proceeds.

Except as mentioned above, there have been no significant changes in the financial trading position of the Group since 31 December 2013.

12.3 SEGMENT INFORMATION

The Group operates only one segment, which is exploration for hydrocarbons.

For management purposes, the Group is organised into one main operating segment, which involves exploration for hydrocarbons. All of the Group's activities are interrelated, and discrete financial information is reported to the Board of Directors (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The analysis of the location of non-current assets is as follows:

	31 December 2013 USD'000	31 December 2012 USD'000
Australia	-	1
United Kingdom	2,113	4,414
Ghana	-	42
Sierra Leone	24,064	23,598
The Gambia	133	28,379
Liberia	291,028	226,788
Côte d'Ivoire	51,492	65,833
Senegal	37,952	35,191
Other	-	70
Total	406,783	384,316

12.4 STATUTORY AUDITORS

The Company's independent auditor is Ernst & Young, 11 Mounts Bay Road, Perth Western Australia 6000.

Ernst & Young has been the Group's auditor since the period ending 31 December 2010. Ernst & Young is a Chartered Firm with the Institute of Chartered Accountants Australia.

The 2012 independent auditor's report included the following emphasis of matter paragraph:

"Without qualifying our opinion, we draw attention to Note 2. As a result of the matters discussed, there is material uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern."

And the 2013 independent auditor's report included the following emphasis of matter paragraph:

"Without qualifying our opinion, we draw attention to Note 2 in the financial report. The conditions as set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business."

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Company is of the opinion that such emphasis is customary for E&P companies operating within the exploration phase as they normally do not generate any income during this stage.

The ability of the Group to continue its exploration and evaluation activities in accordance with the minimum work commitments under the terms of its licences will be dependent on the Group raising additional capital. After completion of the second tranche of the Private Placement in April 2014 the Company expects to be sufficiently funded in respect to its day to day operations for the period covering at least the next twelve months. In addition, the Company is raising further funds in conjunction with the Offering and going forward the Company may raise additional capital by way of either equity raising, debt financing or by strategic transactions, such as the entering into of farm-out agreements on one or more of the Group's exploration projects, as further described in section 8.5 above.

13. CAPITAL RESOURCES

For the period covered by the historical financial information and up to the date of this Prospectus, the Company has completed two share capital placements; one placement in July 2012 raising AUD 85 million in gross proceeds and one placement in the amount of AUD 20 million in February and April 2014, as further described in section 15.2.

13.1 CASH FLOW

For the quarter ending 31 March 2014 the Company's cash and cash equivalents balance decreased by a net amount of USD 0.02 million (Q1 2013: USD 30.17 million). After allowing for cash inflows from money raised through the issue of shares of USD 7.96 million less capital raising costs of USD 0.24 million, rental income from aircraft of USD 0.60 million (Q1 2013: nil), the decrease in cash was mainly attributable to cash outflows from payments towards suppliers and employees of USD 4.93 million (Q1 2013: USD 6.30 million), exploration and evaluation of the Company's licences of USD 3.40 million (Q1 2013: USD 63.35 million).

For the full year ended 31 December 2013 the Company's cash and cash equivalents balance decreased by a net amount of USD 43.0 million (FY 2012: USD 149.12 million). After allowing for cash inflows from interest income of USD 0.15 million (FY 2012: USD 1.1 million), rental income from aircraft of USD 1.86 million (FY 2012: USD 2.61 million), the sale of equipment inventories of USD 2.98 million (FY 2012: Nil) and the return of cash backed securities of USD 60.45 million (FY 2012: net payment of USD 33.27 million), the decrease in cash was mainly attributable to cash outflows from payments towards suppliers and employees of USD 31.03 million (FY 2012: USD 24.75 million), exploration and evaluation of the Company's licences of USD 75.2 million (FY 2012: USD 177.36 million), the acquisition of plant, equipment & aircraft of USD 0.04 million (FY 2012: USD 2.23 million) and loans to/investments with related parties of USD 0.24 million (FY 2012: USD 1.74 million). There has been no money raised through the issue of shares in 2013 (FY 2012: USD 90.35 million less capital raising costs of USD 3.84 million).

13.2 RESTRICTIONS ON THE USE OF CAPITAL

As further described in section 8.9.4, the Company has deposited USD 12 million into an escrow account to guarantee the performance of the minimum work program during the first exploration period of the CI Licences. The USD 12 million is classified as restricted cash in the Company's 2013 balance sheet. Please refer to section 8.9.4 for more information regarding the conditions for the release of these funds.

As of the date of this Prospectus, the Group does not have any interest bearing debt that restricts or has restricted the use of capital and that have materially affected, or could materially affect, directly or indirectly, the Group's operations.

13.3 INVESTMENTS

13.3.1 Principal investments

The Group and the Company invests funds on acquiring licences and on exploration and evaluation of these licences. For accounting purposes these amounts are not classified as investments – they are capitalised on the balance sheet under non-current assets as "exploration and evaluation expenditure".

The table below sets out the Group's total capitalised exploration and evaluation expenditure as at 31 December 2013 and 2012:

Table 13.1: Overview of current exploration periods

USD'000	As at 31 December 2013					As at 31 December 2012				
	Seismic and G&G	Drilling	Licence fees & training	Licence acquisition costs	Total	Seismic and G&G	Drilling	Licence fees & training	Licence acquisition costs	Total
Côte d'Ivoire	28,578	134 ¹	8,240	12,233	49,797	26,629	612	3,840	12,173	42,642
Liberia	49,557	233,964 ²	6,598	-	290,119	48,041	170,917 ²	6,109	-	225,067
Senegal	26,391	-	3,834	7,716	37,941	23,864	-	3,383	7,716	34,963
Sierra Leone	17,731	-	2,681	5,000	25,412	17,792	-	980	5,000	23,772
Other	4	-	-	-	4	17,807	-	4,760	5,812	28,379
Total	122,261	234,710	21,353	24,949	403,273	134,133	170,917	19,072	30,701	354,823

¹Costs relating to both CI Licences. These costs are internal and external time-writing costs related to well planning. Also included are quarterly bank fees for the bank guarantee. Although these costs are not specifically relating to the drilling of a well, they will be recoverable as drilling costs.

²Drilling costs relating to Licence LB-09

Source: African Petroleum

13.3.2 Current and future commitments for investments

Although not considered as investments, the Company has undertaken work and spending commitments in relation to its Licences. Please refer to sections 9.1.6, 9.2.6, 9.3.6 and 9.4.6 for a detailed description of such commitments in relation to each of the Licences. The table below outlines the commitments of the Group.

As further described in section 8.5.1, the Company is targeting to reduce its working interest in some or all of its exploration licences through an ongoing structured farm-out process. The farm-out process is part of a process of maturing the Company's asset portfolio and is initiated to *inter alia* reduce the Company's capital commitments, generate cash sales proceeds for funding of future operations as well as the introduction of technically and operationally competent joint venture partners to the Company's licences. The Company intends to fund its existing and future drilling commitments through such farm-out agreements. The Company is actively in communication with several potential farm-out partners and will announce any material agreements to the market as they materialise.

Table 13.2: Current work program

Country	Licence	Commitment	Due date	Status	Outstanding commitment	Intended Financing Method
Côte d'Ivoire	CI-509	G&G works, acquisition and interpretation of 1100 km ² 3D seismic data, and one well	Mar 2016	G&G and 3D seismic commitment completed	One well	Farm-out well commitment or raise additional equity funds
Côte d'Ivoire	CI-513	Acquisition and interpretation of 1446 km ² 3D seismic data, G&G studies and one well	Dec 2015	G&G and 3D seismic commitment completed	One well	Farm-out well commitment or raise additional equity funds
Liberia	LB-08	No current commitments	Jun 2016	No current commitments	None	-
Liberia	LB-09	No current commitments	Jun 2016	No current commitments	None	-
Senegal	ROP	Acquisition of existing seismic data + 1 exploration well	Oct 2015	3D seismic commitment completed	One well	Farm-out well commitment or raise additional equity funds
Senegal	SOSP	2,500 km ² 3D seismic survey, reprocessing	Oct 2014	3D seismic commitment completed	None	-
Sierra Leone	SL-03	Purchase/Interpretation of 2D seismic data + acquisition/ interpretation of 500 km ² 3D seismic data	Apr 2015	3D seismic commitment completed	Further geosciences work	Raise additional equity funds
Sierra Leone	SL-4A-10	Acquire 1,500 km ² 3D seismic data + 1 exploration well	Sep 2015	3D seismic commitment still outstanding. Well contingent on results of 3D seismic interpretation and drilling rig technology for ultra-deep water	3D seismic and one contingent well	Farm-out well commitment or raise additional equity funds

Source: African Petroleum

In the view of the Company, the deep water rig market is softening and there are an increasing number of opportunities to secure rigs in this market. Farm-in partners may have access to a contracted fleet of drilling units, which may reduce drilling costs to the Company and increase the availability of rigs to the Company. The Company's internal estimates indicate drilling costs in the range of USD 50-70 million per well for the blocks on which the Company currently conducts its operations, depending on drilling depth, rig availability and length of drilling program. As described above and in sections 9.1.6, 9.2.6, 9.3.6 and 9.4.6 the Group has minimum investment requirements in relation to the current phases of the Group's licences, with gross aggregate minimum investment requirements totalling USD 190 million. The anticipated costs on acquisition of seismic data on SL-4A-10 and further geosciences work on SL-03 are USD 10 million and USD 3 million respectively and the Company's aggregate budgeted costs for the drilling of four wells, acquire 3D seismic and further geoscience work in the current exploration phases of its licenses is estimated to a total of USD 250 million, based on the following assumptions:

- Deep water rigs, preferably 6th generation rigs
- A daily rate of between USD 500,000 and USD 600,000
- Number of drilling days between 25 and 40 days, in addition to 10-15 days mobilisation and 10-15 days demobilisation

The specific drilling costs per well is dependent on the drilling depth, rig availability and length of drilling program.

The Company is a proven operator, having already drilled three wells. In addition to the Company's in-house staff that will lead the operation and well design, the Company will, when required, contract internationally recognised industry service contractors, suppliers and equipment.

Should the Group not be able to meet the minimum commitments under its licences as set out above, the Group is at risk of making aggregate payments of up to USD 30 million under corporate guarantees and be at risk of forfeiting up to USD 12 million held in escrow accounts should it not be able to meet minimum investment work program requirements. Please refer to section 8.9.4 for a description of the guarantees and escrow amount provided by the Company.

13.4 OFF BALANCE SHEET COMMITMENTS

The Group has entered into obligations in respect of its exploration projects. Outlined below are the minimum expenditures required as at 31 December in order to maintain the exploration projects in good standing:

Table 13.3: Off balance sheet commitments

	2013 USD'000	2012 USD'000
Within 1 year	40,507	69,644
Later than 1 year and not later than 5 years	66,611	120,105
Later than 5 years	-	-
	107,118	190,158

Source: African Petroleum

Following the extensions granted on the CI licences in April 2014 as further described in section 9.2.2 above, the Company's minimum expenditure commitments falling within one year has decreased to approximately USD 3.2 million as at 31 December 2013, while spending commitments later than 1 year until 5 years has increased to USD 103.9 million as at 31 December 2013.

14. DIVIDENDS AND DIVIDEND POLICY

This Section provides information about the dividend policy and dividend history of the Company, as well as certain legal constraints on the distribution of dividends under the Australian Corporations Act. Any future dividends declared by the Company will be converted to and paid in NOK to shareholders registered in the VPS as this is the currency that currently is supported by the VPS, although the Company declares its dividends in USD, prepares its financial statements in USD and its dividend policy refers to amounts in USD. Shareholders registered in the VPS and whose address is outside and who have not supplied the VPS with details of any NOK bank account, will receive dividends by check in a local currency or in USD (following conversion to NOK).

14.1 DIVIDEND POLICY

The Group's principal activity is exploration for hydrocarbons and the licences held by the Group are still in an early stage of exploration and development. Consequently, the Group has insofar no expectation to be in a position to distribute dividends in the foreseeable future.

14.2 DIVIDEND HISTORY

Up to and including the date of this Prospectus, the Company has neither declared nor paid any dividends.

14.3 LEGAL CONSTRAINTS ON THE DISTRIBUTION OF DIVIDENDS

The Company's Constitution does not provide for any time limit after which entitlement to dividends lapses.

The Directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend shall (subject to the Company's Constitution and to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Australian Corporations Act. The Directors may from time to time pay to the shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company. There are no dividend restrictions or specific procedures for the right of non-Australian resident shareholders to claim dividends. However, where a non-resident investor holds Shares in the Company, any dividends (or other amounts treated as dividend for Australian income tax purposes) paid by the Company may be subject to dividend withholding tax as further described in Section 17 "Taxation".

Under Australian law, a company must not pay a dividend unless:

- (a) Assets exceed liabilities immediately before the dividend is declared and the excess is sufficient to cover the payment of the dividend;
- (b) The payment of the dividend is fair and reasonable to the shareholders as a whole; and
- (c) The payment of the dividend does not materially prejudice the company's ability to pay its creditors.

Directors may determine that a dividend is payable and fix the amount, time for payment and the method of payment.

15. SHARES AND SHARE CAPITAL

15.1 GENERAL

As of the date of this Prospectus, the Company has 648,478,636 issued Shares fully paid in accordance with Australian law. The Shares do not have a par value. Generally, all Shares are freely transferable, subject to the registration of the transfer not resulting in a contravention of a failure to observe the provisions of a law of Australia and the transfer not being in breach of the Australian Corporations Act or applicable listing rules. The lock-up provisions as described in section 15.10 below, prior FIRB approval as further described in section 15.13.9 and certain provisions of the NSX listing rules as further described in section 15.11 may have an impact in the free transferability of the Shares. All of the Shares are issued in accordance with the laws of Australia with ISIN number AU000000AOQ0. At the date of this Prospectus all of the Company's Shares are registered with the Company's share register in Australia and none of the Company's Shares are registered with the VPS. As further described in Section 6.2.2 and section 15.2 below, it is contemplated that all of the Offer Shares issued in connection with the Offering will be registered with the VPS. The Listing will comprise all outstanding and issued shares of the Company.

As customary for listed companies in Australia, the Company's share register is comprised of two sub-registers: (i) the Chess sub-register for Shares which have been or are to be traded on a regulated market, and (ii) the issuer sponsored sub-register where Shares can be transferred off-market. There is a free flow of shares between the Chess and issuer sponsored sub-registers, and consequently the number of shares on either of them is not static. However, there is no overlap between sub-registers and a particular share is only on one sub-register at any point in time.

The Company only has one class of Shares on issue. The Shares are equal in all respects and each Share carries one vote at the Company's general meeting.

The Offering will represent an offer of up to 153,846,154 Offer Shares to be issued by the Company (not including any Additional Shares), assuming that the Offer Price at low point of the Indicative Price Range and gross proceeds of NOK 200 million are being raised in the Offering. Please refer to section 6 "The terms of the offering" for more detailed information regarding the Offering. Assuming that such maximum number of Offer Shares is issued in the Offering (not including any Additional Shares), the new total number of Shares in the Company after the Offering will be 802,324,790. If the Over Allotment Option is utilised in full (i.e. Additional Shares equalling 10 per cent of the maximum number of Offer Shares set out herein are being issued), the new total number of Shares will be 817,709,405.

15.2 SHARE CAPITAL DEVELOPMENT

The following table presents the historical development in share capital and number of Shares issued by the Company for the period covered by the historical financial information:

Table 15.1: Overview of share capital development

Date	Type of change in share capital	Change in number of Shares	Issue price per Share (AUD)	Total number of issued Shares following change
January 2011	Opening balance 2011			1,340,502,958
March 2011	Agreement with African Oil	6,500,000	Nil	1,347,002,598
May 2011	Private Placement	193,000,000	1.00	1,540,002,598
June 2011	Private Placement	57,000,000	1.00	1,597,002,598
Jun 2011	Immaterial adjustment required	151	Nil	1,597,002,749
August 2011	Pursuant to employment contract with Karl Thompson	3,275,000	Nil	1,600,277,749
Dec 2011	Agreement with African Oil Investment SARL	26,500,000	Nil	1,626,777,749
Feb 2012	Exercise of options (Joe Ariti (200,000 options), Fiona Taylor (200,000 options) and Claire Tolcon (200,000 options))	600,000	0.30	1,627,377,749
March 2012	Exercise of options	963,171	0.55	1,628,340,920
March 2012	Exercise of options	2,229,131	0.55	1,630,570,051
July 2012	Private Placement	62,963,000	1.35	1,693,553,051
August 2012	Exercise of options (Adrian Robinson (150,000 options), Jamie White (200,000 options), Phil Church (230,000 options), A Hopkins (100,000 options), David McGurk (220,000 options))	900,000	0.30	1,694,433,051
Oct 2012	Pursuant to employment agreement with Jens Pace	1,000,000	Nil	1,695,433,051
31 December 2012	Opening balance 2013			1,695,433,051
February 2014	Share consolidation	Divided by 3	-	565,144,637
February 2014	Private placement (first tranche)	37,852,000	0.24	602,996,637
April 2014	Private placement (second tranche)	45,482,000	0.24	648,478,637
May 2014	Public Share Offering ¹	153,846,154	0.24	802,324,790

¹ Assuming full subscription at low point, not including Additional Shares

Source: African Petroleum

In February and April 2014 the Company completed a two-tranche private placement to certain institutional and sophisticated investors, including Sarella Investments Limited and M&G Investment Mgt, raising a total of AUD 20,000,160 in gross proceeds. The Shares were issued in two tranches on 27 February 2014 and 8 April 2014, as described in the table above, at a subscription price of AUD 0.24 per Share. Prior to the completion of

the private placement, Sarella Investments Limited and M&G Investment Mgt held 34.87 per cent and 6.94 per cent of the Shares respectively, and following completion of the private placement their shareholdings were increased to 38.99 per cent and 10.33 per cent.

As at 31 December 2013 and 1 January 2014 there were in total 1,695,433,051 Shares issued by the Company (prior to share consolidation).

15.3 AUTHORISATION TO INCREASE THE SHARE CAPITAL AND TO ISSUE SHARES

Pursuant to section 198A of the Australian Corporations Act, the business of a company is managed by or under the direction of the Board of Directors. Pursuant to Clause 2.2 of the Company's Constitution, the Board of Directors has the power to issue Shares. According to the NSX Listing Rules, the Board of Director's power to issue Shares is limited to a number of Shares equal to 15 per cent of the Company's total share capital on a 12 months rolling basis. If the Company has used the 15 per cent authority, share issuances can be subsequently approved by the shareholders in a general meeting. In such case, the authority will be renewed.

In connection with the Offering, the Board of Directors has been granted an authorisation to issue up to 175,000,000 new shares. Please refer to section 6.4 above for further details.

15.4 TREASURY SHARES

The Company does not hold any treasury shares.

15.5 OPTIONS

15.5.1 General overview

The Company does not currently have any option plan for its employees or its senior management.

As at 31 December 2013, the Company had issued a total of 14,111,086 options. In addition 6,722,177 options were issued at the general meeting on 2 April 2014. The table below shows an overview of all outstanding options issued by the Company:

Table 15.2: Overview of issued options

Terms	Number
Options exercisable at AUD 1.65 each on or before 31 July 2017	4,566,672
Options exercisable at AUD 1.65 each on or before 30 June 2015	2,972,175
Options exercisable at AUD 0.90 each on or before 17 January 2017 (subject to various vesting terms)	2,292,784
Options exercisable at AUD 3.00 each on or before 27 March 2017	6,667
Options exercisable at AUD 0.90 each on or before 27 March 2017	3,334
Options exercisable at AUD 1.65 each on or before 27 March 2017	91,667
Options exercisable at AUD 3.00 each on or before 31 July 2017	83,334
Options exercisable at AUD 3.00 each on or before 17 January 2017	130,557
Options exercisable at AUD 3.75 each on or before 17 January 2017	25,001
Options exercisable at AUD 3.00 each on or before 8 January 2018	166,667
Options exercisable at AUD 3.75 each on or before 8 January 2018	22,223
Options exercisable at various prices on or before 10 April 2015 (subject to various vesting terms)	833,334
Options exercisable at AUD 0.30 each on or before 22 November 2018 (subject to various vesting terms)	2,916,672
Options exercisable at AUD 0.24 each on or before 1 February 2017	6,666,667
Options exercisable at AUD 0.30 each on or before 5 years from the date of issue	174,999
Total	20,952,753

Source: African Petroleum

15.5.2 Options issued to Directors and senior management

The main terms and conditions for the options currently held by the Directors and the senior management are listed in the table below:

Table 15.3: Directors and senior management options

Name	Number of options	Details on options
Dr. Stuart Lake	5,000,000	Dr. Lake currently holds 5,000,000 options expiring 1 February 2014 and with an exercise price of AUD 0.24 per share, being the share price at the date of his appointment.
Mr. Mark Ashurst	833,334	Mr. Ashurst currently holds 833,334 options expiring 31 July 2017, and with an exercise price of AUD 1.65.
Mr. Stephen West	583,334	Mr. West currently holds 583,334 options expiring 22 November 2018, and with an exercise price of AUD 0.30.
Mr. Jens Pace	750,001	Mr. Pace currently holds a total of 750,001 options, whereof • 116,667 options expiring 8 January 2018 and with an exercise price of AUD 3.00 per share. • 583,334 options expiring 22 November 2018 and with an exercise price of AUD 0.30 per share, subject to continued employment (194,444 options vested on 1 January 2014; 194,445 options to vest on 1 January 2015; 194,445 options to vest on completion of a farm-in or joint venture contract).
Mr. Charles Matthews	1,666,667	Mr. Matthews currently holds 1,666,667 options with an exercise price of AUD 0.24 per share exercisable over three years, one third on each anniversary from the commencement of employment.
Mr. Michael Barrett	1,158,335	Mr. Barrett currently holds a total of 1,158,335 options, whereof: • 533,334 options have an exercise price of AUD 0.90 and an expiry date of 17 January 2017; • 41,667 options have an exercise price of AUD 1.65 and an expiry date of 27 March 2017; • 583,334 options expiring 22 November 2018 and with an exercise price of AUD 0.30 per share, subject to continued employment (194,444 options vested on 1 January 2014; 194,445 options to vest on 1 January 2015; and 194,445 options to vest on completion of a farm-in or joint venture contract).
Mr. Gibril Bangura	333,334	Mr. Bangura currently holds 333,334 options expiring 31 July 2017, and with an exercise price of AUD 1.65 per share.
Mr. Jeffrey Couch	333,334	Mr. Couch currently holds 333,334 options expiring 31 July 2017, and with an exercise price of AUD 1.65 per share.
Mr. James N. Smith	416,668	Mr. Smith currently holds 416,668 options expiring 31 July 2017, whereof: • 333,334 options have an exercise price of AUD 1.65 per share • 83,334 options have an exercise price of AUD 3.00 per share
Mr. Timothy Turner	166,667	Mr. Turner currently holds 166,667 options expiring 31 July 2017, and with an exercise price of AUD 1.65 per share.
Mr. Anthony Wilson	333,334	Mr. Wilson currently holds 333,334 options expiring 31 July 2017, and with an exercise price of AUD 1.65 per share
Total:	11,575,008	

Source: African Petroleum

All options provided to the Directors and members of the senior management have been granted as a part of the remuneration for services provided to the Company. The options are non-transferable.

The Board of Directors has proposed to the annual general meeting to be held on 30 May 2014, to approve the issuance of the following options to the Directors:

- 1,000,000 options to Mr. Mark Ashurst
- 500,000 options to Mr. Gibril Bangura
- 500,000 options to Mr. Jeffery Couch
- 500,000 options to Mr. James Smith
- 500,000 options to Mr. Anthony Wilson

The main terms and conditions of the options will be as follows:

- a. Each option gives the right to subscribe for one Share;
- b. The options will vest in the holder as long as the holder is employed by the Company and one third shall vest on each anniversary from the date of grant of the options (being 30 May 2014);
- c. The options will expire five years from the date of issue. Any options not exercised before the expiry date will automatically lapse on the expiry date; and
- d. The amount payable upon exercise of each option will be AUD 0.24.

It is proposed that upon issue of the new options to Mr. Ashurst, Mr. Bangura, Mr. Couch, Mr. Smith and Mr. Wilson, their existing options will be cancelled.

In addition, the Board of Directors has proposed to the annual general meeting to be held on 30 May 2014, to approve the issuance of 1,000,000 options to the Finance Director Mr. West as part his employment contract with the Company. The amount payable upon exercise of each option will be AUD 0.24, and the options will expire five years from the date of issue.

15.5.3 Other options

In addition to the above, the Company has issued 5,572,236 options to individuals which are not members of the senior management or Directors of the Company. The main terms governing such options are as follows:

- a. Exercise period: five years from the date of issue;
- b. the Options will vest in the holder as long as the holder is employed by the Company or providing services to the Company and the following condition set in the individual service agreements with the Group are met;
- c. all Options will automatically lapse 90 days after the holder ceases to be employed by the Company unless the Board of Directors determines otherwise. If a vesting condition referred to in b. is not satisfied within a prescribed timeframe, those unvested options will automatically lapse;
- d. the options are not transferable.

The exercise prices for the current issued options are in the range of AUD 0.24 - AUD 6.00.

Furthermore, the Company has entered into agreements which give the counterparty the right to receive options in the Company if certain conditions are fulfilled on such terms as described below:

EAS Advisors LLC

EAS Advisors LLC has been issued 833,334 options over ordinary Shares in the Company in consideration for U.S. advisory services provided under an engagement letter dated 29 April 2011. The options will expire on 10 April 2015 and are exercisable at the following prices:

- a) 333,333 options with an exercise price of AUD 3.75 per share;
- b) 166,667 options with an exercise price of AUD 4.50 per share;
- c) 166,667 options with an exercise price of AUD 5.25 per share; and
- d) 166,666 options with an exercise price of AUD 6.00 per share

The options will vest on reaching the target price(s) above for a minimum of ten trading days in a particular month (mid-price). The options that have not vested at any time shall automatically vest upon a change of control in sale of more than 50 per cent of issued share capital (fully diluted) of the Company.

Mirabaud Securities LLP

Mirabaud Securities LLP has been issued 2,972,175 options over ordinary Shares in the Company in consideration of advisory and marketing services provided under a services agreement dated 1 July 2012. The options will expire on 30 June 2015 and are exercisable at AUD 1.65 per share.

15.6 UNDERTAKING TO INCREASE THE GROUP CAPITAL AND TRANSFER OF SHARES

Pursuant to the service agreement entered into between the Group and Mr. Pace, Mr. Pace shall receive 500,000 Shares, upon the Company securing a commercial discovery of hydrocarbons. This milestone has not yet occurred. Furthermore, the Board has proposed to the annual general meeting of the Company that Dr. Lake shall be issued 5,000,000 Shares in five tranches as further described in section 11.2 above as part of his remuneration package.

15.7 SHAREHOLDER STRUCTURE

As of the date of this Prospectus, the Company has 828 registered shareholders.

The Company's 20 largest shareholders as at 8 April 2014 are shown in the table below:

Table 15.4: 20 largest shareholders

Investor	8 April 2014	%
1 Sarella Investments Ltd	252,846,329	38.8%
2 M&G Investment Mgt	66,986,178	10.3%
3 Capital Research Global Investors	45,160,488	6.9%
4 Banque Heritage	30,112,075	4.6%
5 1832 Asset Mgt	24,261,829	3.7%
6 Dundee Securities	22,720,329	3.5%
7 RBC Dominion Securities	15,215,246	2.3%
8 Mr Georgia Lambriandes & Ms Anadroulla Panayi	13,487,497	2.1%
9 Goldman Sachs Investment Partners	12,740,212	2.0%
10 Auctus Investments	11,117,739	1.7%
11 Henderson Global Investors	11,035,498	1.7%
12 Credit Suisse Private Banking	10,733,667	1.6%
13 Credit Suisse	9,011,165	1.4%
14 TD Waterhouse Canada	8,871,308	1.4%
15 Centerpol Mgt	8,833,333	1.4%
16 Morgan Stanley	7,559,999	1.2%
17 Bank Julius Baer	7,359,600	1.1%
18 Eton Park Capital Mgt	6,858,803	1.1%
19 BlackRock Investment Mgt	5,432,398	0.8%
20 JPMorgan Asset Mgt	5,154,219	0.8%
Total	575,487,912	88.34%
Total outstanding shares	648,478,636	100.00%

Source: African Petroleum

Sarella is a company controlled by the Timis Trust of which Mr. Timis is the principle beneficiary. Mr. Timis will, through his indirect ownership in the Company through Sarella Investments Ltd, have the ability to

significantly influence the outcome of matters submitted for the vote of the Shares of the Company through his negative control as majority shareholder. Although the Shares have no differences in voting rights, a shareholder is not allowed to vote for his Shares in the Company in connection with a shareholder resolution that relates to his or her Shares. However, please refer to section 15.11 for a description of the situations where such a vote is permitted (e.g. on a proposal to vary class rights or to approve an equal access to buy-back).

In accordance with the disclosure obligations under the Norwegian Securities Trading Act, shareholders acquiring ownership to or control over 5 per cent or more of the share capital of a company listed on Oslo Axess must notify the stock exchange and the Company immediately. The table above shows the percentage held by such notifiable shareholders. See also Section 16.6 "Disclosure Obligations" below for a detailed description of the disclosure obligations under the Norwegian Securities Trading Act.

As at the date of this Prospectus Sarella Investments Ltd (indirectly owned by Mr. Frank Timis) and M&G Investment Mgt own approximately 39 per cent and 10 per cent of the share capital of the Company respectively. In addition, Capital Research Global Investors owns approximately 6.9 per cent of the share capital of the Company. After completion of the Offering, and assuming (i) issuance of the maximum number of Offer Shares set forth herein (not including any Additional Shares) and (ii) no allocation of Offer Shares to such shareholders, Sarella Investments Ltd will hold approximately 31.5 per cent of the share capital, M&G Investment Mgt will hold approximately 8.4 per cent of the share capital and Capital Research Global Investors will own approximately 5.7 per cent of the share capital. After completion of the Offering, and assuming (i) issuance of the minimum number of Offer Shares set forth herein and (ii) no allocation of Offer Shares to such shareholders, Sarella Investments Ltd will hold approximately 35.2 per cent of the share capital, M&G Investment Mgt will hold approximately 9.3 per cent of the share capital and Capital Research Global Investors will own approximately 6.3 per cent of the share capital.

Furthermore, under the Australian Corporations Act requirements, a shareholder needs to notify ASX/NSX if they have a relevant interest in 5 per cent or more of the share capital of a listed company and lodge a change in their interest where there is a movement of 1 per cent or more. This obligation will not apply if the Company is only listed on Oslo Axess.

As a result of the Company's obligations to issue Shares under the existing options, as well as additional agreements to issue Shares as described in sections 15.5 and 15.6 above, a total of 26,452,753 Shares may be issued. If such Shares are issued, this would entail a total dilution of 3.9 per cent in relation to the current number of Shares issued by the Company, and 3.2 per cent post Offering (assuming full subscription and an Offer Price at the lowest point of the Indicative Price Range).

The Company is not aware of any arrangements which may at a subsequent date result in a change in control of the Company.

The minority shareholders of the Company are afforded a number of protections as set out in the Australian Corporations Act, including, but not limited to those described in Section 15.13.6.

15.8 MINIMUM SHAREHOLDING

Pursuant to Clause 3 of the Constitution, the Company may elect to implement a sale of unmarketable parcels of shares (being less than AUD 500 in shares). The Company can invoke this right once every 12 months and needs to follow the process as detailed in Clause 3 of the Constitution.

15.9 SHAREHOLDERS' AGREEMENTS

To the extent known to the Company, there are currently no shareholder agreements entered into by and amongst the shareholders of the Company in relation to the Company. The shareholder agreement in relation African Petroleum Senegal is described in section 8.9.2 above.

15.10 LOCK-UP

As further described under section 11, the Company has entered into loan agreements with Mr. Pace and former CEO, Mr. Thompson for the amounts to cover the tax payable on the treasury shares the borrowers were awarded upon their commencement of employments with the Company, being 1,000,000 and 3,275,000 treasury shares respectively, on a pre-consolidated basis. In consideration of the Company providing such loans, the borrowers agreed that the received shares should be restricted from trading until (i) repayment of the loan, or (ii) notification that the borrower will sell some of the treasury shares to repay the loan to the Company. Thus, such

shares may be transferred, but any proceeds from the sale of such shares must be paid to the Company to cover the borrower's respective loan commitments to the Company.

Further, in connection with the Offering, the Manager has entered into lock-up agreements with the Company, Sarella Investments Limited and members of Board of Directors and senior management as described in section 6.13.2.

15.11 CONSTITUTION

The following is a summary of certain provisions of the Company's Constitution as of the date of this Prospectus. The Constitution was last amended on 2 April 2014. The summary does not purport to be complete and is qualified in its entirety by the Constitution and all applicable laws.

Share capital

The Company's share capital comprises of ordinary fully paid shares. The Shares are registered in accordance with the Constitution of the Company and the Australian Corporations Act.

The Company may by ordinary resolution and subject to the Australian Corporations Act and applicable Listing Rules:

- consolidate all or any of its share capital into a smaller number of shares than its existing shares;
- sub-divide all or any of its shares into a larger number of shares, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such share is the same as it was in the case of the share from which the sub-divided share is derived;
- cancel shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its share capital by the amount of the shares so cancelled; and
- issue any of the un-issued authorised Shares in the Company.

Board of Directors

The Company's Board of Directors is to consist of a minimum of three Directors and a maximum of twelve Directors. At the Company's annual general meeting held every year, one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest one-third (rounded upwards in the 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 three years, or until the third annual general meeting following their appointment, whichever is the longer, without submitting themselves for re-election. A retiring Director is eligible for re-election.

No other person than a Director seeking re-election shall be eligible for election to the office of Director at any general meeting unless the person or some shareholder intending to propose his or her nomination has, at least 30 business days before the meeting, left at the registered office a notice in writing duly signed by the nominee giving his or her consent to the nomination and signifying his or her candidature for the office or the intention of the shareholder to propose the person.

According to Clause 13.3 of the Constitution a shareholder intending to propose a director for election at a general meeting must submit such nomination to the Company at least 30 business days prior to the general meeting.

According to Clause 13.4 of the Constitution, the Board of Directors may at any time appoint a person to be a Director, provided that the maximum number of Directors is not exceeded. Any such Director appointed will hold office until the next annual general meeting and will be eligible for re-election.

Pursuant to Clause 14.5 of the Constitution, the Directors may at any time subject to the Listing Rules adopt any scheme or plan that provide retiring or superannuation benefits for both present and future non-executive Directors, provided, however, that such scheme or plan shall not exceed the benefits contemplated by the termination benefits provisions of the Australian Corporation Act. Under section 200B of the Australian Corporations Act, shareholder approval is required in order for an Australian company to give a benefit in connection with a person's loss of or retirement from a managerial or executive office with the company or a

related body corporate, or in connection with the person's death at a time when they held that office. However, shareholder approval is not required if:

- the benefit is either (i) a genuine payment by way of damages for breach of contract, (ii) a payment for past services or (iii) given under a contract made between the company and the executive before he or she was appointed to the office as consideration for them agreeing to the appointment; and
- the value of the benefit, in conjunction with any other payments made in connection with the person's loss of or retirement from office, is no more than one year's average annual base salary.

Pursuant to Clause 15.3 of the Constitution, no business shall be transacted at any meeting of Directors unless a quorum is present, comprising two Directors present in person, or by instantaneous communication device, notwithstanding that less than two Directors may be permitted to vote on any particular resolution or resolutions at that meeting for any reason whatsoever. Where a quorum cannot be established for the consideration of a particular matter at a meeting of Directors, one or more of the Directors may call a general meeting of the Company to deal with the matter.

Restrictions on transfer of Shares and Lien on Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Australian Corporations Act or applicable Listing Rules. There are very limited restrictions on share transfers under the Australian Corporations Act and the Listing Rules. Under the Listing Rules, an entity may apply a holding lock to prevent transfers if, for example, the entity has a lien on the securities or there is a court order that restricts transfer.

According to the Company's Constitution Clause 5.2, in the event that the Company due to any applicable legislation is required to make payment in respect of any Shares, or in respect of any transfer of shares or of any dividends, bonuses or other moneys due or payable to any shareholder of the Company, the Company shall be fully indemnified by the shareholder and will have a lien on any dividends, bonuses and other monies payable in respect of the Shares held by such shareholder, and may, subject to any applicable listing rules, refuse to register any transfer of such shares by this shareholder until any money and interest mentioned is set off or deducted or paid to the Company.

In addition, the Company's Constitution Clause 8.5 entitles the directors to refuse to register any transfer of shares for any reason, save any transfer made in accordance with the settlement rules applicable to the Company as a consequence of its Listing on the NSX and the Oslo Axess.

Please also note that NSX listing rules may impose restrictions on the free transferability of Shares issued to certain persons where shares have been issued as consideration for services, to related parties under an employee incentive scheme and in certain other situations.

Pre-emptive rights

There are no provisions in the Constitution, not in the Australian Corporations Act which grants pre-emptive rights for existing shareholders in future share issues.

General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D or Section 249F of the Australian Corporations Act and the Constitution of the Company as follows:

- under s. 249D, shareholders with at least 5 per cent of the votes that may be cast at the general meeting, or at least 100 shareholders who are entitled to vote at the general meeting, may request that the directors of a company call and arrange to hold a general meeting. The company must pay the expenses of calling and holding the meeting. The directors must call the meeting within 21 days after the request is given to the company and the meeting must be held within 2 months after the request is given; and

- under s. 249F, shareholders with at least 5 per cent of the votes that may be cast at a general meeting of the company may call, and arrange to hold, a general meeting. The shareholders calling the meeting must pay the expenses of calling and holding the meeting and the meeting must be called in the same way, so far as is possible, in which general meetings of the company may be called.

Change of shareholder rights

Pursuant to Section 246B of the Australian Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

Under Australian law an offeror is entitled to make a proportional takeover bid for the Shares of the Company. The Constitution contains a provision prohibiting the registration of the transfers of shares acquired under a proportional takeover bid unless shareholders who are not associated with the bidder approve the proportional takeover bid in a general meeting to be convened prior to 14 days before the end of the offer period for the proportional takeover bid. This provision of the Constitution must be approved by shareholders every three years otherwise it is deemed to have been removed from the Constitution after the expiration of the third year.

The Constitution of the Company is attached to this Prospectus as Appendix 1.

15.12 SHAREHOLDER POLICY

The Company will comply with the disclosure requirements of Oslo Børs and inform Oslo Børs, the Company's shareholders and the market on an ongoing basis of the Company's development, activities and special events, ensuring that as far as possible the pricing of the Shares reflects the underlying values and expectations on future profits. Such information will, among other things, consist of annual reports, quarterly reports, stock exchange bulletins, press releases and investor presentations when appropriate.

15.13 CERTAIN ASPECTS OF AUSTRALIAN CORPORATE LAW

15.13.1 General meetings

The Company is required to give shareholders at least 28 days' notice of a meeting of shareholders. Each shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Australian Corporations Act, Constitution and the listing rules applicable to the companies listed on the NSX. Following the Listing on Oslo Axess, the Company will also adhere to the specific requirements for companies listed on Oslo Axess.

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Australian Corporations Act and the Constitution of the Company.

15.13.2 Voting rights

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with Section 249D of the Australian Corporations Act and the Constitution of the Company.

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

15.13.3 Additional issuances

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, unissued shares shall be under the control of the Directors, and subject to the Australian Corporations Act, applicable listing rules and the Constitution of the Company, the Directors may at any time issue such number of Shares either as ordinary shares or shares of a named class or classes at the issue price that the Directors determine and with such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return on capital or otherwise as the Directors shall in their absolute determine.

The Company currently only has ordinary shares on issue.

To issue shares to shareholders who are residents of the United States upon the exercise of any pre-emptive rights, the Company may be required to file a registration statement in the United States under U.S. securities laws.

15.13.4 Rights of redemption and repurchase of shares

The Company is not entitled to hold its own shares, and any Shares so repurchased will need to be cancelled.

Subject to the requirements in the Australian Corporations Act, an Australian Company may purchase its own shares in accordance with the buy-back provisions of the Australian Corporations Act, on such terms and at such times as may be determined by the Directors from time to time and approved by the shareholders as required pursuant to the Australian Corporations Act.

The Australian Corporations Act recognises five basic types of share buy-backs. These are equal access, on-market, employee share scheme, selective buy-back and minimum holding.

In addition to differences in approvals that apply to the different buy-back types, different rules also apply depending on if the share buy-back involves 10 per cent or less of the total shares to be purchased within a twelve-month period. This is called the 10/12 limit. The requirements for share buy-backs within the 10/12 limits are less onerous than those over that limit. The equal access, on-market, and selective buy-backs are most commonly used and are described in more detail below.

Shares which are bought back by a company are automatically cancelled.

Equal access buy-backs

In an equal access buy-back, all ordinary shareholders are offered a reasonable opportunity to consider the offer, which is to buy back the same percentage of their ordinary shares under an off-market offer. Acceptance of the offer is voluntary.

If a proposed equal access share buy-back is over the 10/12 limit, it requires simple majority approval by shareholders in general meeting. A proposed equal access share buy-back within the 10/12 limit does not require a resolution.

Broadly, limits on an equal-access buy-back include:

- a minimum of 14 days' notice to shareholders and creditors must be given by lodging the buy-back documents with ASIC;
- shareholders must receive a reasonable time to consider the buy-back offer; and
- the buy-back must be commenced and completed within a reasonable time of the notice being lodged with ASIC.

On-market buy-backs

An on-market buy-back is a different form of equal access buy-back, in that offers are not made directly to all shareholders. Instead, a company may purchase its shares directly on a licensed Australian stock exchange in the ordinary course of trading. On-market buy-backs conducted within the 10/12 limit do not require prior shareholder approval.

Selective buy-back

In addition to the requirements set out above for equal access buy-backs, a selective buy-back (one in which identical offers are not made to every shareholder and is not on-market) must first be approved by a special resolution (requiring a 75 per cent majority) of the shareholders in which no vote is cast by selling shareholders or their associates. Selling shareholders may not vote in favour of a special resolution to approve a selective buy-back.

15.13.5 Shareholder vote on mergers and demergers

For a scheme of arrangement, the threshold voting is 50 per cent in number of those persons/entities that vote representing 75 per cent of the shares of those voted. There are no other specific thresholds for a merger or demerger under the Australian Corporations Act.

15.13.6 Minority Rights

The Australian Corporations Act provides remedies of oppressed minority shareholders. Section 232 of the Australian Corporations Act provides courts with wide-ranging powers to grant relief to a shareholder of a company if the conduct of a company's affairs (including any actual or proposed act, omission or resolution) is either:

- (a) Contrary to the interests of the shareholders as a whole; or
- (b) Oppressive to, unfairly prejudicial to, or unfairly discriminatory against, a shareholder or shareholders whether in that capacity or in any other capacity.

The section targets conduct that subjects the minority shareholder to some commercial unfairness. It is not enough that a shareholder is prejudiced or discriminated against, there must be an element of unfairness that goes beyond mere disadvantage.

Pursuant to the Australian Corporations Act, the court has the discretion (but is not obliged) to grant a range of remedies for the purposes of relieving the minority shareholder from the effects of oppression including an order:

- (a) That the company's existing constitution be modified or repealed;
- (b) That one or more shareholders purchase the minority shares at a price to be determined by the court;
- (c) That the company purchase the minority's shares;
- (d) That a receiver and manager be appointed;
- (e) Requiring a person to do a specified act;
- (f) Regulating the conduct of the company's affairs in the future;
- (g) Injuncting the company or any other person from doing an a specified act; and
- (h) That the company be wound up.

15.13.7 Distribution of assets on liquidation

If the Company is wound up the liquidator may, with the authority of a special resolution of the Company and any other sanction required by law, divide among the shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. Subject to the rights of shareholders (if any) entitled to shares with special rights in a winding-up and the Australian Corporations Act, all monies and property that are to be distributed among shareholders on a winding-up, shall be distributed in proportion to the shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on the shares.

15.13.8 Mandatory take-over regime

Takeovers of Australian incorporated companies are regulated under Chapter 6 of the Australian Corporations Act.

The regime under the Australian Corporations Act relates not only to takeover bids for voting shares in publicly listed entities, but also for non-voting shares and other securities, such as convertible debt securities and options over issued or unissued securities or other securities. It also regulates the shares and securities in Australian incorporated companies which are not publicly listed but which have more than fifty holders.

The regulation of takeovers is underpinned by a set of principles which aim to protect security holders and ensure that the transition of control in a public company occurs in a manner which is transparent, fair and treats all security holders equally. The principles are enshrined in section 602 of Chapter 6 of the Australian Corporations Act and provide that:

- i. the acquisition of control should take place in an efficient, competitive and informed market;
- ii. security holders and directors of a target should:
 - a. know the identity of any bidder who proposes to acquire a substantial interest in the target;
 - b. have a reasonable time to consider a proposal; and
 - c. are given enough information to assess its merits; and
- iii. target security holders should have a reasonable and equal opportunity to participate in any benefits flowing from a proposal.

These principles form the basis for the fundamental takeovers prohibition (discussed below) and underpin the further provisions of Chapter 6 which regulate in detail the various aspects of takeovers in Australia. They also form the basis of challenges to, and decisions made by, the Takeovers Panel in relation to takeovers.

The fundamental feature of Chapter 6 is a general takeovers prohibition, contained in section 606 of the Australian Corporations Act, which prohibits a person from acquiring (whether by way of a purchase of existing securities or an issue of new securities) a 'relevant interest' in securities in an Australian company if because of the acquisition:

- i. any person's voting power in the company would increase from below 20 per cent to more than 20 per cent; or
- ii. any person's voting power in the company that is above 20 per cent and below 90 per cent would increase,

unless the acquisition is expressly permitted by one of the 'gateways' set out at section 611 of the Australian Corporations Act.

Although the prohibition is directed against the acquisition of voting securities, it has the corresponding effect of limiting the options available to a security holder wanting to sell a large holding, particularly one of more than 20 per cent, in an Australian public company.

A summary of the types of acquisitions commonly permitted by section 611 is set out below.

Permitted gateways through the 20 per cent prohibition	
Off market takeover bid	Acquisitions under a takeover offer made to all target security holders where security holders sell securities to a bidder by way of off-market acceptances
On-market takeover bid	Acquisitions under a takeover offer (must be a cash offer) made to all target security holders where security holders sell securities to a bidder through the a prescribed stock exchange (which does not include OSE)
Scheme of arrangement	Acquisitions under a scheme of arrangement approved by the target security holders and the Court. For a scheme of arrangement, a court must first approve the calling of the shareholder meeting and the material sent to shareholders for the meeting. Following the meeting, the company needs court approval of the resolutions passed at the shareholder meeting. Essentially, the second court meeting is a "rubber stamping" of the scheme of arrangement which is then filed with the Australian Securities & Investments Commission to take effect.
Security holder approval	Acquisitions made with the approval of independent target security holders not affiliated with the acquisition

Creeping acquisition	Acquisitions of not more than 3 per cent of the voting power in a company in a 6 month period by a security holder already holding at least 19 per cent
Rights issue	Acquisitions resulting from pro-rata rights issues offered equally to all security holders
Underwriting	Acquisitions by an underwriter of an issue of securities made pursuant to a prospectus or other disclosure document
Downstream	Indirect acquisitions resulting from an acquisition of securities in an 'upstream' company listed on a prescribed stock exchange (which does not include OSE) which itself has a relevant interest in a 'downstream' company listed on a prescribed stock exchange (which does not include OSE)

15.13.9 Ownership restrictions

According to statutory Australian law, foreign ownership of substantial interests in Australian companies is subject to prior approval by the FIRB. The regulation applies to all Australian incorporated companies valued in excess of AUD 248 million by either (i) market capitalisation and/or (ii) by consolidated total assets on the balance sheet. The Company currently satisfies criteria (ii) which implies that prior approval by FIRB apply to certain foreign shareholdings in the Company. Prior approval is required for any foreign person, alone or together with their associates, acquiring a substantial interest, being 15 per cent or more of the Shares in the Company. While prior notification is not mandatory for holdings by a foreign person of less than a substantial interest (15 per cent or less) in the Company, the Australian Treasurer has the power to prohibit transactions, or order divestment where several foreign persons hold 40 per cent or more of the Shares, even where those foreign persons are not associated, and where the Australian Treasurer is satisfied the result would be contrary to the Australian national interest.

While the Treasurer has the ability to block proposals that are contrary to the national interest, require such a transaction to be unwound or apply conditions to the way such a proposal is implemented, in practice this power is exercised in limited circumstances. In determining if a proposal is contrary to the Australian national interest, the Treasurer takes into account a number of key factors, namely the impact of the proposal on Australian national security, impact on competition, impact on Australian government policies and impact on the Australian economy and community.

In addition, the Australian Treasurer has released a policy which states that all foreign government investors acquiring 10 per cent or more of the share capital (including investments which are purely commercial) should notify the proposed acquisition to FIRB. This also applies to, *inter alia*, government related investment funds and managed investment schemes, provided that a foreign government holds 15 per cent (or otherwise through a controlling group). If prior approval is required, the transaction cannot be completed until approval is received. FIRB has 30 days, with the option to extend for another 90 days to consider and make a decision and other parties can make enquiries to FIRB to confirm it will need to apply for government approval.

Under the Australian Corporations Act, it is an offence for a person who is in possession of inside information in relation to an Australian company to (in general terms) apply for, acquire or dispose of securities of that company, which includes derivatives and other financial products traded on a market (such as the Depository Receipts, even if not traded in Australia). It is also an offence for such a person to procure another to engage in a prohibited transaction, and to communicate the inside information to another person if the person knows (or ought reasonably to know) that the recipient would be likely to engage in a prohibited transaction. For these purposes, inside information is information which is both price sensitive and non-public. Information will be price sensitive if it would be likely to influence an investor's decision whether to acquire or dispose of the securities. This is a general overview only and should not be relied on as legal advice, and certain exemptions may be available in limited circumstances. The Australian Corporations Act prohibition on insider trading applies to all Australian incorporated companies, whether listed or not.

16. SECURITIES TRADING IN NORWAY

16.1 TRADING AND SETTLEMENT

Trading of equities on Oslo Axess is carried out in the electronic trading system Millennium Exchange. Millennium Exchange is supplied by the London Stock Exchange (LSE), which has used the system for its own marketplaces since 2011.

Official trading on Oslo Axess takes place between 9:00 a.m. (CET) and 4:20 p.m. (CET) each trading day, with pre-trade period between 8:15 a.m. (CET) and 9:00 a.m. (CET), a closing auction call at 4:25 a.m. (CET) and a post-trade period from 4:25 a.m. (CET) to 5:30 a.m. (CET).

The settlement period for trading on Oslo Axess is three trading days (T+3). Pursuant to the new settlement requirements in the EU, including regulation on improving securities settlement in the EU and on central securities depositories (CSDs) and amending Directive 98/26/EC, the VPS has decided that from 6 October 2014 to introduce a settlement period of two trading days (T+2). This means that securities will be settled in the investor's account in the VPS two trading days after the transaction, and that the seller will receive payment after two trading days.

Oslo Clearing ASA has a licence from the Norwegian FSA to act as a central clearing service ("CCP"), and has from 18 June, 2010 offered clearing and counterparty services for equity trading on Oslo Axess. On 2 May 2014 Oslo Clearing ASA was sold to Swiss SIX group by Oslo Børs VPS Holding ASA. For some time Oslo Clearing will maintain its current CCP license and activities as a Norwegian entity under current legislation until consolidation with SIX x-clear Ltd.

Investment services in Norway may only be provided by Norwegian investment firms holding a licence under the Securities Trading Act and branches of investment firms from an EEA member state or investment firms from outside the EEA which have been licenced to operate in Norway. Investment firms established in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a licence to this effect under the Norwegian Securities Trading Act, or in the case of investment firms established in an EEA member state operating cross-border into Norway, a licence to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. Such market-making activities do not as such require notification to the Financial Supervisory Authority of Norway or Oslo Børs except for the general obligation of investment firms that are members of Oslo Børs to report all trades in stock exchange listed securities.

16.2 INFORMATION, CONTROL AND SURVEILLANCE

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA acts as the Norwegian prospectus authority.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or is subject to the application for listing on such market, must promptly and on its own initiative release any inside information (that is, precise information about financial instruments, the Company thereof or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market) to the market. A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Such company must promptly and on its own initiative on a confidential basis inform Oslo Børs about the existence of undisclosed inside information and the reason for the delay in disclosure. Oslo Børs may levy fines on companies violating these requirements.

16.3 THE VPS AND TRANSFER OF SHARES

16.3.1 VPS Norway

The VPS is the Norwegian paperless centralised securities register. The ownership, and all transactions relating to, securities which are listed on a Norwegian regulated market, such as Oslo Axess, are required to be registered in a securities register which is licenced to operate in Norway. Currently the VPS is the only securities register which is licenced to operate in Norway. The VPS and Oslo Axess are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with an account agent, licenced to operate in Norway. Norwegian banks, Norges Bank (that is, Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA, or credit institutions established within the EEA operating cross-border into Norway are allowed to act as account agents.

In order to enable registration of Depository Receipts in the VPS, the Company's Shares to be registered in the VPS in connection with the Offering will be placed in a custodian account of the VPS Registrar in Chess, with the Australian Custodian, as custodian for the VPS Registrar. Although the Australian Custodian will hold the shares in Chess it will only do so as the registered owner and custodian for the VPS Registrar to the benefit of the holders.

The VPS Registrar will, in its capacity as such, operate the Company's register in the VPS which will record the beneficial owners of the Shares as owners of a corresponding number of Depository Receipts. The VPS Registrar has been granted an approval by FIRB to hold the Shares on behalf of the holders as a "bare trustee". The approval is valid to the extent the Company remains listed on the NSX. If the Company decides to de-list from the NSX upon Listing on Oslo Axess, the VPS Registrar will need to apply to FIRB in order to renew its approval.

The technical settlement of any trading of VPS Registered Shares on Oslo Axess will be carried out by transfer of such Depository Receipts in the VPS Register. Each Depository Receipt will represent the beneficial ownership to one Share. These arrangements are set out in a Registrar Agreement dated 23 April 2014 (the "Registrar Agreement"), attached as Appendix 4 to this Prospectus. The VPS Registrar's address is: P.O. Box 1600 Sentrum, Oslo, Norway.

In accordance with market practice in Norway and system requirements of VPS and Oslo Axess, the investors will be registered in VPS as beneficial owners of the VPS Registered Shares and the instruments listed and traded on Oslo Axess will be referred to as shares in the Company. For the purpose of Australian law, the Australian Custodian will, however, be regarded as the legal owner of the VPS Registered Shares and investors registered as the beneficial owners of the Offer Shares in the VPS will have to exercise all rights of ownership relating to the shares, indirectly through the VPS Registrar as their nominee. The investors registered as owners in the VPS must look solely to the VPS Registrar for the payment of dividends, for the exercise of voting rights attached to the shares, and for all other rights arising in respect of the shares. The Registrar Agreement provides that whenever the VPS Registrar receives any notice, report, accounts, financial statements, circular or other similar document relating to the Company's affairs, including notice of a shareholders meeting, the VPS Registrar shall ensure that a copy of such document is promptly sent to the investors registered as owners in VPS, along with any proxy form or other relevant materials.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's Constitution or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS's control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

16.3.2 Cross border trading of shares

Shareholders may execute cross border trading between the VPS and Chess via the VPS Registrar in its capacity as Company sub-registrar in the VPS and the Australian Custodian.

If a shareholder wishes to transfer the trading of its Shares from Australia to Norway or from Norway to Australia, the procedure outlined below must be followed, the shareholder being both the "delivering party" and the "receiving party".

When shares are to be transferred into Norway, the recipient party to the Shares authorises the VPS Registrar to receive the Shares, and instructs to the delivering party in Australia to have the Shares transferred to the Australian Custodian. Upon the VPS Registrar's receipt of confirmation from the Australian Custodian that the Shares have been received, the Depository Receipts will be created and delivered to the VPS account of the recipient party in Norway.

When Depository Receipts are to be transferred out of Norway for receipt and trading in Australia, the delivering party in Norway advises the VPS Registrar on delivery and transfer its Depository Receipts to an intermediary VPS account of the VPS Registrar. Further, the delivering party advises the recipient party that it is to receive the Shares from the Australian Custodian. Upon the VPS Registrar's receipt of the Depository Receipts, the VPS Registrar will instruct the Australian Custodian to deliver the shares to the recipient party in Australia. Once the Australian Custodian confirms the delivery of the shares to the recipient Party, the VPS Registered Shares will be delivered to the intermediary VPS account of the VPS Registrar is terminated from registration in the VPS system. Transfers may only be done "free of pay", thus cash settlement will have to be agreed upon separately between the trading parties. The transfer of trading between Norway and Australia will normally take between one and two business days.

Please note that a charge (currently NOK 650 per transfer) in addition to any broker fees will apply for any transfers in or out of the VPS.

16.4 NOMINEE ACCOUNTS

Holders of shares in non-Norwegian companies may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

16.5 FOREIGN INVESTMENT IN NORWEGIAN SHARES

Foreign investors may trade in shares listed on Oslo Børs and Oslo Axess through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

16.6 DISCLOSURE OBLIGATIONS

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5 per cent, 10 per cent, 15 per cent, 20 per cent, 25 per cent, 1/3, 50 per cent, 2/3 or 90 per cent of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the Company immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital, even if such persons' holding of shares does not change as a result of the change.

16.7 INSIDER TRADING

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to an application for listing on a Norwegian regulated marketplace, or incitement to such

dispositions, must not be undertaken by anyone who has inside information. Inside information is defined in Section 3-2 of the Norwegian Securities Trading Act and refers to precise information about financial instruments issued by the listed company, about the listed company itself or about other circumstances which are likely to have a noticeable effect on the price of financial instruments issued by the listed company or related to financial instruments issued by the listed company, and which is not publicly available or commonly known in the market. Information that is likely to have a noticeable effect on the price shall be understood to mean information that a rational investor would probably make use of as part of the basis for his investment decision. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

16.8 MANDATORY OFFER REQUIREMENT

As the Company is listed on a regulated market place in its home jurisdiction and subject to the Australian take-over code, the Norwegian take-over rules do not apply. The Oslo Stock Exchange has granted the Company an exemption from the Norwegian rules which takes effect from the time when the Company de-lists from the NSX. As such, the Company and its shareholders will only be subject to the Australian take-over code, as further described in section 15.13.8 above.

16.9 FOREIGN EXCHANGE CONTROLS

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder in Norway, and there are currently no restrictions that would affect the right of shareholders of a non-Norwegian company who are residents in Norway to dispose of their shares and receive the proceeds from a disposal in or outside of Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

There are currently Australian exchange controls which restrict remittance of dividends, interest or other payments by the Company to non-resident shareholders outside of Australia, if the non-resident holders are certain persons or entities designated by the Australian Minister of Foreign Affairs or Minister for Trade (as applicable) as being associated with specified foreign governments (including North Korea, Iran and Syria). The Australian Government has also implemented certain financial sanctions made by the United Nations Security Council which prevents dealing with financial resources owned by or giving financial resources to designated persons or entities.

17. TAXATION

Set out below is a summary of certain Norwegian and Australian tax matters related to the purchase, holding and disposal of the Offer Shares. The statements below regarding Norwegian and Australian taxation are based on the laws in force and administrative practice in Norway and Australia as of the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis. Shareholders should be aware that the ultimate interpretation of tax law rests with the Courts. The summary does not address tax laws in other jurisdictions.

The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian and Australian tax considerations that may be relevant for a decision to purchase, own or dispose of shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway or Australia and shareholders who cease to be resident in Norway or Australia for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway or Australia for tax purposes. The summary only applies to shareholders who are beneficial owners of the shares.

Please note that for the purpose of the summary below, a reference to a Norwegian or Australian or non-Norwegian/non-Australian shareholder refers to the tax residency rather than the nationality of the shareholder.

17.1 TAXATION OF THE COMPANY

As the Company is an Australian resident for income tax purposes, it will be taxed on its worldwide income at the Australian corporate tax rate which is currently 30 per cent. The payment of Australian corporate tax by the Company will generate franking credits which may be passed onto shareholders upon payment of dividends (see below).

Losses which the Company makes whether on revenue or capital account may be used by the Company to offset its taxable income provided it satisfies certain company loss rules. Such losses cannot be distributed to shareholders for their benefit.

17.2 NORWAY

Set out below is a summary of certain Norwegian tax matters related to the purchase, holding and disposal of the Offer Shares. Please note that for these purposes, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

There may be Australian tax consequences for Norwegian holders of the Offer Shares, including on disposal of the shares. These are discussed below in section 17.3 - "Australian taxation".

17.2.1 Individual investors

Dividends

Dividends from the Company received by shareholders who are individuals resident in Norway for tax purposes are taxable as ordinary income for such shareholders at a flat rate of 27 per cent to the extent the dividend exceeds a tax-free allowance.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate. The risk free interest rate is based on the effective rate after tax of interest on treasury bills (Norwegian: "statskassveksler") with three months maturity. The allowance is calculated for each calendar year, and is allocated solely to Norwegian individual shareholders holding shares at the expiration of the relevant calendar year. Norwegian individual shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share the following years.

To the extent withholding tax is levied in the Australia (up to 15 per cent according to the tax treaty), double taxation will in general be avoidable in Norway in accordance with the tax treaty and/or domestic Norwegian Tax legislation, through a credit in Norwegian tax for tax paid in Australia.

Disposal of shares

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian individual shareholder through a realization of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a rate of 27 per cent. The gain is subject to tax and the loss is tax-deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share, as the difference between the consideration for the share and the Norwegian individual shareholder's cost price of the share, including any costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian individual shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income. See above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a share will be annulled (and may not be set off against gains from realization of other shares).

If the Norwegian individual shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

If a Norwegian individual shareholder cease to be a tax resident of Norway certain specific regulations applies with regard to realization of shares held by such person.

17.2.2 Corporate investors

Dividends

Dividends from the Company received by shareholders who are Norwegian corporate investors (i.e. limited liability companies and similar) resident in Norway for tax purposes are in general taxable as ordinary income. Ordinary income is subject to tax at a flat rate of 28 per cent.

The Company is tax resident in Australia. Norwegian corporate investors are not taxed on dividends received on shares in limited liability companies and similar entities tax resident in jurisdictions outside the EEA area provided that the jurisdiction is not considered to be a low tax jurisdiction and that the corporate shareholder has been the beneficial owner of at least 10 per cent of the capital and has at least 10 per cent of the votes to be given in a shareholders meeting of the company for a consecutive period of two years. Whether a jurisdiction is a low tax jurisdiction for Norwegian tax purposes is based on a case to case assessment. However, jurisdictions which have a tax rate less than 2/3 of the Norwegian corporate tax rate is considered to be a low tax jurisdiction for Norwegian tax purposes. Based on information available at the date of this Prospectus, the Company does not appear to be located in a low tax jurisdiction. When dividends qualify for the Norwegian exemption method, 3 per cent of the dividend payment is taxed as ordinary income at the 27 per cent rate (i.e. 27 per cent tax on 3 per cent = 0.81 per cent effective tax).

To the extent withholding tax is levied in the Australia (up to 15 per cent according to the tax treaty, although 5 per cent if the ownership interest held is at least 10 per cent), double taxation will in general be avoidable in Norway in accordance with the tax treaty and/or domestic Norwegian Tax legislation, through a credit in Norwegian tax for tax paid in the Australia.

Disposal of shares

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. Capital gains by shareholders who are Norwegian corporate investors (i.e. limited liability companies and similar entities) resident in Norway for tax purposes, from the realisation of shares in the Company, are in general taxable as ordinary income. Ordinary income is subject to a flat tax rate of 27 per cent.

Norwegian corporate investors are however not taxed on gains on shares in limited liability companies and similar entities tax resident in jurisdictions outside the EEA area provided that the jurisdiction is not considered

to be a low tax jurisdiction and that the corporate shareholder has been the beneficial owner of at least 10 per cent of the capital and has at least 10 per cent of the votes to be given in a shareholders meeting of the company for a consecutive period of two years. Whether a jurisdiction is a low tax jurisdiction for Norwegian tax purposes is based on a case by case assessment. However, jurisdictions which have a tax rate less than 2/3 of the Norwegian corporate tax rate is considered to be a low tax jurisdiction for Norwegian tax purposes. Based on information available at the date of this Prospectus, the Company does not appear to be located in a low tax jurisdiction.

17.2.3 Net Wealth Tax

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian individual investors. Currently, the marginal wealth tax rate is 1 per cent of the value assessed. The value for assessment purposes for shares listed on the Oslo Axxess is the listed value as of 1 January in the year of assessment.

Norwegian corporate investors are not subject to wealth tax.

17.3 AUSTRALIAN TAXATION

17.3.1 Share disposals

(i) Capital gains tax - Australian shareholders

Shareholders who hold their shares on capital account will make a capital gain on the disposal of such shares where the capital proceeds received on disposal exceed the shares' cost base. Broadly, a share's cost base will include the price paid by the shareholder, certain incidental costs, and the costs of owning the shares (e.g. interest on money borrowed to acquire the shares where the interest is not otherwise allowable as a tax deduction).

Conversely, a shareholder will make a capital loss on the disposal of a share where the disposal proceeds received are less than the share's reduced cost base. The reduced cost base includes the price paid by the shareholder and incidental costs. However, it does not include the costs of owning the share.

Capital gains and capital losses made by a shareholder in an income year are aggregated, and it is only the net capital gain which is included in the shareholder's assessable income. Net capital losses can only be used to offset capital gains. Capital losses cannot be used to offset other assessable income, but may be carried forward to offset capital gains derived by the shareholder in future income years. Shareholders who are companies are only able to carry forward capital losses where they satisfy certain company loss rules.

A shareholder who has owned their shares for more than 12 months and is either an individual or a trustee may claim the benefit of the capital gains tax ("CGT") discount concession to exempt from tax a portion of any capital gain made on the disposal of the shares. The portion exempted is generally 50 per cent where the shareholder is an individual or a trustee of a trust (other than a trustee of a complying superannuation fund), or 33.33 per cent for a trustee of a complying superannuation fund. Shareholders who are companies are not able to claim the benefit of the CGT discount.

(ii) Capital gains tax - Non-Australian shareholders

Non-Australian shareholders who (together with their associates) hold less than 10 per cent of the interests in the Company are not liable to pay Australian tax on any capital gain made on the disposal of their shares.

Non-Australian shareholders who own a 10 per cent or more interest in the Company would be subject to Australian capital gains tax if, at the time of the disposal, more than 50 per cent of the Company's direct or indirect assets determined by reference to market value, consists of Australian land, leasehold interests or Australian mining, quarrying or prospecting rights. Australian capital gains tax applies to net capital gains at a taxpayer's marginal tax rate.

The Australian government has proposed that a new withholding regime will apply from 1 July 2016. This new regime may require a purchaser of shares to withhold 10 per cent of the purchase price of the shares if the company holds, directly or indirectly, valuable Australian real property assets.

Non-Australian shareholders are not entitled to a CGT discount. Net capital gains are calculated after reduction for capital losses, which may only be offset against capital gains.

(iii) Shareholders holding shares on revenue account

Some shareholders may hold shares on revenue rather than on capital account, for example, share traders. Broadly, Australian shareholders holding their shares on revenue account will include the profit arising from the disposal of their shares in their assessable income and will be taxed on the profit at marginal tax rates. Conversely, a loss arising from the disposal of shares held on revenue account may be allowed as a deduction from assessable income.

Non-Australian shareholders who hold their shares on revenue account and do not have the benefit of a tax treaty may be subject to tax on the profit from the sale if the profit has an Australian source. The Australian law on the source of profits on the sale of shares, and the Commissioner of Taxation's interpretation of that law, is not clear in some circumstances. Non-Australian shareholders holding their shares on revenue account should seek their own Australian tax advice.

To the extent an amount would be included in a shareholder's assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount would generally be reduced, so that the shareholder would not be subject to double tax on any part of the profit or capital gain.

(iv) Other shareholders

Shareholders who are banks, insurance companies, tax exempt organisations, superannuation funds or who acquire their shares under an employee share or option plan may be subject to special or different tax consequences peculiar to their circumstances which are not discussed in this summary.

17.3.2 Dividends

Australia operates a dividend imputation system under which dividends may be declared to be 'franked' to the extent that Australian tax is paid on company profits. Franking credits do not arise in respect of foreign tax paid by an Australian company.

Franked dividends have franking credits attached to them which represent the Australian corporate tax that has already been paid on the profits distributed. An unfranked dividend is paid from profits which have not been subject to Australian corporate tax, and has no franking credits attached.

The tax consequences for a shareholder receiving a dividend differ depending on the residency status of the shareholder and whether a dividend is franked or unfranked.

(i) Australian shareholders

Australian resident shareholders are required to include dividends together with any attached franking credits in their assessable income. Provided a shareholder has held their shares at risk for the requisite holding period, they may claim a tax offset equal to the amount of franking credits attached to the dividend. Shareholders who are individuals or complying superannuation funds may claim a refund to the extent that the tax offset exceeds their tax liability for the income year.

Where a franked dividend is paid to a shareholder who is an Australian resident corporate entity, a franking credit will arise in the corporate entity's franking account to the extent that the dividend is franked. Such a corporate shareholder cannot claim a refund for excess franking credits but may convert them into tax losses.

Unfranked dividends are included in an Australian resident shareholder's assessable income and subject to tax at marginal tax rates. No tax offsets can be claimed in respect of unfranked dividends.

(ii) Non-Australian shareholders

Fully franked dividends are not subject to dividend withholding tax.

Dividends payable to non-Australian resident shareholders that are not operating from an Australian permanent establishment will be subject to dividend withholding tax, to the extent the dividends are not foreign sourced and declared to be conduit foreign income and are unfranked. For shareholders who do not qualify for the benefit of a tax treaty, the rate of withholding will be 30 per cent. For shareholders who qualify for the benefits of a Double Taxation Convention, the rate of withholding may be limited to a lower rate.

17.3.3 Tax file number withholding

Whilst Australian resident shareholders are not obliged to, they should provide the Company with their tax file number ("TFN"). Failure to do so may result in the Company being required to withhold tax at the top marginal individual rate including Medicare levy from any dividends paid to the shareholder. Where a shareholder invests in the Company in the course of carrying on an enterprise then they may quote their Australian Business Number instead.

A Shareholder who has been subjected to TFN withholding may claim a credit in their annual income tax return to the extent of the tax withheld. Non-resident shareholders are generally exempt from TFN withholding.

18. LEGAL AND ARBITRATION PROCEEDINGS

As further described in section 8.9.2, the Gambian Government terminated the Gambian Licences in January 2014. The Gambian Government also notified African Petroleum Gambia in its letters of 3 January 2014 that all other obligations due to the Gambian Government should be fulfilled as required by the Gambian Licences. African Petroleum Gambia has disputed the purported termination and is actively seeking to persuade the Gambian Government to agree a basis for the continuation of the Gambian Licences. Disputes under the Gambian Licences are subject to resolution by confidential arbitration at International Centre for Settlement of Investment Disputes (ICSID).

Disputes are subject to strict confidentiality obligations under the Licences. Nevertheless, in accordance with the license agreements, disputes that cannot be settled amicably are to be resolved by ICSID arbitration. The Gambian Government has failed to respond to African Petroleum Gambia's invitations to meet. In the circumstances African Petroleum Gambia's board has resolved that the dispute will now be resolved by arbitration. Request for arbitration in respect of both of the Gambian Licences was registered by ICSID on 21 March 2014.

African Petroleum Gambia has received unquantified claims from Buried Hill in relation to the Gambian Government's purported termination of the Gambian Licences. Buried Hill has alleged that it has suffered loss as a result of African Petroleum Gambia's breach of the 2010 farm-in agreement. African Petroleum Gambia rejects Buried Hill's claims and if the dispute cannot be amicably resolved any remaining issues will be resolved by confidential International Chamber of Commerce (ICC) arbitration.

In July 2013, the Company settled a claim for drilling operations due to the cancellation of a rig, agreeing to pay a settlement amount of USD 3,753,357. The claim was settled by the equivalent amount of the Company's inventory holding.

Other than as stated above, the Group is not, and has not for the past 12 months, been involved in governmental, legal or arbitration proceedings which have or have had significant effects on the Company and/or the Group's financial position or profitability.

19. ADDITIONAL INFORMATION

19.1 DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection at the Company's registered office during normal business hours from Monday to Friday each week (excluding public holidays) for a period of 12 months from the date of this Prospectus:

- i. the Constitution of the Company;
- ii. the historical audited financial information of the Company and its subsidiary undertakings for each of the two financial years preceding the publication of this Prospectus
- iii. stock exchange notices, including quarterly reports, distributed by the Company through Oslo Børs' information system after the submission of the application for listing; and
- iv. all reports, letters, and other documents and statements prepared by any expert at Company's request any part of which is included or referred to in the Prospectus

Certain of the documents have also been made available on the Company's website www.africanpetroleum.com.au.

19.2 INDUSTRY AND MARKET DATA – SOURCED INFORMATION

This Prospectus contains historical economic and industry data, and forecasts of such data. This information has been obtained from industry publications, market research and other independent third-party sources.

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.3 STATEMENT REGARDING EXPERT OPINIONS

The CPR was prepared for the Company as further described in section 8.5.2 in this Prospectus, by Adam Law of ERC Equipoise Limited dated 22 April 2014. The full report has been incorporated by reference as specified in Section 19.5.

African Petroleum has requested the CPR for the purpose of the Prospectus and the Listing. The author of the CPR has given his consent to the form and context in which the report is included in this Prospectus. The CPR has been produced by an independent expert. ERC Equipoise is an independent consultancy specialising in petroleum reservoir evaluation. Except for the provision of professional services on a fee basis, ERC Equipoise has no commercial arrangement with any other person or company involved in the interests that are the subject of this report. Adam Law is Geoscience Director of ERC Equipoise, a post-graduate in Geology, a Fellow of the Geological Society and a member of the Society of Petroleum Evaluation Engineers. He has 19 years relevant experience in the evaluation of oil and gas fields and exploration acreage, preparation of development plans and assessment of reserves and resources. Business address for Mr. Law c/o ERC Equipoise Ltd, 6th Floor, Stephenson House, 2 Cherry Orchard Road, Croydon CR0 6BA. Mr. Law does not hold any Shares in African Petroleum.

19.4 ADVISORS AND MANAGER

Pareto Securities AS is the Manager and Bookrunner for the listing and Offering. Wikborg, Rein & Co. Advokatfirma DA is acting as Norwegian counsel to the Company and Baker & McKenzie is acting as the Australian legal counsel to the Company. Advokatfirmaet Thommessen AS is acting as Norwegian legal counsel to the Manager.

19.5 DOCUMENTS INCORPORATED BY REFERENCE

Pursuant to article 28 of the Prospectus Directive, the information set out in the cross reference table below is incorporated in this Prospectus by reference. The information incorporated in this Prospectus by reference as set out below, is also available for inspection at the Company's office address and on <http://www.africanpetroleum.com.au/investors/investment-proposition/financial-reports>.

Section in Prospectus	Disclosure requirements of the Prospectus	Reference document and link	Page in reference document
1, 11, 12, 13	Audited consolidated historical financial information (Annex 1, Section 20.1)	African Petroleum Corporation Limited – Annual Financial Report 2013: http://www.africanpetroleum.com.au/investors/investment-proposition/financial-reports Statement of Comprehensive Income Statement of Financial Position Statement of Changes in Equity Statement of Cash Flows Notes to the Financial Statements Independent Auditor's Report	 35 36 37 39 40 79
		African Petroleum Corporation Limited – Annual Financial Report 2012: http://www.africanpetroleum.com.au/investors/investment-proposition/financial-reports Statement of Comprehensive Income Statement of Financial Position Statement of Changes in Equity Statement of Cash Flows Notes to the Financial Statements Independent Auditor's Report	 41 42 43 45 46 83
1, 12, 13		African Petroleum Corporation Limited – quarterly reports Q1 http://www.africanpetroleum.com.au/investors/investment-proposition/financial-reports Consolidated statement of cash flows	 1
1, 11, 12, 13	Accounting Policies (Annex 1, Section 20.1)	African Petroleum Corporation Limited – Annual Financial Report 2013: http://www.africanpetroleum.com.au/investors/investment-proposition/financial-reports	40-51
		African Petroleum Corporation Limited – Annual Financial Report 2012: http://www.africanpetroleum.com.au/investors/investment-proposition/financial-reports	47-56
2, 8, 9		Competent Persons Report dated 22 April 2014	

20. DEFINITIONS AND GLOSSARY OF TERMS

20.1 DEFINITIONS

Additional Shares	Over-allotted shares equalling up to 10 per cent of the Offer Shares
African Oil	African Oil Investing SARL
African Petroleum Cayman	African Petroleum Corporation Limited (Cayman Islands)
African Petroleum Côte d'Ivoire	African Petroleum Côte d'Ivoire Limited
African Petroleum Gambia	African Petroleum Gambia Limited
African Petroleum Senegal	African Petroleum Senegal Limited
African Petroleum Sierra Leone	African Petroleum Sierra Leone Limited
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act No. 11 of 6 March 2009 ("Hvitvaskingsloven") and the Norwegian Money Laundering Regulations no 302 of 13 march 2009
Application Office	The office at which (i) orders in the Institutional Offering and (ii) orders in the Retail Offering (in the form of delivery of Order Forms) can be made
ASIC	Australian Securities and Investments Committee
AUD	Australian Dollars, the lawful currency of Australia
Australian Corporations Act	The Australian Corporations Act of 2001
Australian Custodian	Citibank Melbourne
Board of Directors or Board	The board of directors of the Company
Bookbuilding Period	The period in which orders may be forwarded to the Manager in respect of the Institutional Offering, starting at 12 May 2014 at 9:00 a.m. (CET) and ending on 20 May 2014 at 3:00 p.m. (CET)
BP	BP Exploration Operating Company Limited
Buried Hill	Buried Hill Gambia BV
Cape Lambert	Cape Lambert Resources Limited
CGC	The NSX Corporate Governance Council
Chess	The Clearing House Electronic Sub-register System, a sub-register of the Company which together with the issuer sponsored sub-register constitutes the share register of the Company
CI Licences	Licences CI-509 and CI-513 in Côte d'Ivoire
CI Subsidiary	African Petroleum Côte d'Ivoire SAU
Code	NSX corporate governance principles
Company, APCL or African Petroleum	African Petroleum Corporation Limited, an Australian public limited liability company with Australian organisation number ACN 125 419 730
Computershare	Computershare Investor Services Pty Ltd
Constitution	Means the Constitution of the Company, as last amended on 2 April and attached hereto as Appendix 1
CPR	Competent Persons Report
Depository receipts	means the depository receipts issued in the VPS, representing the beneficial interest in

	the underlying shares.
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EEA	European Economic Area
EHL	European Hydrocarbons Limited (UK)
EHL Cayman	European Hydrocarbons Limited (Cayman Islands)
ERC Equipoise	ERC Equipoise Ltd.
Exploration Facility	The Company's USD 25m exploration facility with Platinum
FIRB	The Australian Foreign Investment Review Board
FSMA	Financial Services and Markets Act
Global Iron	Global Iron Limited
ICSID	International Centre for Settlement of Investment Disputes
IFRS	International Financial Reporting Standards
Institutional Offering	The offering directed (a) to investors in Norway, (b) to investors outside Norway and the United States, pursuant to applicable exemptions from local prospectus requirements and other filing requirements and in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and (c) in the United States to qualified institutional buyers ("QIBs") as defined in, and in reliance on Rule 144A under the U.S. Securities Act; subject to a minimum application of NOK 1,000,000
IPL	International Petroleum Limited
Issuer Sponsored Sub-register.	A sub-register of the Company's Share Register administrated by Computershare and which combined with the Company's shares registered in Chess constitutes the Company's share register
ISM	International Management Safety Code
Ivorian PSCs	The PSC between Petroci, the Ministry of Mining, Petroleum and Energy of the Republic of Ivory Coast, and the Group through its CI Subsidiary, effective on the date of signature, being 19 December 2011 with regard to the CI-513 licence and 16 March 2012 with regard to the CI-509 licence
Lending Option	The option to loan up to 15,384,615 Shares from the Lending Shareholder to facilitate any Over-allotment to be made in connection with Offering
Lending Shareholder	Sarella Investments Limited
LIBOR	London Interbank Offered Rate
Listing	The listing and trading of the Company's shares on Oslo Axess
Listing Application	The Company's application for listing at Oslo Axess dated 25 April 2014.
Manager	Pareto Securities AS
NIBOR	Norwegian Inter Bank Offered Rate
NOK	Norwegian Kroner, the lawful currency in Norway.
Non-Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholders	Shareholders who are individuals not resident in Norway for tax purposes.

Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian FSA	The Financial Supervisory Authority of Norway.
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 ("Verdipapirhandelloven").
NSX	The National Stock Exchange of Australia
Offer Price	The subscription price to be paid for the Offer Shares, which will be determined by the Board of the Company after the end of the Bookbuilding Period and the Order Period.
Offer Shares	Up to 153 846 154 new shares to be issued by the Company in the Offering.
Offering	The offering contemplated by this Prospectus, pursuant to the terms and conditions set out herein.
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
Order Form	The application form to be used by investors when ordering shares in the Offering.
Order Period	The period when orders for Offer Shares will be accepted in the Retail Offering, starting at 12 May 2014 at 9:00 a.m. (CET) and ending on 20 May 2014 at 12:00 p.m. (CET) 2014.
Oslo Axess	A regulated market place operated by Oslo Børs ASA.
Oslo Børs	Oslo Børs ASA.
Petroci	Petroci Holding, Société Nationale d'Opérations Pétrolières de la Côte d'Ivoire
Petrosen	Société des Pétroles du Sénégal, the national oil company of Senegal
Prospectus	This Prospectus dated 9 May 2014 prepared in connection with the Offering and the application for listing on Oslo Axess
Prospectus Directive	The EC Commission Regulation EC/809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses.
Price Range	The indicative price range set by the Board of Directors in consultation with the Manager prior to the offering of shares, being NOK 1.30 to NOK 1.45 per Share. The final price per share may be set higher or lower at the sole discretion of the Board of Directors according to normal market practice.
QIB	Qualified Institutional Buyer, as defined in Rule 144A under the U.S. Securities Act.
Regal Liberia	Regal Liberia Limited
Regal Petroleum	Regal Petroleum plc
Registrar Agreement	means the registrar agreement entered into with the VPS Registrar for the purpose of enabling the registration of the Shares in the VPS
Relevant Member State	Each member state of the EEA which has implemented the Prospectus Directive
Retail Offering	The tranche of the Offering in which Offer Shares are being offered to the public in Norway subject to a lower limit per application of NOK 10,500 and an upper limit per application of NOK 999,999 for each applicant
ROP	The Rufisque Offshore Profond block
Senegal Licences	ROP and SOSOP
Sierra Leone Licences	Licences SL-03 and SL-4A-10

SL-03 Petroleum Agreement	The petroleum agreement entered into between the Sierra Leone government and EHL on 23 April 2010 in respect of Licence SL-03
SL-4A-10 Petroleum Agreement	The petroleum exploration and production licence agreement entered into between the Sierra Leone government and African Petroleum Sierra Leone on 17 September 2012 in respect of Licence SL-4A-10
Sarella	Sarella Investments Limited
Shares	The shares in the Company as of the date of the Prospectus
SOSP	The Senegal Offshore Sud Profond block
The Gambia	The Republic of the Gambia
The Gambia Licences	Licences A1 and A4
TSX	The Toronto Stock Exchange
U.S. Exchange Act	The U.S. Securities Exchange Act of 1934, as amended.
U.S. Securities Act	The Securities Act of 1933, as amended.
VaR	Value at risk
VPS	Verdipapirsentralen (Norwegian Central Securities Depository), which organises the Norwegian paperless securities registration system and where the Offer Shares will be registered
VPS account	An account with VPS for the registration of holdings of securities.
VPS Registrar	DNB Bank ASA

20.2 GLOSSARY OF TERMS

AAPG	The American Association of Petroleum Geologists
bnbbbls	Billion barrels
CGT	Capital gains tax
2D seismic	Powerful echo sounders that receive sound reflected from the underground along straight lines.
3D seismic	As 2D seismic, but here the sound is captured in a net of receivers, enabling the construction of a three-dimensional picture of the underground. Smaller oil traps can more often than not be mapped only with the use of 3D seismic
EIA	Environmental Impact Assessment
E&P	Exploration and production
Farm-in/Farm-out	acquire or to dispose of an oil interest to a third party
GST	Goods and services tax
HSE	Health, safety and environmental
ISM	International Management Safety Code
JOA	Joint Operating Agreement
Liberian Effective Date	11 June 2008
Liberian Licences	Licences LB-08 and LB-09

Liberian PSCs	The PSC entered into for each of the Liberian Licences between the Republic of Liberia, NOCAL, EHL and Regal Liberia on 16 June 2005
MMstb	million barrels of oil
Net mean un-risked rec	Volumetric estimate for recoverable hydrocarbons in a prospect on a net basis, i.e. adjusted for the partner's respective shareholding in the licence, but not adjusted for the probability of making discovery.
NOCAL	The National Oil Company of Liberia
OPEC	Organization of Petroleum Exporting Countries
PSDM	Pre-Stack Depth Migration
PSTM	Pre-Stack Time Migration
Prospect	A defined volume that has been mapped where it is probable that hydrocarbons are present
PRMS	The Petroleum Resources Management System, issued by SPE, AAPG, WPC and SPEE in March 2007
Prospective resources	Estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. This class represents a higher risk than contingent resources since the risk of discovery is also added.
PSCs	Production Sharing Contracts
R&D	Research and Development
SPE	The Society of Petroleum Engineers
SPEE	The Society of Petroleum Evaluation Engineers
TFN	Tax file number
TVD	True Vertical Depth
TVDSS	True Vertical Depth Sub Sea level
WI	Working interest
West African Transform Margin	An area between two tectonic plates – which extends nearly 1,500 km along the coast from eastern Ghana, across Ivory Coast and Liberia, and to the west of Sierra Leone
WPC	The World Petroleum Council

CORPORATIONS ACT 2001

CONSTITUTION

of

AFRICAN PETROLEUM CORPORATION LIMITED

ACN 125 419 730

(adopted on 2 April 2014)

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CORPORATIONS ACT
CONSTITUTION
of
AFRICAN PETROLEUM CORPORATION LIMITED
ACN 125 419 730

1.	INTERPRETATION
1.1	Definitions
	In this Constitution:
	Alternate Director means a person appointed as an alternate director under clause 15.7.
	ASIC means Australian Securities and Investments Commission.
	ASTC Settlement Rules mean the settlement rules of Australian Settlement and Transfer Corporation Pty Ltd.
	Auditor means the Company's auditor.
	Bonus Share Plan means a plan implemented under clause 23.
	Business Day means a day other than a Saturday, a Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day declared and published to be a day which is not a business day by a Recognised Stock Exchange.
	CHES Approved Securities means securities of the Company for which CHES approval has been given in accordance with the ASTC Settlement Rules, or such amended definition as may be prescribed by the Listing Rules from time to time.
	CSD means a central securities depository
	CSD Approved Securities means CHES Approved Securities and other securities of the Company for which CSD approval has been given in accordance with applicable Settlement Rules, or such amended definition as may be prescribed by the Listing Rules or other applicable regulations pertaining to such CSD from time to time.
	CSD System means (i) the Clearing House Electronic Subregister System operated by Australian Settlement and Transfer Corporation Pty Ltd or (ii) such other securities clearing house as is approved pursuant to the Corporations Act and/or relevant legislation pertaining to such CSD and to which the Listing Rules apply.
	CSD Transfer means a transfer of quoted securities or quoted rights effected in:

Constitution – African Petroleum Corporation Limited

- (a) accordance with the Settlement Rules; or
- (b) substantial accordance with the Settlement Rules and determined by the Australian Settlement and Transfer Corporation or any other applicable corporation under and in accordance with applicable Settlement Rules to be an effective transfer.
- Company** means African Petroleum Corporation Limited (ACN 125 419 730) or as it is from time to time named in accordance with the Corporations Act of this jurisdiction.
- Constitution** means this constitution as altered or amended from time to time.
- Corporations Act** means the Corporations Act 2001 (Cth).
- Corporations Regulations** means the Corporations Regulations 2001 (Cth).
- Director** means a person appointed to the position of a director of the Company and where appropriate, includes an Alternate Director.
- Directors** means all or some of the Directors acting as a board.
- Dividend Reinvestment Plan** means a plan implemented under clause 24.
- Home Branch** means the state branch of a Recognised Stock Exchange designated as such in relation to the Company by such Recognised Stock Exchange, and any reference to a Home Branch shall only apply to the extent applicable to such Recognised Stock Exchange.
- Listed Securities** means any Shares, Share Options, stock, debentures, debenture stock or other securities for the time being issued by the Company and officially quoted by a Recognised Stock Exchange on its stock market.
- Listing Rules** means the listing rules of a Recognised Stock Exchange and any other rules, including but not limited to continuing obligations, of a Recognised Stock Exchange which are applicable while the Company is admitted to the official list of a Recognised Stock Exchange, each as amended or replaced from time to time, except to the extent of any express written waiver by the relevant Recognised Stock Exchange.
- Loan Securities** includes:
- (a) unsecured notes or unsecured deposit notes;
- (b) mortgage debentures or mortgage debenture stock;

- (c) debentures or debenture stock; and
- (d) for the purposes of the Listing Rules, convertible loan securities.
- Office** means the registered office of the Company.
- Officer** means any Director or Secretary of the Company or such other person within the meaning of that term as defined by the Corporations Act.
- Prescribed Rate** means the rate of 18% per annum or such other rate as may from time to time be fixed by the Directors.
- Recognised Stock Exchange** means a recognised stock exchange or relevant financial market; the official list upon which the Company's securities may be quoted from time to time.
- Registered Office** means the registered office of the Company in the State.
- Register of Shareholders** means the register of Shareholders kept by the Company in accordance with Section 169 of the Corporations Act (including any branch register and any computerised or electronic subregister established and administered under the Settlement Rules).
- Related Body Corporate** means a corporation which by virtue of the provisions of Section 50 of the Corporations Act is deemed to be related to the relevant corporation and **related** has a corresponding meaning.
- Representative** means a person authorised to act as a representative of a corporation under clause 12.24.
- Restricted Securities** has the meaning ascribed to it by the Listing Rules to the extent applicable.
- Seal** means the common seal of the Company and includes any official seal and, where the context so admits, the Share Seal of the Company.
- Secretary** means any person appointed to perform the duties of a secretary of the Company.
- Settlement Rules** mean the ASIC Settlement Rules or any other settlement rules applicable to the Company as a consequence of a Listing on a Recognised Stock Exchange
- Share** means a share in the capital of the Company.
- Shareholder** means a person or company registered in the Register of Shareholders as the holder of one or more Shares and includes any person or

company who is a member of the Company in accordance with or for the purposes of the Corporations Act.

Shareholding Account means an entry in the Register of Shareholders in respect of a Shareholder for the purpose of providing a separate identification of some or all of the ordinary Shares registered from time to time in the name of that Shareholder and **Securities Account** has an equivalent meaning in relation to Listed Securities of all kinds, including ordinary Shares.

Share Option means an option to require the Company to issue a Share.

Share Seal means the duplicate common seal referred to in clause 18.3.

State means Western Australia.

1.2 Corporations Act Definitions

Any word or expression defined in or for the purposes of the Corporations Act shall, unless otherwise defined in clause 1.1 or the context otherwise requires, have the same meaning when used in this Constitution, and the rules of interpretation specified in or otherwise applicable to the Corporations Act shall, unless the context otherwise requires, apply in the interpretation of this Constitution.

1.3 Status of Constitution

This Constitution is adopted by the Company in substitution for any former memorandum and articles of association or other consistent documents of the Company. To the extent permitted by law, the replaceable rules provided for in the Corporations Act do not apply to the Company.

1.4 Headings

Headings are inserted in this Constitution for convenience only, and shall not affect the interpretation of this Constitution.

1.5 Displacement of Replaceable Rules

The provisions of the Corporations Act that apply to public companies as replaceable rules are displaced completely by this Constitution in relation to the Company.

2. SHARE CAPITAL AND VARIATION OF RIGHTS

2.1 Rights Attaching to Shares

Subject to this Constitution and to the terms of issue of Shares, all Shares attract

the right to receive notice of and to attend and vote at all general meetings of the Company, the right to receive dividends, in a winding up or a reduction of capital, the right to participate equally in the distribution of the assets of the Company (both capital and surplus), subject to any amounts unpaid on the Share and, in the case of a reduction, to the terms of the reduction.

2.2 Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, unissued Shares shall be under the control of the Directors and, subject to the Corporations Act, the Listing Rules and this Constitution, the Directors may at any time issue such number of Shares either as ordinary Shares or Shares of a named class or classes (being either an existing class or a new class) at the issue price that the Directors determine and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Directors shall, in their absolute discretion, determine.

2.3 Share Options

Subject to the Listing Rules, the Directors may at any time and from time to time issue Share Options on such terms and conditions as the Directors shall, in their absolute discretion, determine.

2.4 Classes of Shares

If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may be varied, whether or not the Company is being wound up, with the consent in writing of the holders of three quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of the class. Any variation of rights under this clause 2.4 shall be subject to Part 2F.2 of Chapter 2F of the Corporations Act. The provisions of this Constitution relating to general meetings shall apply so far as they are capable of application and with necessary alterations to every such separate meeting except that a quorum is constituted by two persons who together hold or represent by proxy not less than one-third of the issued Shares of the class.

2.5 Preference Shares

Subject to the Listing Rules and the Corporations Act, the Company may issue preference Shares:

- (a) that are liable to be redeemed whether at the option of the Company or otherwise; and

- (b) including, without limitation, preference shares of the kind described in clause 2.5(a) in accordance with the terms of Schedule 1.

2.6 Recognition of Trusts

Except as permitted or required by the Corporations Act, the Company shall not recognise a person as holding a Share or Share Option upon any trust.

2.7 Unregistered Interests

The Company is not bound by or compelled in any way to recognise any equitable, contingent, future or partial right or interest in any Share or Share Option (whether or not it has notice of the interest or right concerned) unless otherwise provided by this Constitution or by law, except an absolute right of ownership in the registered holder of the Share or Share Option.

2.8 Share Certificates and Share Option Certificates

Subject to the Settlement Rules (if applicable), clause 4 and the Listing Rules, a person whose name is entered as a Shareholder in the Register of Shareholders is entitled without payment to receive a Share certificate or notice (as the case may be) in respect of the Share under the Seal in accordance with the Corporations Act but, in respect of a Share or Shares held jointly by several persons, the Company is not bound to issue more than one certificate or notice. Delivery of a certificate or notice for a Share to one of several joint Shareholders is sufficient delivery to all such holders. In addition:

- (a) Share certificates or notices in respect of Shares shall only be issued in accordance with the Listing Rules;
- (b) subject to this Constitution, the Company shall dispatch all appropriate Share certificates within 5 Business Days of the issue of any of its Shares and within 5 Business Days after the date upon which a transfer of any of its Shares is lodged with the Company;
- (c) where a Share certificate is lost, worn out or destroyed, the Company shall issue a duplicate certificate in accordance with the requirements of Section 1070D of the Corporations Act and the Listing Rules; and
- (d) the above provisions of this clause 2.8 shall, with necessary alterations, apply to Share Options.

If securities of the Company are CDS Approved Securities and held in uncertificated mode, then the preceding provisions of this clause 2.8 do not apply to those Securities and the Company shall allot such CDS Approved Securities and enter those CDS Approved Securities into the Shareholder's uncertificated holding in accordance with the Listing Rules and the Settlement

Rules.

2.9 Section 1071H of the Corporations Act

Clause 2.8 shall not apply if and to the extent that, on an application by or on behalf of the Company, the ASIC has made a declaration under Section 1071H(5) of the Corporations Act published in the Commonwealth of Australia Gazette that the Company is a person in relation to whom Section 1071H of the Corporations Act does not apply.

2.10 Commissions

The Company may, subject to the Listing Rules, exercise the powers of paying commission conferred by Section 258C of the Corporations Act if the percentage or the amount of the commission paid or agreed to be paid is disclosed. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in the one way and partly in the other. The Company may also on any issue of Shares pay such brokerage as may be lawful.

2.11 Restricted Securities

The Company shall comply in all respects with the requirements of the Listing Rules with respect to any Restricted Securities. Without limiting the generality of the above:

- (a) Restricted Securities cannot be disposed of during the escrow period except as permitted by the Listing Rules or a Recognised Stock Exchange;
- (b) the Company will refuse to acknowledge a disposal (including registering a transfer), assignment or transfer of Restricted Securities during the escrow period except as permitted by the Listing Rules or a Recognised Stock Exchange; and
- (c) during a breach of the Listing Rules relating to Restricted Securities or a breach of a restriction agreement the holder of the Restricted Securities is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.

2.12 Non-issue or Cancellation of Certificate

Notwithstanding any other provision of this Constitution, the Company need not issue a certificate, and may cancel any certificate without issuing a certificate in substitution, in respect of any Shares or Share Options of the Company in any circumstances where the non-issue or cancellation of that certificate is permitted by the Corporations Act, the Listing Rules or the any applicable

Settlement Rules.

2.13 No Prohibition on Foreign Ownership

Nothing in this Constitution shall have the effect of limiting or restricting the ownership of any securities of the Company by foreign persons except where such limits or restrictions are prescribed by Australian law.

2.14 Payment of interest out of Capital

Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which can not be made profitable for a lengthened period the Company may pay interest on so much of such share capital as is paid up for the period and may charge this interest to capital as part of the cost of construction of the works, buildings or plant.

3. MINIMUM SHAREHOLDING

3.1 Effect of this Clause

The provisions of this clause have effect notwithstanding any other provision of this Constitution, except clause 33.

3.2 Definitions

In this clause:

Authorised Price means the price per share of the Listed Securities equal to the simple average of the last sale prices of the Listed Securities quoted on a Recognised Stock Exchange for each of the ten trading days immediately preceding the date of any offer received by the Company pursuant to clause 3.5.

Date of Adoption means the date upon which this clause is inserted in this Constitution by special resolution of the members of the Company.

Date of Effect means the date immediately following the date of expiry contained in the **second** notice by the Company to Minority Members in accordance with clause 3.15.

Minimum Shareholding means a number of shares equal to a "marketable parcel" of Listed Securities within the meaning of the Listing Rules.

Minority Member means a member holding less than the Minimum Shareholding on or at any time after the Date of Adoption.

Purchaser means the person or persons (including one or more members) whose offer or offers to purchase Listed Securities is or are accepted by the Company.

3.3 Minimum Shareholding

Subject to clauses 3.13 to 3.15 (inclusive), on and from the Date of Effect, the shareholding of a member which is less than the Minimum Shareholding may be sold by the Company pursuant to the provisions of this clause 3.

3.4 Sale of Listed Securities of Minority Member

Subject to clauses 3.13 to 3.15 (inclusive), on and from the Date of Effect, each Minority Member shall be deemed to have irrevocably appointed the Company as its agent:

- (a) to sell all the Listed Securities held by him at a price not less than the Authorised Price and without any cost being incurred by the Minority Member;
- (b) to deal with the proceeds of the sale of those Listed Securities in accordance with this clause; and
- (c) where the Listed Securities are CHES Approved Securities held in uncertificated form, to initiate a Holding Adjustment (as defined in the ASTC Settlement Rules) to move the securities from the CHES Holding (as defined in the ASTC Settlement Rules) of the Minority Member to an Issuer Sponsored or Certificated Holding (as defined in the ASTC Settlement Rules) for the sale of the Listed Securities.

3.5 Acceptance of Offer

Where the Company receives an offer for the purchase of all the Listed Securities of a Minority Member to whom this clause applies at the date of the offer at a price not less than the Authorised Price, the Company may accept the offer on behalf of that Minority Member.

3.6 Appointment of Attorney

The Company shall, by instrument in writing, appoint a person or persons to act as attorney or attorneys of each Minority Member to whom this clause applies, to execute an instrument or instruments of transfer of their Listed Securities to the Purchaser.

3.7 Transfer

Where:

- (a) all the Listed Securities of each Minority Member to whom this clause applies at any time are sold to one Purchaser; or
 - (b) all the Listed Securities of two or more Minority Members to whom this clause applies at any time are sold to one Purchaser,
- the transfer may be effected by one instrument of transfer.

3.8 Proceeds of Sale

The Company shall receive the aggregate proceeds of the sale of all of the Listed Securities of each Minority Member to whom this clause applies at any time and shall:

- (a) immediately cause the name of the Purchaser to be entered in the Register of Shareholders as the holder of the Listed Securities sold; and
- (b) within fourteen days of receipt of the relevant share certificate or otherwise as soon as is practicable, cause the pro rata proportions of the proceeds attributable to each Minority Member to be sent to each Minority Member by cheque mailed to his address in the Register of Shareholders (or in the case of joint holders, to the address of the holder whose name is shown first in the Register of Shareholders), this cheque to be made payable to the Minority Member (or, in the case of joint holders, to them jointly). In the case where a Minority Member's whereabouts are unknown or where a Minority Member fails to return the share certificate or certificates (where required) relating to the Listed Securities sold, the proceeds of sale shall be applied in accordance with the applicable laws dealing with unclaimed moneys.

3.9 Receipt of Proceeds

The receipt by the Company of the proceeds of sale of Listed Securities of a Minority Member shall be a good discharge to the Purchaser of all liability in respect of the purchase of the Listed Securities.

3.10 Registration of Purchaser

Upon entry of the name of the Purchaser in the Register of Shareholders as the holder of the Listed Securities of a Minority Member to whom this clause applies:

- (a) the Purchaser shall not be bound to see to the regularity of the actions and proceedings of the Company pursuant to this Constitution or to the application of the proceeds of sale; and
- (b) the validity of the sale shall not be impeached by any person.

3.11 Remedies Limited

The remedy of any Minority Member to whom this clause applies in respect of the sale of his or her Listed Securities is expressly limited to a right of action in damages against the Company to the exclusion of any other right, remedy or relief against any other person.

3.12 Cost of Sale of Listed Securities

The Company shall bear all the costs of the sale of the Listed Securities.

3.13 Exemption from Clause 3

The Company must give written notice to a Minority Member and, where the Shares are CHES Approved Securities, to the Controlling Participant (as defined in the ASTC Settlement Rules) for the holding of the Minority Member, advising of the Company's intention to sell his or her shareholding pursuant to this clause 3. Unless the Minority Member, within 6 weeks of receipt of notice from the Company in accordance with this clause 3, gives written notice to the Company that it desires its shareholding to be exempted from clause 3, then the provisions of clause 3 shall apply to this Minority Member. Where Shares are CHES Approved Securities, a written notice by the Company in terms of this clause shall comply with the ASTC Settlement Rules.

3.14 Notice to Exempt

Where a Minority Member has given written notice to the Company that it desires its shareholding to be exempted from clause 3 it may, at any time, revoke or withdraw that notice. In that event the provisions of clause 3 shall apply to the Minority Member.

3.15 Election to Exempt

Where a Minority Member has not given written notice to the Company within 6 weeks of receipt of notice from the Company in accordance with clause 3 that it desires its shareholding to be exempted from clause 3, then the Company shall give that Minority Member and, where the Shares are CHES Approved Securities, to the Controlling Participant (as defined in the ASTC Settlement Rules) for the holding of the Minority Member, a second written notice complying with the ASTC Settlement Rules advising that the Company intends to sell its shareholding immediately upon expiration of 5 Business Days from the date of that notice unless the Minority Member gives written notice to the Company within that time that it desires its shareholding to be exempted from clause 3, in which case clause 3 shall not apply to the Minority Member.

3.16	Takeover Offer or Announcement	The Company shall not commence to sell Listed Securities comprising less than a Minimum Shareholding following the announcement of a takeover offer or takeover announcement for the Company.
3.17	Use by Company of Clause 3	This clause 3 may be invoked only once in any twelve month period after its adoption or re-adoption.
4.	UNCERTIFICATED HOLDINGS AND ELECTRONIC TRANSFERS	
4.1	Electronic or Computerised Holding	The Directors may do anything they consider necessary or desirable and which is permitted under the Corporations Act and the Listing Rules to facilitate the participation by the Company in any CDS System and any other computerised or electronic system established or recognised by the Corporations Act or the Listing Rules for the purposes of facilitating dealings in Shares or securities.
4.2	Statement of Holdings	Where the Directors have determined not to issue share certificates or to cancel existing Share certificates, a Shareholder shall have the right to receive such statements of the holdings of the Shareholder as are required to be distributed to a Shareholder under the Corporations Act or the Listing Rules.
4.3	Share Certificates	If the Directors determine to issue a certificate for Shares held by a Shareholder, the provisions in relation to Share certificates contained in clause 2 shall apply.
4.4	Listing Rules	The Company shall comply with the Listing Rules and the Settlement Rules in relation to the CDS System.
5.	LIEN	
5.1	Lien for Members Debts	The Company has a first and paramount lien on each Share (except where the Share is a Listed Security and is fully paid up) registered in a Shareholder's name in respect of all money owed to the Company by the Shareholder (including any money payable under clause 5.2 to the extent that the Company has made a payment in respect of a liability or a requirement referred to in that clause) but

		not any unpaid call once the Share has been forfeited under section 254Q.
5.2	Generally	Whenever any law for the time being of any country, state or place imposes or purports to impose any immediate or future possible liability upon the Company to make any payments or empowers any government or taxing authority or governmental official to require the Company to make any payment in respect of any Shares held either jointly or solely by any Shareholder, or in respect of any transfer of Shares, or of any dividends, bonuses or other moneys due or payable or accruing due or which may become due or payable to such Shareholder by the Company on or in respect of any Shares or for or on account or in respect of any Shareholder, and whether in consequence of:
	(a)	the death of such Shareholder;
	(b)	the non-payment of any income tax or other tax by such Shareholder;
	(c)	the non-payments of any estate, probate, succession, death, stamp or other duty by the executor or administrator of such Shareholder or by or out of his estate; or
	(d)	any other act or thing,
		the Company in every case:
	(a)	shall be fully indemnified by such Shareholder or his executor or administrator from all liability;
	(b)	shall have a lien upon all dividends, bonuses and other moneys payable in respect of the Shares held either jointly or solely by this Shareholder for all moneys paid by the Company in respect of the Shares or in respect of any dividend, bonus or other money or for an account or in respect of this Shareholder under or in consequence of any law, together with interest at the Prescribed Rate from date of payment to date of repayment, and may deduct or set off against any dividend, bonus or other moneys so paid or payable by the Company together with interest at the Prescribed Rate;
	(c)	may recover as a debt due from this Shareholder or his or her executor or administrator, wherever constituted or situate, any moneys paid by the Company under or in consequence of any such law and interest on these moneys at the Prescribed Rate and for the period mentioned above in excess of any dividend, bonus or other money as mentioned above then due or payable by the Company to such Shareholder; and
		Nothing in this clause contained shall prejudice or affect any right or remedy

which any law may confer or purport to confer on the Company, and, as between the Company and every such Shareholder, his or her executor, administrator and estate, wherever constituted or situate, any right or remedy which this law shall confer on the Company shall be enforceable by the Company.

5.3 Exemption

The Directors may at any time exempt a Share wholly or in part from the provisions of this clause 5.

5.4 Dividends

Whenever the Company has a lien on a Share, the lien extends to all dividends payable in respect of the Share.

5.5 Sale of Shares

Subject to clause 5.6, the Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien.

5.6 Restrictions on Sale

A Share on which the Company has a lien shall not be sold unless:

- (a) the sum in respect of which the lien exists is presently payable; and
- (b) the Company has, not less than 14 days before the date of the sale, given to the registered holder for the time being of the Share or the person entitled to the Share by reason of the death or bankruptcy of the registered holder a notice in writing setting out, and demanding payment of, that part of the amount in respect of which the lien exists as is presently payable.

5.7 Person Authorised to Sign Transfers

For the purpose of giving effect to a sale of a Share under clause 5.5, the Directors may authorise a person to transfer the Shares sold to the purchaser of the Shares. The Company shall register the purchaser as the holder of the Shares comprised in any such transfer and he or she is not bound to see to the application of the purchase money. The title of the purchaser to the Shares is not affected by any irregularity or invalidity in connection with the sale.

5.8 Proceeds of Sale

The proceeds of a sale under clause 5.5 shall be applied by the Company in payment of that part of the amount in respect of which the lien exists as is

presently payable, and the residue (if any) shall (subject to any like lien for sums not presently payable that existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

5.9 Protection of Lien under Settlement Rules

The Company may do all such things as may be necessary or appropriate for it to do under the applicable Settlement Rules to protect any lien, charge or other right to which it may be entitled under any law or this Constitution.

5.10 Further Powers re Forfeited Shares and Liens

Where a transfer following the sale of any Shares after forfeiture or for enforcing a lien, charge or right to which the Company is entitled under any law or under this Constitution is effected by a CSD Transfer, the Company may do all things necessary or desirable for it to do under the applicable Settlement Rules in relation to that transfer.

6. CALLS ON SHARES

6.1 Calls

- (a) The Directors may by resolution make calls on Shareholders of partly paid Shares to satisfy the whole or part of the debt owing on those Shares provide that the dates for payment of those Shares were not fixed at the time of issue.
- (b) A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.
- (c) A call may be required or permitted to be paid by instalments.
- (d) Failure to send a notice of a call to any Shareholder or the non-receipt of a notice by any Shareholder does not invalidate the call.

6.2 Payment of Calls

A Shareholder to whom notice of a call is given in accordance with this Constitution must pay to the Company the amount called in accordance with the notice.

6.3 Quoted Shares

- (a) The Directors must not make the date for payment of calls, (**Due Date**), for Shareholders who hold quoted partly paid Shares, less than 30 Business Days and no more than 40 Business Days from the date the Company dispatches notices to relevant Shareholders that a call is

made.

- (b) If after a call is made, new Shareholders purchase the same class of Share subject to the call or if the holdings of the original Shareholders on whom the call was made change, Directors must dispatch a notice informing these Shareholders that a call has been made at least 4 days before the Due Date.

- (c) The Company must enter a call payment on the Company register no more than 5 Business Days after the Due Date.

6.4 Unquoted Shares

The Directors must not make the Due Date for Shareholders who hold unquoted partly paid Shares, less than 5 Business Days from the date the Company dispatches notices to relevant Shareholders that a call is made.

6.5 Joint Liability

The joint holders of a Share are jointly and severally liable to pay all calls in respect of the Share.

6.6 Deemed Calls

Any amount that, by the terms of issue of a Share, becomes payable on allotment or at a fixed date, shall for the purposes of this Constitution be deemed to be a call duly made and payable, and, in case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise apply as if the amount had become payable by virtue of a call duly made and notified.

6.7 Payments in Advance of Calls

The Directors may accept from a Shareholder the whole or any part of the amount unpaid on a Share although no part of that amount has been called up, in which case the Directors shall nominate whether the amount so paid is to be treated as capital or a loan to the Company by the Shareholder, and:

- (a) if the amount paid is nominated to be capital, it shall be deemed as from the date of the nomination to have been applied in paying up (so far as it will extend) the unpaid balance of the total issue price of the Share, but the dividend entitlement attaching to the Share shall remain as it was prior to the payment so made until there is a call in respect of the Share under this clause 6 of an amount equal to or greater than the amount so paid; or
- (b) if the amount paid is nominated to be a loan to the Company, it shall

carry interest at a rate, not exceeding the Prescribed Rate, as is agreed between the Directors and the Shareholder, shall not be repayable unless the Directors so determine, shall not confer on the Shareholder any rights attributable to subscribed capital, and shall, unless so repaid, be applied in payment of calls on the Share as and when the calls become due.

6.8 Outstanding Moneys

Any moneys payable in respect of a call made in accordance with this Constitution which remain outstanding shall from and including the day for payment until the date payment is received bear interest at the Prescribed Rate.

6.9 Revocation or Postponement

The Directors may revoke or postpone a call in accordance with the Listing Rules and/ or the Corporations Act, if revocation or postponement is not prohibited by either.

6.10 Compliance with Listing Rules and Corporations Act

The Company shall comply with the Listing Rules and the Corporations Act in relation to calls. All Listing Rule requirements in relation to calls are not covered in this Constitution.

7. FORFEITURE OF SHARES

7.1 Failure to Pay Call

If a Shareholder fails to pay a call or instalment of a call on the day appointed for payment of the call or instalment, the Directors may, at any time after this day during the time any part of the call or instalment remains unpaid (but subject to this clause 7.1) serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest that has accrued. The notice shall name a further day being not less than 14 days after the date of notice on or before which the payment required by the notice is to be made and shall state that, in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.

7.2 Forfeiture

If the requirements of a notice served under clause 7.1 are not complied with, any Share in respect of which a call is unpaid at the expiration of 14 days after the day for its payment may be forfeited by a resolution of the Directors to that effect. Such a forfeiture shall include all dividends declared in respect of the forfeited Shares and not actually paid before the forfeiture.

7.3	Sale of Forfeited Shares	A forfeited Share may be sold or otherwise disposed of on the terms and in the manner that the Directors determine and, at any time before a sale or disposition, the forfeiture may be cancelled on the terms the Directors determine.
7.4	Continuing Liability	A person whose Shares have been forfeited ceases to be a Shareholder in respect of the forfeited Shares, but remains liable to pay the Company all money that, at the date of forfeiture, was payable by him to the Company in respect of the Shares (including interest at the Prescribed Rate from the date of forfeiture on the money for the time being unpaid if the Directors decide to enforce payment of the interest), but his or her liability ceases if and when the Company receives payment in full of all the money (including interest) payable in respect of the Shares.
7.5	Officer's Statement Prima Facie Evidence	A statement in writing declaring that the person making the statement is a Director or a Secretary of the Company, and that a Share in the Company has been duly forfeited on a date stated in the statement, is prima facie evidence of the facts stated in the statement as against all persons claiming to be entitled to the Share.
7.6	Procedures	The Company may receive the consideration (if any) given for a forfeited Share on any sale or disposition of the Share, and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of. Upon the execution of the transfer, the transferee shall be registered as the holder of the Share and is not bound to see to the application of any money paid as consideration. The title of the transferee to the Share is not affected by any irregularity or invalidity in connection with the forfeiture, sale or disposal of the Share.
7.7	Listing Rules and Settlement Rules	The Company shall comply with the Listing Rules with respect to forfeited Shares and may do all such things as may be necessary or appropriate for it to do under the applicable Settlement Rules to protect any lien, charge or other right to which it may be entitled under any law or this Constitution.

8.	TRANSFER OF SHARES	
8.1	Form of Transfer	Subject to this Constitution, Shareholders may transfer any Share held by them by: (a) a CSD Transfer or any other method of transferring or dealing in Shares introduced by a Recognised Stock Exchange or operated in accordance with applicable Settlement Rules or Listing Rules and in any such case recognised under the Corporations Act; or (b) an instrument in writing in any usual or common form or in any other form that the Directors approve.
8.2	CSD Transfers	(a) The Company must comply with all obligations imposed on the Company under the Corporations Act, the Listing Rules and the applicable Settlement Rules in respect of a CSD Transfer or any other transfer of Shares. (b) Notwithstanding any other provision in this Constitution, the Company must not prevent, delay or interfere with the registration of an CSD Transfer or any other transfer of Shares.
8.3	Participation in a CSD	The Directors may do anything they consider necessary or desirable and which is permitted under the Corporations Act, the Listing Rules and the applicable Settlement Rules to facilitate participation by the Company in any system established or recognised by the Corporations Act and the Listing Rules or the applicable Settlement Rules in respect of transfers of or dealings in marketable securities.
8.4	Registration Procedure	Where an instrument of transfer referred to in clause 8.1(b) is to be used by a Shareholder to transfer Shares, the following provisions apply: (a) the instrument of transfer must be executed by or on behalf of both the transferor and the transferee unless it is a sufficient transfer of marketable securities within the meaning of the Corporations Act; (b) the instrument of transfer shall be left at the Registered Office for registration accompanied by the certificate for the Shares to be transferred (if any) and such other evidence as the Directors may

require to prove the title of the transferor and his right to transfer the shares;

- (c) a fee shall not be charged on the registration of a transfer of Shares or other securities; and
- (d) on registration of a transfer of Shares, the Company must cancel the old certificate (if any).

8.5 Power to Refuse to Register

The Directors may refuse to register any transfer of Shares (other than a CSD Transfer) where:

- (a) the Listing Rules permit the Company to do so;
- (b) the Listing Rules require the Company to do so; or
- (c) the transfer is a transfer of Restricted Securities which is or might be in breach of the Listing Rules or any escrow agreement entered into by the Company in relation to such Restricted Securities pursuant to the Listing Rules.

Where the Directors refuse to register a transfer in accordance with this clause, they shall send notice of the refusal and the precise reasons for the refusal to the transferee and the lodging broker (if any) in accordance with the Listing Rules.

8.6 Retention of Transfers by Company

All instruments of transfer which are registered will be retained by the Company, but any instrument of transfer which the Directors decline or refuse to register (except in the case of fraud) shall on demand be returned to the transferee.

8.7 Powers of Attorney

Any power of attorney granted by a Shareholder empowering the donee to transfer Shares which may be lodged, produced or exhibited to the Company or any Officer of the Company will be taken and deemed to continue and remain in full force and effect, as between the Company and the grantor of that power, and the power of attorney may be acted on, until express notice in writing that it has been revoked or notice of the death of the grantor has been given and lodged at the Office or at the place where the Register of Shareholders is kept.

8.8 Other Securities

The provisions of this clause 8 shall apply, with necessary alterations, to any other

Listed Securities for the time being issued by the Company.

8.9 Branch Register

The Company may cause a Register of Shareholders to be kept in any place (including without limitation, a branch register) and the Directors may from time to time make such provisions as they (subject to the Corporations Act, the Listing Rules and applicable Settlement Rules) may think fit with respect to the keeping of any such Register.

8.10 Compliance with Settlement Rules

The Company shall comply with the Settlement Rules and the Listing Rules in relation to all matters covered by those rules.

8.11 Issuer Sponsored Subregister

The Company may establish and maintain an issuer sponsored subregister in compliance with any relevant provisions of the Corporations Act, the Listing Rules or the Settlement Rules.

8.12 Transferor Holds Shares until Registration of Transfer

A transferor of Shares remains the registered holder of the Shares transferred until a CSD Transfer has taken effect in accordance with applicable Settlement Rules or the transfer is registered in the name of the transferee and is entered in the Register of Shareholders in respect of them, whichever is the earlier.

9. TRANSMISSION OF SHARES

9.1 Death of Shareholder Leaving a Will

On the death of a Shareholder who leaves a will appointing an executor, the executor shall be entitled as from the date of death, and on behalf of the deceased Shareholder's estate, to the same dividends and other advantages and to the same rights whether in relation to meetings of the Company, or voting or otherwise, as the Shareholder would have been entitled to if he or she had not died, whether or not probate of the will has been granted. Nevertheless, if probate of the will is granted to a person or persons other than the executor first referred to in this clause 9, his or her executor's rights shall cease, and these rights shall only be exercisable by the person or persons to whom probate is granted as provided in clauses 9.2 and 9.3. The estate of a deceased Shareholder will not be released from any liability to the Company in respect of the Shares.

9.2

Death or Bankruptcy of Shareholder

Subject to clause 9.1, where the registered holder of a Share dies or becomes bankrupt, his or her personal representative or the trustee of his or her estate, as the case may be, shall be entitled upon the production of such information as is properly required by the Directors, to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting or otherwise), as the registered holder would have been entitled to if he or she had not died or become bankrupt.

9.3

Registration by Transmission or to Beneficiary

A person becoming entitled to a Share in consequence of the death or, subject to the Bankruptcy Act 1966, the bankruptcy of a Shareholder may, upon information being produced that is properly required by the Directors, elect by written notice to the Company either to be registered himself or herself as holder of the Share or to have some other person nominated by the person registered as the transferee of the Share. If this person elects to have another person registered, he or she shall execute a transfer of the Share to that other person.

9.4

Limitations to Apply

All the limitations, restrictions and provisions of this Constitution relating to the right to transfer Shares and the registration of a transfer of Shares are applicable to any notice or transfer as if the death or bankruptcy of the Shareholder had not occurred and the notice or transfer were a transfer signed by that Shareholder.

9.5

Death of a Joint Holder

In the case of the death of a Shareholder who was a joint holder, the survivor or survivors shall be the only persons recognised by the Company as having any title to the deceased's interest in the Shares, but this clause 9.5 does not release the estate of a deceased joint holder from any liability in respect of a Share that had been jointly held by this person with one or more other persons.

9.6

Joint Personal Representatives

Where two or more persons are jointly entitled to any Share in consequence of the death of the registered holder, they shall, for the purpose of this Constitution, be deemed to be joint holders of the Share.

9.7

CSD Transfer

In the case of a CSD Transfer the provisions of this clause 9 are subject to any obligation imposed on the Company or the person entitled to the relevant Shares on the death or bankruptcy of a member by the Listing Rules, the

Settlement Rules or any law.

9.8

Joint Holders

If more than three persons are registered as holders of Shares in the Company in the Register of Shareholders (or a request is made to register more than three persons), then only the first three persons will be regarded as holders of Shares in the Company and all other names will be disregarded by the Company for all purposes.

10. CHANGES TO CAPITAL STRUCTURE

10.1 Alterations to Capital

Subject to the Listing Rules, the Company may, by ordinary resolution:

- (a) issue new Shares of such amount specified in the resolution;
- (b) consolidate and divide all or any of its Shares into Shares of larger amount than its existing Shares;
- (c) subject to the Listing Rules, sub-divide all or any of its Shares into Shares of smaller amount, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such Share of a smaller amount remains the same; and
- (d) cancel Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and, subject to the Corporations Act, reduce the amount of its share capital by the amount of the Shares so cancelled.

10.2

Reduction of Capital

Subject to the Corporations Act and the Listing Rules, the Company may reduce its share capital in any way including, but not limited to, distributing to shareholders securities of any other body corporate and, on behalf of the shareholders, consenting to each shareholder becoming a member of that body corporate and agreeing to be bound by the constitution of that body corporate.

10.3

Buy-Backs

- (a) In this clause "Buy-Back Provisions" means the provisions of Part 2J.1 Division 2 of the Corporations Act.
- (b) The Company may, subject to the Corporations Act and the Listing Rules and in accordance with the Buy-Back Provisions, including relevant buy-

back provisions under the rules of any Recognised Stock Exchange applicable to the Company, purchase its own Shares on such terms and at such times as may be determined by the Directors from time to time;

- (c) The Company may give financial assistance to any person or entity for the purchase of its own Shares in accordance with the Buy-Back Provisions on such terms and at such times as may be determined by the Directors from time to time.

11. GENERAL MEETINGS

11.1 Convening of General Meetings of Shareholders

The Directors may, by a resolution passed by a majority of Directors, convene a general meeting of Shareholders in accordance with this clause 11 and the requirements of the Corporations Act.

11.2 Postponement of a General Meeting of Shareholders

The Directors may, subject to the Corporations Act and the Listing Rules, postpone a meeting of Shareholders or change the place for a general meeting of Shareholders by giving written notice to a Recognised Stock Exchange. If a meeting of Shareholders is postponed for one month or more, the Company must give new notice of the postponed meeting.

11.3 Cancellation of a General Meeting of Shareholders

- (a) A general meeting of Shareholders convened by the Directors in accordance with clause 11.1 may be cancelled by a resolution passed by a majority of Directors.

- (b) Notice of the cancellation of a general meeting of Shareholders must be given to the Shareholders in accordance with clause 25, but notice of such cancellation must be given to each Shareholder not less than two (2) days prior to the date on which the meeting was proposed to be held.

11.4 Convening of General Meetings of Shareholders by a Director

Any Director may, whenever he or she thinks fit, convene a general meeting of Shareholders, and a general meeting shall also be convened on requisition as is provided for by the Corporations Act, or in default, may be convened by such requisitions as empowered to do so by the Corporations Act. If there are no Directors for the time being, a Secretary may convene a general meeting of Shareholders for the purpose of enabling the election of Directors but for no other purpose. A general meeting may be held at two or more venues simultaneously using any technology that gives the Shareholders as a whole a

reasonable opportunity to participate.

11.5 Notice

A notice of a general meeting shall be given in accordance with the requirements of the Corporations Act, clause 25 and the Listing Rules, and:

- (a) must specify the place, the day and the time of the meeting;
 - (b) must state the general nature of the business to be transacted at the meeting;
 - (c) must include such statements about the appointment of proxies as are required by the Corporations Act;
 - (d) must specify a place and fax number for the purposes of receipt of proxy appointments; and
 - (e) may specify an electronic address for the purposes of receipt of proxy appointments;
- and shall include any other information required to be included in the notice by the Listing Rules. The non-receipt of a notice of a general meeting by a Shareholder or the accidental omission to give this notice to a Shareholder shall not invalidate any resolution passed at the meeting.

11.6 Business at General Meeting

Subject to the Corporations Act, only matters that appear in a notice of meeting shall be dealt with at a general meeting or an annual general meeting, as the case may be.

11.7 Notice to Home Branch

- (a) The Company shall notify the Home Branch of any meeting at which Directors are to be elected at least 5 Business Days before the closing day for receipt of nominations for Directors, and in any other case (other than a meeting to pass a special resolution) at least 10 Business Days before the meeting is held, and in the case of a meeting convened to pass a special resolution, at least 15 Business Days before the meeting is held. All notices convening meetings shall specify the place, date and hour of the meeting, and shall set out all resolutions to be put to the meeting.

- (b) The Company shall notify the Home Branch as soon as is practicable after any general meeting in the case of special business as to whether or not the resolutions were carried and in the case of ordinary business

as to which of those resolutions were not carried or were amended or were withdrawn.

11.8 Annual General Meeting

An annual general meeting shall be held in accordance with the requirements of the Corporations Act.

12. PROCEEDINGS AT GENERAL MEETINGS

12.1 Quorum

No business shall be transacted at any general meeting unless a quorum is present comprising 2 Shareholders present in person, by proxy, attorney or Representative. For the purpose of determining whether a quorum is present, a person attending as a proxy, attorney or Representative, shall be deemed to be the Shareholder present in person. If a quorum is not present within 15 minutes after the time appointed for a general meeting, the meeting, if convened upon a requisition shall be dissolved, but in any other case, it shall stand adjourned to a date and place to be fixed by the Directors. If at such adjourned meeting a quorum is not present, the Shareholders present in person, by proxy, attorney or Representative shall constitute a quorum.

12.2 Persons Entitled to Attend a General Meeting

The persons entitled to attend a general meeting shall be:

- (a) Shareholders, in person, by proxy, attorney or Representative;
- (b) Directors;
- (c) the Company's auditor; and
- (d) any other person or persons as the chairman may approve.

12.3 Refusal of Admission to Meetings

The chairman of a general meeting may refuse admission to a person, or require a person to leave and not return to, a meeting if the person:

- (a) refuses to permit examination of any article in the person's possession;
- (b) is in possession of any:
 - (i) electronic or recording device;
 - (ii) placard or banner; or

- (iii) other article, which the chairman considers to be dangerous, offensive or liable to cause disruption; or
- (c) causes any disruption to the meeting.

12.4 Chairman

The person elected as the chairman of the Directors' meeting under clause 15.9 shall, if willing, preside as chairman at every general meeting. Where a general meeting is held and a chairman has not been elected under clause 15.9 or the chairman or, in his absence, the vice-chairman is not present within 15 minutes after the time appointed for holding of the meeting or is unwilling to act:

- (a) the Directors present may elect a chairman of the meeting; or
- (b) if no chairman is elected in accordance with subsection (a), the Shareholders present shall elect one of their number to be the acting chairman of the meeting.

12.5 Vacating Chair

At any time during a meeting and in respect of any specific item or items of business, the chairman may elect to vacate the chair in favour of another person nominated by the chairman (which person must be a Director unless no Director is present or willing to act). That person is to be taken to be the chairman and will have all the power of the chairman (other than the power to adjourn the meeting), during the consideration of that item of business or those items of business.

12.6 Disputes Concerning Procedure

If there is a dispute at a general meeting about a question of procedure, the chairman may determine the question.

12.7 General Conduct

The general conduct of each general meeting of the Company and the procedures to be adopted at the meeting will be determined by the chairman, including the procedure for the conduct of the election of Directors.

12.8 Casting Vote

In the case of an equality of votes, the chairman of the meeting will not have a second or casting vote.

12.9

Adjournment

The chairman may, with the consent of the meeting, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted on the resumption of any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. A poll cannot be demanded on any resolution concerning the adjournment of a general meeting except by the chairman.

12.10

Notice of Resumption of Adjourned Meeting

When a meeting is adjourned for 30 days or more, notice of the resumption of the adjourned meeting shall be given in the same manner as for the original meeting, but otherwise, it is not necessary to give any notice of any adjournment or of the business to be transacted on the resumption of the adjourned meeting.

12.11

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).

12.12

Voting - Show of Hands

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded in accordance with clause 12.14.

12.13

Results of Voting

Unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of

the proceedings of general meetings of the Company, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

12.14

Poll

A poll may be demanded before or immediately upon the declaration of the result of the show of hands by:

- (a) the chairman of the general meeting;
- (b) at least 5 Shareholders present in person or by proxy, attorney or Representative having the right to vote on the resolution; or
- (c) any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote on the resolution.

12.15

Manner of Taking Poll

If a poll is duly demanded, it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith.

12.16

Meeting May Continue

A demand for a poll shall not prevent the continuation of the meeting for the transaction of other business.

12.17

Voting by Joint Holders

In the case of joint holders of Shares, the vote of the senior who tenders a vote, whether in person or by proxy, attorney or Representative, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Shareholders.

12.18 Shareholder under Disability

If a Shareholder is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health, his committee or trustee or any other person that properly has the management of his estate may exercise any rights of the Shareholder in relation to a general meeting as if the committee, trustee or other person were the Shareholder.

12.19 Payment of Calls

A Shareholder is not entitled to any vote at a general meeting unless all calls presently payable by him in respect of Shares have been paid. Nothing in this clause prevents such a Shareholder from voting at a general meeting in relation to any other Shares held by that Shareholder provided all calls and other sums payable by him have been paid on those other Shares.

12.20 Objection to Voting

An objection may be raised to the qualification of a voter only at the meeting or adjourned meeting at which the vote objected to is given or tendered. This objection shall be referred to the chairman of the meeting, whose decision shall be final. A vote not disallowed pursuant to such an objection is valid for all purposes.

12.21 Proxies

An instrument appointing a proxy:

- (a) shall be in writing under the hand of the appointor or of his attorney, or, if the appointor is a corporation, executed in accordance with the Corporations Act;
- (b) shall specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument;
- (c) shall be deemed to confer authority to demand or join in demanding a poll;
- (d) shall be in such form as the Directors determine and which complies with Division 6 of Part 2G.2 of the Corporations Act;
- (e) shall not be valid unless the original instrument and the power of attorney or other authority (if any) under which the instrument is signed, or a copy or facsimile which appears on its face to be an authentic copy of that proxy, power or authority, is or are deposited or sent by

facsimile transmission to the Registered Office, or at such other place (being the place or being in the reasonable proximity of the place at which the meeting is to be held) as is specified for that purpose in the notice convening the meeting, duly stamped where necessary, by the time (being not less than 48 hours) prior to the commencement of the meeting (or the resumption of the meeting if the meeting is adjourned and notice is given in accordance with clause 12.10) as shall be specified in the notice convening the meeting (or the notice under clause 12.10, as the case may be); and

- (f) shall comply with the Listing Rules.

12.22 Electronic Appointment of Proxy

For the purposes of clause 12.21, an appointment received at an electronic address will be taken to be signed by the appointor if:

- (a) a personal identification code allocated by the Company to the appointor has been input into the appointment; or
- (b) the appointment has been verified in another manner approved by the Directors.

12.23 Proxy Votes

A vote given in accordance with the terms of an instrument of proxy is valid notwithstanding the previous death or unsoundness of mind of the principal, the revocation of the instrument (or the authority under which the instrument was executed) or the transfer of the Share in respect of which the instrument or power is given, if no intimation in writing of the death, unsoundness of mind, revocation or transfer has been received by the Company at the Registered Office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

12.24 Representatives of Corporate Shareholders

A body corporate (the **appointor**) that is a Shareholder may authorise, in accordance with Section 250D of the Corporations Act, by resolution of its Directors or other governing body, such person or persons as it may determine to act as its Representative at any general meeting of the Company or of any class of Shareholders. A person so authorised shall be entitled to exercise all the rights and privileges of the appointor as a Shareholder. When a Representative is present at a general meeting of the Company, the appointor shall be deemed to be personally present at the meeting unless the Representative is otherwise entitled to be present at the meeting. The original form of appointment of a Representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a Representative is evidence of a

Representative having been appointed.

13. THE DIRECTORS

13.1 Number of Directors

The Company shall at all times have at least 3 Directors. The number of Directors shall not exceed 12. Subject to the Corporations Act, the Company may, by ordinary resolution by the general meeting, increase or reduce the number of Directors and may also determine in what rotation the increased or reduced number is to go out of office. Subject to any resolution of the Company determining the maximum and minimum numbers of Directors, the Directors may from time to time determine the respective number of Executive and Non Executive Directors.

13.2 Rotation of Directors

Subject to clause 17.4, 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 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 retiring Director is eligible for re-election. An election of Directors shall take place each year.

13.3 Election of Directors

Subject to the provisions of this Constitution, the Company may elect a person as a Director by resolution passed in general meeting. A Director elected at a general meeting is taken to have been elected with effect immediately after the end of that general meeting unless the resolution by which the Director was appointed or elected specifies a different time. No person other than a Director seeking re-election shall be eligible for election to the office of Director at any general meeting unless the person or some Shareholder intending to propose his or her nomination has, at least 30 Business Days before the meeting, left at the Registered Office a notice in writing duly signed by the nominee giving his or her consent to the nomination and signifying his or her candidature for the office or the intention of the Shareholder to propose the person. Notice of every candidature for election as a Director shall be given to each Shareholder with or as part of the notice of the meeting at which the election is to take place. The Company shall observe the requirements of Section 225 of the Corporations Act

with respect to the election of Directors. If the number of nominations exceeds the vacancies available having regard to clause 13.1, the order in which the candidates shall be put up for election shall be determined by the drawing of lots supervised by the Directors and once sufficient candidates have been elected to fill up the vacancies available, the remaining candidates shall be deemed defeated without the need for votes to be taken on their election.

13.4 Additional Directors

The Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by this Constitution. Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting. Removal of Director

The Company may by resolution remove any Director before the expiration of his period of office, and may by resolution appoint another person in his place. The person so appointed is subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

13.6 Vacation of Office

The office of Director shall automatically become vacant if the Director:

- (a) ceases to be a Director by virtue of Section 203D or any other provision of the Corporations Act;
- (b) becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) becomes prohibited from being a Director by reason of any order made under the Corporations Act;
- (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- (e) resigns his or her office by notice in writing to the Company;
- (f) is removed from office under clause 13.5; or
- (g) is absent for more than 6 months, without permission of the Directors, from meetings of the Directors held during that period.

13.7

Remuneration

The Directors shall be paid out of the funds of the Company, by way of remuneration for their services as Directors. Subject to clause 13.8 below, the total aggregate fixed sum per annum to be paid to the non-executive Directors from time to time will not exceed the sum determined by the Shareholders in general meeting and the total aggregate fixed sum will be divided between the non-executive Directors as the Directors shall determine and, in default of agreement between them, then in equal shares. No non-executive Director shall be paid as part or whole of his remuneration a commission on or a percentage of profits or a commission or a percentage of operating revenue, and no executive Director shall be paid as whole or part of his remuneration a commission on or percentage of operating revenue. The remuneration of a Director shall be deemed to accrue from day to day.

13.8

Initial Fees to Directors

The total aggregate fixed sum per annum to be paid to non-executive Directors in accordance with clause 13.7 shall initially be \$150,000 and may be varied by ordinary resolution of the Shareholders in General Meeting.

13.9

Expenses

The Directors shall be entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. If any of the Directors being willing are called upon to perform extra services or make any special exertions on behalf of the Company or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for his or her share in the remuneration provided for by clause 13.7.

13.10

No Share Qualification

A Director is not required to hold any Shares.

14.

POWERS AND DUTIES OF DIRECTORS

14.1

Management of the Company

Subject to the Corporations Act and the Listing Rules and to any other provision of this Constitution, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and forming the Company, and may exercise all such powers of the Company as are not, by the Corporations Act or the Listing Rules or by this Constitution, required to be exercised by the Company in general meeting.

14.2

Borrowings

Without limiting the generality of clause 14.1, the Directors may at any time:

- (a) exercise all powers of the Company to borrow money, to charge any property or business of the Company or all or any of its uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person;
- (b) subject to Shareholder approval, sell or otherwise dispose of the whole or any part of the assets, undertakings and other properties of the Company or any that may be acquired on such terms and conditions as they may deem advisable, but:
 - (i) if the Company is listed on a Recognised Stock Exchange, the Company shall comply with the applicable Listing Rules which relate to the sale or disposal of a company's assets, undertakings or other properties; and
 - (ii) on the sale or disposition of the Company's main undertaking or on the liquidation of the Company, no commission or fee shall be paid to any Director or Directors or to any liquidator of the Company unless it shall have been ratified by the Company in general meeting, with prior notification of the amount of such proposed payments having been given to all Shareholders at least 7 days prior to the meeting at which any such payment is to be considered; and
- (c) take any action necessary or desirable to enable the Company to comply with the Listing Rules.

14.3

Attorneys

The Directors may, by power of attorney, appoint any person or persons to be the attorney or attorneys of the Company for the purposes, with the powers, authorities and discretions (being powers, authorities and discretions vested in or

exercisable by the Directors), for the period and subject to the conditions as they think fit. This power of attorney may contain provisions for the protection and convenience of persons dealing with the attorney as the Directors may determine and may also authorise the attorney to delegate all or any of the powers, authorities and discretions vested in the person.

14.4 Cheques, etc.

All cheques, promissory notes, bankers drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by any two Directors or in any other manner as the Directors determine.

14.5 Retirement Benefits for Directors

The Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide retiring or superannuation benefits for both present and future non-executive Directors, and they may from time to time vary this scheme or plan. Any scheme or plan may be effected by agreements entered into by the Company with individual Directors, or by the establishment of a separate trust or fund, or in any other manner the Directors consider proper. The Directors may attach any terms and conditions to any entitlement under any such scheme or plan that they think fit, including, without limitation, a minimum period of service by a Director before the accrual of any entitlement and the acceptance by the Directors of a prescribed retiring age. No scheme or plan shall operate to confer upon any Director or on any of the dependants of any Director any benefits exceeding those contemplated in Section 200F of the Corporations Act or the Listing Rules, except with the approval of the Company in general meeting.

14.6 Securities to Directors or Shareholders

If a Director acting solely in the capacity of Director of the Company shall become personally liable for the payment of any sum primarily due by the Company, the Directors may create any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the persons or person so becoming liable from any loss in respect of such liability.

15. PROCEEDINGS OF DIRECTORS

15.1 Convening a Meeting

A Director may at any time, and a Secretary shall, whenever requested to do so by one or more Directors, convene a meeting of the Directors, but not less than

24 hours' notice of every such meeting shall be given to each Director either by personal telephone contact or in writing by the convenor of the meeting. The Directors may by unanimous resolution agree to shorter notice. An accidental omission to send a notice of a meeting of Directors to any Director or the non-receipt of such a notice by any Director does not invalidate the proceedings, or any resolution passed, at the meeting.

15.2 Procedure at Meetings

The Directors may meet together for the despatch of business and adjourn and, subject to this clause 15, otherwise regulate the meetings as they think fit.

15.3 Quorum

No business shall be transacted at any meeting of Directors unless a quorum is present, comprising 2 Directors present in person, or by instantaneous communication device, notwithstanding that less than 2 Directors may be permitted to vote on any particular resolution or resolutions at that meeting for any reason whatsoever. Where a quorum cannot be established for the consideration of a particular matter at a meeting of Directors, one or more of the Directors may call a general meeting of the Company to deal with the matter.

15.4 Secretary May Attend and Be Heard

The Secretary is entitled to attend any meeting of Directors and is entitled to be heard on any matter dealt with at any meeting of Directors.

15.5 Majority Decisions

Questions arising at any meeting of Directors shall be decided by a majority of votes. A resolution passed by a majority of Directors shall for all purposes be deemed a determination of "the Directors". An Alternate Director has one vote for each Director for whom he or she is an alternate. If an Alternate Director is also a Director, he or she also has a vote as a Director.

15.6 Casting Votes

In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote, but the chairman shall have no casting vote where only 2 Directors are competent to vote on the question.

15.7 Alternate Directors

A Director may appoint any person to be an alternate Director in his or her place during any period as he or she thinks fit, and the following provisions shall apply with respect to any alternate Director:

- (a) he or she is entitled to notice of meetings of the Directors and, if his or her appointor Director is not present at such a meeting, he or she is entitled to attend and vote in the place of the absent Director;
- (b) he or she may exercise any powers that his or her appointor Director may exercise, and the exercise of any such power by the alternate Director shall be deemed to be the exercise of the power by his or her appointor Director;
- (c) he or she is subject to the provisions of this Constitution which apply to Directors, except that Alternate Directors are not entitled in that capacity to any remuneration from the Company;
- (d) he or she is not required to hold any Shares;
- (e) his or her appointment may be terminated at any time by his or her appointor Director notwithstanding that the period of the appointment of the alternate Director has not expired, and the appointment shall terminate in any event if his or her appointor Director vacates office as a Director; and
- (f) the appointment, or the termination of an appointment, of an alternate Director shall be effected by a written notice signed by the Director who made the appointment given to the Company.

15.8

Continuing Directors May Act

In the event of a vacancy or vacancies in the office of a Director, the remaining Directors may act but, if the number of remaining Directors is not sufficient to constitute a quorum at a meeting of Directors, they may act only for the purposes of appointing a Director or Directors, or in order to convene a general meeting of the Company.

15.9

Chairman

The Directors shall elect from their number a chairman of their meetings and may determine the period for which he or she is to hold office. Where a Directors' meeting is held and a chairman has not been elected or is not present at the meeting within 10 minutes after the time appointed for the meeting to begin, the Directors present shall elect one of their number to be the acting chairman of the meeting. The Directors may elect a Director as deputy chairman to act as chairman in the chairman's absence.

15.10

Committees

The Directors may delegate any of their powers to a committee or committees consisting of such of their number as they think fit. The Directors may at any time

revoke any such delegation of power. A committee to which any powers have been so delegated shall exercise the powers delegated in accordance with any directions of the Directors, and a power so exercised shall be deemed to have been exercised by the Directors. The members of such a committee may elect one of their number as chairman of their meetings. Questions arising at a meeting of a committee shall be determined by a majority of votes of the members present and voting. In the case of an equality of votes, the chairman shall have a casting vote.

15.11

Written Resolutions

A resolution in writing signed by all the Directors for the time being (or their respective alternate Directors), except those Directors (or their alternates) who expressly indicate their abstention in writing to the Company and those who would not be permitted, by virtue of Section 195 of the Corporations Act to vote, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held. This resolution may consist of several documents in like form, each signed by one or more Directors. Copies of the documents to be signed under this clause must be sent to every Director who is entitled to vote on the resolution. The resolution is taken to have been passed when the last Director signs the relevant documents. A telex, telegram, facsimile transmission or other document produced by mechanical means and bearing the signature of the Director, printed mechanically and with his authority, shall be deemed to be a document in writing signed by the Directors.

15.12

Defective Appointment

All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director are, notwithstanding that it is afterwards discovered that there was some defect in the appointment of a person to be, or to act as, a Director, or that a person so appointed was disqualified, as valid as if the person had been duly appointed and was qualified to be a Director or to be a member of the committee.

15.13

Directors May Hold Other Offices

A Director may hold any other office or place of profit in or in relation to the Company (except that of auditor) in conjunction with his or her office of Director and on any terms as to remuneration or otherwise that the Directors shall approve.

15.14

Directors May Hold Shares, etc.

A Director may be or become a shareholder in or director of or hold any other office or place of profit in or in relation to any other company promoted by the Company or in which the Company may be interested, whether as a vendor, shareholder or otherwise.

15.15 Directors Not Accountable for Benefits

No Director shall be accountable for any benefits received as the holder of any other office or place of profit in or in relation to the Company or any other company referred to in clause 15.13 or as a shareholder in or director of any such company.

15.16 Disclosure of Interests in Related Matters

As required by the Corporations Act, a Director must give the Directors notice of any material personal interest in a matter that relates to the affairs of the Company. No Director shall be disqualified by his office from contracting with the Company whether as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided or prejudiced on that account; nor shall any Director be liable to account to the Company for any profit arising from any such contract or agreement by reason only of such Director holding that office or of the fiduciary relationship thereby established, but a Director who has a material interest in a matter that is being considered at a meeting of the Directors must not vote on the matter (or in relation to a proposed resolution under Section 195(2) of the Corporations Act in relation to the matter) and must not be present while the matter (or a proposed resolution of that kind) is being considered at the meeting, except where the material interest is an interest that the Director has as a Shareholder of the Company and in common with the other Shareholders of the Company or where a resolution has been passed in accordance with Section 195(2) of the Corporations Act, in which cases the Director may be present but may not vote. Nothing in this Constitution shall be read or construed so as to place on a Director any restrictions other than those required by Section 195 of the Corporations Act or the Listing Rules.

15.17 Disclosure of Shareholding

A Director must give to the Company such information about the Shares or other securities in the Company in which the Director has a relevant interest and at the times that the Secretary requires, to enable the Company to comply with any disclosure obligations it has under the Corporations Act or the Listing Rules.

15.18 Related Body Corporate Contracts

A Director shall not be deemed to be interested or to have been at any time interested in any contract or arrangement by reason only that in a case where the contract or arrangement has been or will be made with, for the benefit of, or on behalf of a Related Body Corporate, he or she is a shareholder in that Related Body Corporate.

15.19 Voting, Affixation of Seal

A Director may in all respects act as a Director in relation to any contract or arrangement in which he or she is interested, including, without limiting the generality of the above, in relation to the use of the Company's common seal, but a Director may not vote in relation to any contract or proposed contract or arrangement in which the Director has directly or indirectly a material interest.

15.20 Home Branch to be Advised

The Directors shall advise the Home Branch without delay of any material contract involving Director's or Directors' interests. The advice shall include at least the following information:

- (a) the names of the parties to the contract;
- (b) the name or names of the Director or Directors who has or have any material interest in the contract;
- (c) particulars of the contract; and
- (d) particulars of the relevant Director's or Directors' interest or interests in that contract.

16. MEETING BY INSTANTANEOUS COMMUNICATION DEVICE

16.1 Meetings to be Effectual

A Director shall be entitled to attend a Directors' meeting by means of an instantaneous communication device rather than in person. In those circumstances, a Director shall still receive all materials and information to be made available for the purposes of the Directors' meeting.

For the purposes of this Constitution, the contemporaneous linking together by instantaneous communication device of a number of consenting Directors not less than the quorum, whether or not any one or more of the Directors is out of Australia, shall be deemed to constitute a Directors' meeting and all the provisions of this Constitution as to the Directors' meetings shall apply to such meetings held by instantaneous communication device so long as the following conditions are met:

- (a) all the directors for the time being entitled to receive notice of the Directors' meeting (including any alternate for any Director) shall be entitled to notice of a meeting by instantaneous communication device for the purposes of such meeting. Notice of any such Directors' meeting shall be given on the instantaneous communication device or in any other manner permitted by the clause;

- (b) each of the Directors taking part in the Directors' meeting by instantaneous communication device must be able to hear each of the other Directors taking part at the commencement of the Directors' meeting; and
- (c) at the commencement of the Directors' meeting each Director must acknowledge his or her presence for the purpose of a Directors' meeting of the Company to all the other Directors taking part.
- A Directors' meeting held by instantaneous communication device shall be deemed to have been held at the Registered Office.

16.2 Procedure at Meetings

A Director may leave a Directors' meeting held under clause 16.1 by informing the Chairman of the Directors' meeting and then disconnecting his instantaneous communication device. Unless this procedure has been followed a Director shall be conclusively presumed to have been present and to have formed part of the quorum at all times during the Directors' meeting by instantaneous communication device.

16.3 Minutes

A minute of the proceedings at a meeting held under clause 16.1 shall be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as a correct minute by the chairman or the person taking the chair at the meeting under clause 16.1.

16.4 Definition

For the purposes of this Constitution, "instantaneous communication device" shall include telephone, television or any other audio or visual device which permits instantaneous communication.

17. MANAGING AND EXECUTIVE DIRECTORS

17.1 Appointment

The Directors may from time to time appoint one of their number to the office of managing director ("Managing Director") of the Company or to any other office, (except that of auditor), or employment under the Company, either for a fixed term or at will, but not for life and, subject to the terms of any agreement entered into in a particular case, may revoke any such appointment. A Director other than a Managing Director so appointed is in this Constitution referred to as an executive director ("Executive Director"). The appointment of a Managing Director or Executive Director so appointed automatically terminates if he ceases for any reason to be a Director.

17.2 Remuneration

Subject to clause 13.7, a Managing Director or Executive Director shall, subject to the terms of any agreement entered into in a particular case, receive remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine.

17.3 Powers

The Directors may, upon such terms and conditions and with such restrictions as they think fit, confer upon a Managing Director or Executive Director any of the powers exercisable by them. Any powers so conferred may be concurrent with, or be to the exclusion of, the powers of the Directors. The Directors may at any time withdraw or vary any of the powers so conferred on a Managing Director.

17.4 Rotation

A Managing Director shall not retire by rotation in accordance with clause 13.2, but Executive Directors shall.

17.5 Secretary

A Secretary of the Company shall hold office on such terms and conditions, as to remuneration and otherwise, as the Directors determine. There must be at least one Secretary of the Company at all times.

18. SEALS

18.1 Common Seal

Subject to the Corporations Act, the Company may have a Seal. The Directors shall provide for the safe custody of the Seal. The Seal shall only be used by the authority of the Directors, or of a committee of the Directors authorised by the Directors to authorise the use of the Seal. Every document to which the Seal is affixed shall be signed by a Director and countersigned by another Director, (who may be an alternate Director) a Secretary or another person appointed by the Directors to countersign that document or a class of documents in which that document is included.

18.2 Execution of Documents Without a Seal

The Company may execute a document without using the Seal if the document is signed by:

- (a) two Directors; or
- (b) a Director and a Secretary.

18.3	Share Seal	Subject to the Corporations Act, the Company may have a duplicate Seal, known as the Share Seal, which shall be a facsimile of the Seal with the addition on its face of the words "Share Seal", and the following provisions shall apply to its use: (a) any certificate for Shares may be issued under the Share Seal and if so issued shall be deemed to be sealed with the Seal; (b) subject to the following provisions of this clause 18.3, the signatures required by clause 18.1 on a document to which the Seal is affixed may be imposed by some mechanical means; (c) subject to the following provisions of this clause 18.3, the Directors may determine the manner in which the Share Seal shall be affixed to any document and by whom a document to which the Share Seal is affixed shall be signed, and whether any signature so required on such a document must be actually written on the document or whether it may be imposed by some mechanical means; (d) the only documents on which the Share Seal may be used shall be Share or stock unit certificates, debentures or certificates of debenture stock, secured or unsecured notes, option certificates and any certificates or other documents evidencing any Share Options or rights to take up any Shares in or debenture stock or debentures or notes of the Company; and (e) signatures shall not be imposed by mechanical means nor (except when the requirements of clause 18.1 as to signatures are complied with) shall the Share Seal be used on any certificate or other document mentioned in clause 18.3(d) unless the certificate or other document has first been approved for sealing or signature (as the case may be) by the Board or other authorised person or persons.
19.	ACCOUNTS, AUDIT AND RECORDS	
19.1	Accounting records to be kept	The Directors shall cause proper accounting and other records to be kept by the Company and shall distribute copies of the Company's accounts and reports as required by the Corporations Act and the Listing Rules.
19.2	Audit	The Company shall comply with the requirements of the Corporations Act and the Listing Rules as to the audit of accounts, registers and records.
19.3	Inspection	The Directors shall determine whether and to what extent, and at what time and places and under what conditions, the accounting records and other documents of the Company or any of them will be open to the inspection of Shareholders other than Directors. A Shareholder other than a Director shall not be entitled to inspect any document of the Company except as provided by law or authorised by the Directors or by the Company in general meeting.
20.	MINUTES	
20.1	Minutes to be Kept	The Directors shall cause to be kept, in accordance with Section 1306 of the Corporations Act, minutes of: (a) all proceedings of general meetings and Directors meetings; and (b) all appointments of Officers and persons ceasing to be Officers.
20.2	Signature of Minutes	All minutes shall be signed by the chairman of the meeting at which the proceedings took place or by the chairman of the next succeeding meeting.
20.3	Requirements of the Corporations Act	The Company and the Officers shall comply with the requirements of Part 2G.3 of Chapter 2G of the Corporations Act.

21. DIVIDENDS AND RESERVES

21.1 Dividends

Subject to and in accordance with the Corporations Act, the Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

21.2 Interim Dividend

The Directors may from time to time pay to the Shareholders any interim dividends that they may determine.

21.3 No Interest

No dividend shall carry interest as against the Company.

21.4 Reserves

The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied. Pending any application of the reserves, the Directors may invest or use the reserves in the business of the Company or in other investments as they think fit.

21.5 Alternative Method of Payment of Dividend

When declaring any dividend and subject at all times to the Corporations Act and the Listing Rules, the Directors may:

- (a) direct payment of the dividend to be made wholly or in part by the distribution of specific assets or documents of title (including, without limitation, paid-up Shares, debentures or debenture stock of this or any other company, gold, gold or mint certificates or receipts and like documents) or in any one of more of these ways, and where any difficulty arises with regard to the distribution the Directors may settle it as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of specific assets or any part of them and may determine that cash payments shall be made to any Shareholders upon the basis of the value so fixed in order to adjust the

rights of all parties and may vest any of these specific assets in trustees upon trusts for the persons entitled to the dividend as may seem expedient to the Directors; or

- (b) direct that a dividend be payable to particular Shareholders wholly or partly out of any particular fund or reserve or out of profits derived from any particular source and to the remaining Shareholders wholly or partly or of any other particular fund or reserve or out of profits derived from any other particular source and may so direct notwithstanding that by so doing the dividend will form part of the assessable income for taxation purposes of some Shareholders and will not form part of the assessable income of others.

For the purposes of this clause, the Company is authorised to distribute securities of another body corporate by way of dividend and, on behalf of the shareholders, provide the consent of each shareholder to becoming a member of that body corporate and the agreement of each shareholder to being bound by the constitution of that body corporate.

21.6 Payment of Dividends

All dividends shall be dispatched simultaneously to the Shareholders entitled to the dividend. Any dividend payable may be paid by:

- (a) cheque sent through the mail directed to:
 - (i) the address of the Shareholder shown in the Register or to the address of the joint holders of Shares shown first in the Register; or
 - (ii) an address which the Shareholder has, or joint holders have, in writing notified the Company as the address to which dividends should be sent;
- (b) electronic funds transfer to an account with a bank or other financial institution nominated by the Shareholder and acceptable to the Company; or
- (c) any other means determined by the Directors.

21.7 Unclaimed Dividends

Except as otherwise provided by statute, all dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

21.8 Breach of Restriction Agreement

In the event of a breach of the Listing Rules relating to Restricted Securities or of any escrow arrangement entered into by the Company under the Listing Rules in relation to any Shares which are classified under the Listing Rules or by a Recognised Stock Exchange as Restricted Securities, the Shareholder holding the Shares in question shall cease to be entitled to be paid any dividends in respect of those Shares for so long as the breach subsists.

22. CAPITALISATION OF PROFITS

22.1 Capitalisation

The Directors, subject to the Listing Rules, may from time to time determine to capitalise any amount, being the whole or a part of the amount for the time being standing to the credit of any reserve account or the profit and loss account or otherwise available for distribution to Shareholders, and that that amount be applied, in any of the ways mentioned in clause 22.2 for the benefit of Shareholders in the proportions to which those Shareholders would have been entitled in a distribution of that amount by way of dividend.

22.2 Application of Capitalised Amounts

The ways in which an amount may be applied for the benefit of Shareholders under clause 22.1 are:

- (a) in paying up any amounts unpaid on Shares held by Shareholders;
- (b) in paying up in full unissued Shares or debentures to be issued to Shareholders as fully paid; or
- (c) partly as mentioned in paragraph (a) and partly as mentioned in paragraph (b).

22.3 Procedures

The Directors shall do all things necessary to give effect to the resolution referred to in clause 22.1 and, in particular, to the extent necessary to adjust the rights of the Shareholders among themselves, may:

- (a) issue fractional certificates or make cash payments in cases where Shares or debentures could only be issued in fractions; and
- (b) authorise any person to make, on behalf of all the Shareholders entitled to any further Shares or debentures upon the capitalisation, an agreement with the Company providing for the issue to them, credited as fully paid up, of any further Shares or debentures or for the payment

up by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing Shares by the application of their respective proportions of the sum resolved to be capitalised.

and any agreement made under an authority referred to in paragraph (b) is effective and binding on all the Shareholders concerned.

23. BONUS SHARE PLAN

23.1 Authorisation of Bonus Share Plan

Subject to the Listing Rules and the Corporations Act, the Company may, by ordinary resolution in general meeting, authorise the Directors to implement a Bonus Share Plan on such terms and conditions as are referred to in the resolution and which plan provides for any dividend which the Directors may declare from time to time under clause 21, less any amount which the Company shall either pursuant to this Constitution or any law be entitled or obliged to retain, not to be payable on Shares which are participating Shares in the Bonus Share Plan but for those Shares to carry instead an entitlement to receive an allotment of additional fully paid ordinary Shares to be issued as bonus Shares.

23.2 Amendment and Revocation

Any resolution passed by the Company in general meeting pursuant to clause 23.1 may, at any time, be amended or revoked by the Company by ordinary resolution in general meeting.

24. DIVIDEND REINVESTMENT PLAN

24.1 Authorisation of Dividend Reinvestment Plan

Subject to the Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a Dividend Reinvestment Plan on such terms and conditions as are referred to in the resolution and which plan provides for any dividend which the Directors may declare from time to time under clause 21 and payable on Shares which are participating Shares in the Dividend Reinvestment Plan, less any amount which the Company shall either pursuant to this Constitution or any law be entitled or obliged to retain, to be applied by the Company to the payment of the subscription price of ordinary fully paid Shares.

24.2 Amendment and Revocation

Any resolution passed by the Company in general meeting pursuant to clause 24.1 may, at any time, be amended or revoked by the Company by ordinary resolution in general meeting.

25.	NOTICES	
25.1	Service	A notice may be given by the Company to any Shareholder either by: (a) serving it on him or her personally; or (b) by sending it by post to the Shareholder at his or her address as shown in the Register of Shareholders or the address supplied by the Shareholder to the Company for the giving of notices to this person. Notices to Shareholders whose registered address is outside Australia shall be sent by airmail or, where applicable, by the means provided for by clause 25.7; or (c) be sending it to the fax number or electronic address (if any) nominated by the member.
25.2	Deemed receipt of Notice	A notice will be deemed to be received by a Shareholder when: (a) where a notice is served personally, service of the notice shall be deemed to be effected when hand delivered to the member in person; (b) where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and to have been effected, in the case of a notice of a meeting, on the date after the date of its posting and, in any other case, at the time at which the letter would be delivered in the ordinary course of post; (c) where a notice is sent by facsimile, service of the notice shall be deemed to be effected upon confirmation being received by the Company that all pages of the notice have been successfully transmitted to the member's facsimile machine at the facsimile number nominated by the member; and (d) where a notice is sent to an electronic address by electronic means, service of the notice shall be deemed to be effected once sent by the Company to the electronic address nominated by the member (regardless of whether or not the notice is actually received by the member).

25.3	Notice to Joint Holders	A notice may be given by the Company to the joint holders of a Share by giving the notice to the joint holder first named in the Register of Shareholders in respect of the Share.
25.4	Notices to Personal Representatives and Others	A notice may be given by the Company to a person entitled to a Share in consequence of the death or bankruptcy of a Shareholder by serving it on him or her or by sending it to him or her by post addressed to the person by name or by the title or representative of the deceased or assignee of the bankrupt, or by any like description, at the address (if any) supplied for the purpose by the person or, if such an address has not been supplied, at the address to which the notice might have been sent if the death or bankruptcy has not occurred.
25.5	Persons Entitled to Notice	Notice of every general meeting shall be given to: (a) every Shareholder; (b) every person entitled to a Share in consequence of the death or bankruptcy of a Shareholder who, but for his death or bankruptcy, would be entitled to receive notice of the meeting; (c) every Director or Alternate Director; (d) the auditor for the time being of the Company; and (e) if the Company has issued and there are currently any Listed Securities, the Home Branch. No other person is entitled to receive notices of general meetings.
25.6	Change of Address	The Company shall acknowledge receipt of all notifications of change of address by Shareholders.
25.7	Incorrect Address	Where the Company has bona fide reason to believe that a Shareholder is not known at his or her registered address, and the Company has subsequently made an enquiry in writing at that address as to the whereabouts of the Shareholder and this enquiry either elicits no response or a response indicating that the Shareholder or his present whereabouts are unknown, all future notices

will be deemed to be given to the Shareholder if the notice is exhibited in the Registered Office (or, in the case of a member registered on a Branch Register, in a conspicuous place in the place where the Branch Register is kept) for a period of 48 hours (and shall be deemed to be duly served at the commencement of that period) unless and until the Shareholder informs the Company of a new address to which the Company may send him notices (which new address shall be deemed his registered address).

26. WINDING UP

26.1 Distribution in Kind

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set a value as the liquidator considers fair upon any property to be so decided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

26.2 Trust for Shareholders

The liquidator may, with the authority of a special resolution, vest the whole or any part of any property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

26.3 Distribution in Proportion to Shares Held

Subject to the rights of Shareholders (if any) entitled to Shares with special rights in a winding-up and the Corporations Act all monies and property that are to be distributed among Shareholders on a winding-up, shall be distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on the Shares.

26.4 Order for winding up

Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to Shareholders, Shares classified by a Recognised Stock Exchange as Restricted Securities at the time of the commencement of the winding up shall rank in priority after all other Shares.

27. INDEMNITIES AND INSURANCE

27.1 Liability to Third Parties

The Company:

- (a) indemnifies and agrees to keep indemnified every director, principal executive officer or secretary of the Company;
- (b) may, by deed, indemnify or agree to indemnify an officer (other than a director, principal executive officer or secretary) of the Company, against a liability to another person, other than the Company or a related body corporate of the Company, PROVIDED THAT:
- (c) the provisions of the Corporations Act (including, but not limited to, Chapter 2E) are complied with in relation to the giving of the indemnity; and
- (d) the liability does not arise in respect of conduct involving a lack of good faith, gross negligence, wilful misconduct or fraud on the part of the officer.

27.2 Defending Proceedings

The Company:

- (a) hereby indemnifies and agrees to keep indemnified every director, principal executive officer and secretary of the Company; and
- (b) may, by deed, indemnify or agree to indemnify an officer of the Company (other than a director, principal executive officer or secretary);

out of the property of the Company in relation to the period during which that officer held his or her office against a liability for costs and expenses incurred by that officer in that capacity, provided that such liability did not arise in respect of conduct involving a lack of good faith, gross negligence, wilful misconduct or fraud on the part of that officer:

- (c) in defending proceedings, whether civil or criminal, in which:
 - (i) judgment is given in favour of that officer; or
 - (ii) that officer is acquitted; or
- (d) in connection with an application in relation to any proceedings referred to in clause 27.2(c) in which relief is granted to that officer by the Court under the Corporations Act.

27.3 Insurance

The Company or a related body corporate of the Company may pay, or agree

to pay, a premium under a contract insuring an officer in relation to the period during which that officer held that office, including in respect of a liability for costs and expenses incurred by a person in defending civil or criminal proceedings whether or not the officer has successfully defended himself or herself in these proceedings, provided that:

- (a) the provisions of the Corporations Act (including, but not limited to, Chapter 2E) are complied with in relation to the payment of the premium; and
- (b) the liability does not arise out of conduct involving a wilful breach of duty to the Company or a contravention of Sections 184(2) or (3) of the Corporations Act.

27.4 Disclosure

Subject to any exception provided for in the Corporations Act, full particulars of the Company's indemnities and insurance premiums in relation to the officers must be included each year in the Directors' Report.

27.5 Definition

For the purposes of this clause 27, "officer" means:

- (a) a director, secretary or executive officer of the Company, whether past, present or future by whatever name called and whether or not validly appointed to occupy or duly authorised to act in such a position; and
- (b) any person who by virtue of any applicable legislation or law is deemed to be a director or officer of the Company, including without limitation, the persons defined as an officer of a company by Section 9 of the Corporations Act.

Nothing in this clause 27 precludes the Company from indemnifying employees (other than officers) and consultants or sub-contractors where the Directors consider it is necessary or appropriate in the exercise of their powers to manage the Company.

28. DIRECTORS' ACCESS TO INFORMATION

Where the Directors consider it appropriate, the Company may:

- (a) give a former Director access to certain papers, including documents provided or available to the Directors and other papers referred to in those documents; and

- (b) bind itself in any contract with a Director or former Director to give the access.

29. OVERSEAS SHAREHOLDERS

Each Shareholder with a registered address outside Australia acknowledges that, with the approval of the Home Branch, the Company may, to the extent permitted by the Listing Rules and applicable market practice, arrange for a nominee to dispose of any of its entitlement to participate in any issue of Shares or Share Options by the Company to Shareholders.

30. LOCAL MANAGEMENT

30.1 Local Management

The Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality whether in or outside the State in such manner as it thinks fit and the provisions contained in clauses 30.2, 30.3 and 30.4 shall be without prejudice to the general powers conferred by this clause 30.1.

30.2 Local Boards or Agencies

The Directors may at any time and from time to time establish any local boards or agencies for managing any of the affairs of the Company in any specified locality and appoint any persons to be Shareholders of a local board or any managers or agents and may fix their remuneration. The Directors may from time to time and at any time delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Directors other than the power of making calls and may authorise the Shareholders for the time being of any local board or any of them to fill up any vacancies on a local board and to act notwithstanding vacancies. This appointment or delegation may be made on the terms and subject to the conditions that the Directors think fit and the Directors may at any time remove any person so appointed and may annul or vary any or all of this delegation.

30.3 Appointment of Attorneys

The Company may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys of the Company for purposes and with powers, authorities and discretions (not exceeding those vested in or exercisable by the Company) and for the period and subject to the conditions that the Company may from time to time think fit. This appointment may (if the Company thinks fit) be made in favour of the Shareholders or any of the Shareholders of any local board established under clause 30.2 or in favour of any company or of the Shareholders, directors, nominees or managers of any

company or firm or in favour of any fluctuating body of persons whether or not nominated directly by the Company. The power of attorney may contain any provisions for the protection or convenience of persons dealing with such attorney or attorneys that the Company thinks fit.

30.4 Authority of Attorneys

Any such delegates or attorneys as appointed under this Constitution may be authorised by the Company to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

31. DISCOVERY

Save as provided by the Corporations Act or the Listing Rules no Shareholder shall be entitled to require discovery of any information in respect of any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or technical process which may relate to the business of the Company and which in the opinion of the Directors it would be expedient in the interests of the Shareholders of the Company to communicate.

32. SALE OF THE COMPANY'S MAIN UNDERTAKING

For so long only as any of the securities of the Company are Listed Securities then, notwithstanding anything to the contrary contained in this Constitution, any sale or disposal of the Company's main undertaking shall be conditional upon approval by an ordinary resolution of the Shareholders.

33. COMPLIANCE (OR INCONSISTENCY) WITH THE LISTING RULES

If the Company is admitted to the Official List of a Recognised Stock Exchange, the following clauses apply:

- (a) notwithstanding anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act shall not be done;
- (b) nothing contained in this Constitution prevents an act being done that the Listing Rules require to be done;
- (c) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (d) if the Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision;
- (e) if the Listing Rules require this Constitution not to contain a provision and

it contains such a provision, this Constitution is deemed not to contain that provision; and

- (f) if any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is deemed not to contain that provision to the extent of inconsistency.

34. CONSISTENCY WITH CHAPTER 2E OF THE CORPORATIONS ACT

34.1 Requirements of Chapter 2E

Notwithstanding any other provision to the contrary contained in this Constitution:

- (a) the Company shall not give a financial benefit to a related party except as permitted by Chapter 2E of the Corporations Act;
- (b) all notices convening general meetings for the purposes of Section 208 of the Corporations Act shall comply with the requirements of Sections 217 to 227 of the Corporations Act;
- (c) all meetings convened pursuant to Section 221 shall be held in accordance with the requirements of Section 225 of the Corporations Act; and
- (d) no holder of Shares or person on their behalf shall be entitled to vote or vote on a proposed resolution under Part 2E.1 of the Corporations Act if that holder of Shares is a related party of the public company to whom the resolution would permit a financial benefit to be given or an associate of such a related party.

34.2 Definitions

For the purposes of this clause 34 the terms:

- (a) "financial benefit" and "related party" shall have the meanings given or indicated by Part 2E.1 and Part 2E.2 of the Corporations Act"; and
- (b) "associate" shall have the meaning given to it in Division 2 of Part 1.2 of the Corporations Act.

35. INADVERTENT OMISSIONS

If for some formality required by this Constitution is inadvertently omitted or is not carried out the omission does not invalidate any resolution, act, matter or thing which but for the omission would have been valid unless it is proved to the satisfaction of the Directors that the omission has directly prejudiced any

Shareholder financially. The decision of the Directors is final and binding on all Shareholders.

36. PARTIAL TAKEOVER PLEBISCITES

36.1 Resolution to Approve Proportional Off-Market Bid

- (a) Where offers have been made under a proportional off-market bid in respect of a class of securities of the Company ("**bid class securities**"); the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the proportional off-market bid is prohibited unless and until a resolution (in this clause 36 referred to as a "**prescribed resolution**") to approve the proportional off-market bid is passed in accordance with the provisions of this Constitution.
- (b) A person (other than the bidder or a person associated with the bidder) who, as at the end of the day on which the first offer under the proportional off-market bid was made, held bid class securities is entitled to vote on a prescribed resolution and, for the purposes of so voting, is entitled to one vote for each of the bid class securities.
- (c) A prescribed resolution is to be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the prescribed resolution.
- (d) A prescribed resolution that has been voted on is to taken to have been passed if the proportion that the number of votes in favour of the prescribed resolution bears to the total number of votes on the prescribed resolution is greater than one half, and otherwise is taken to have been rejected.

36.2 Meetings

- (a) The provisions of this Constitution that apply in relation to a general meeting of the Company apply, with modifications as the circumstances require, in relation to a meeting that is convened pursuant to this clause 36.2 as if the last mentioned meeting was a general meeting of the Company.
- (b) Where takeover offers have been made under a proportional off-market bid, the Directors are to ensure that a prescribed resolution to approve the proportional off-market bid is voted on in accordance with this clause 36 before the 14th day before the last day of the bid period for the proportional off-market bid (the "**resolution deadline**").

36.3 Notice of Prescribed Resolution

Where a prescribed resolution to approve a proportional off-market bid is voted on in accordance with this clause 36 before the resolution deadline, the Company is, on or before the resolution deadline:

- (a) to give the bidder; and
 - (b) if the Company is listed – each relevant financial market (as defined in the Corporations Act) in relation to the Company;
- a notice in writing stating that a prescribed resolution to approve the proportional off-market bid has been voted on and that the prescribed resolution has been passed, or has been rejected, as the case requires.

36.4 Takeover Resolution Deemed Passed

Where, at the end of the day before the resolution deadline, no prescribed resolution to approve the proportional off-market bid has been voted on in accordance with this clause 36, a resolution to approve the proportional off-market bid is to be, for the purposes of this clause 36, deemed to have been passed in accordance with this clause 36.

36.5 Takeover Resolution Rejected

Where a prescribed resolution to approve a proportional off-market bid under which offers have been made is voted on in accordance with this clause 36 before the resolution deadline, and is rejected, then:

- (a) despite Section 652A of the Corporations Act:
 - (i) all offers under the proportional off-market bid that have not been accepted as at the end of the resolution deadline; and
 - (ii) all offers under the proportional off-market bid that have been accepted and from whose acceptance binding contracts have not resulted as at the end of the resolution deadline,
 are deemed to be withdrawn at the end of the resolution deadline;
- (b) as soon as practicable after the resolution deadline, the bidder must return to each person who has accepted any of the offers referred to in clause 36.5(a)(ii) any documents that were sent by the person to the bidder with the acceptance of the offer;
- (c) the bidder:

- (i) is entitled to rescind; and
- (ii) must rescind as soon as practicable after the resolution deadline,
- each binding takeover contract resulting from the acceptance of an offer made under the proportional off-market bid; and
- (d) a person who has accepted an offer made under the proportional off-market bid is entitled to rescind the takeover contract (if any) resulting from the acceptance.

36.6 Renewal

This clause 36 ceases to have effect on the third anniversary of the date of the adoption of the last renewal of this clause 36.

37. TRANSITIONAL

37.1 Provisions Relating to Official Quotation of Securities

Subject to clause 37.2 the provisions of this Constitution which relate to the official quotation of the Company's securities on a Recognised Stock Exchange (**Official Quotation**), including but not limited to clauses which refer to a Recognised Stock Exchange, the Listing Rules, applicable Settlement Rules, the Home Exchange, CSD, CHESS, Restricted Securities or Listed Securities shall not come into effect until such time as the Company is admitted to the official list of entities that a Recognised Stock Exchange has admitted and not removed.

37.2 Severance

To the extent that any of the provisions of this Constitution referred to in clause 37.1 above can continue to have effect following severance of the matters relating to Official Quotation, then such provisions shall be valid and effectual, notwithstanding clause 37.1, as from the date of adoption of this Constitution by special resolution of the members of the Company.

SCHEDULE 1 - PREFERENCE SHARES (CLAUSE 2.4)

1. In this schedule, unless the context otherwise requires:

Dividend Date means, in relation to a Preference Share, a date specified in the Issue Resolution on which a Dividend in respect of that Preference Share is payable.

Dividend Rate means, in relation to a Preference Share, the term specified in the Issue Resolution for the calculation of the amount of Dividend to be paid in respect of that Preference Share on any Dividend Date, which calculation may be wholly or partly established by reference to an algebraic formula.

Franked Dividend has the same meaning ascribed to Franked Distribution in Part 3-6 of the Tax Act.

Issue Resolution means the resolution specified in clause 4 of this schedule.

Preference Share means a preference share issued under clause 2.5.

Redeemable Preference Share means a Preference Share which the Issue Resolution specified as being, or being at the option of the Company to be, liable to be redeemed.

Redemption Amount means, in relation to a Redeemable Preference Share, the amount specified to be paid on redemption of the Redeemable Preference Share.

Redemption Date means, in relation to a Redeemable Preference Share, the date specified in the Issue Resolution for the redemption of that Preference Share.

Tax Act means the *Income Tax Assessment Act 1997*.

2. Each Preference Share confers upon its holder:

- (a) the right in a winding up to payment in cash of the capital (including any premium) then paid up on it, and any arrears of Dividend in respect of that Preference Share, in priority to any other class of Shares;
- (b) the right in priority to any payment of Dividend to any other class of Shares to a cumulative preferential Dividend payable on each Dividend Date in relation to that Preference Share calculated in accordance with the Dividend Rate in relation to that Preference Share; and

3.
 - (c) no right to participate beyond the extent elsewhere specified in clause 2 of this schedule in surplus assets or profits of the Company, whether in a winding up or otherwise.

Each Preference Share also confers upon its holder the same rights as the holders of ordinary shares to receive notices, reports, audited accounts and balance sheets of the Company and to attend general meetings and confers upon its holder the right to vote at any general meeting of the Company in each of the following circumstances and in no others:

 - (a) during a period during which a dividend (or part of a dividend) in respect of the Preference Share is in arrears;
 - (b) on a proposal to reduce the Company's share capital;
 - (c) on a resolution to approve the terms of a buy-back agreement;
 - (d) on a proposal that affects rights attached to the Preference Share;
 - (e) on a proposal to wind up the Company;
 - (f) on a proposal for the disposal of the whole of the Company's property, business and undertaking; and
 - (g) during the winding up of the Company.
4. The Board may only allot a Preference Share where by resolution it specifies the Dividend Date, the Dividend Rate, and whether the Preference Share is or is not, or at the option of the Company is to be, liable to be redeemed, and, if the Preference Share is a Redeemable Preference Share, the Redemption Amount and Redemption Date for that Redeemable Preference Share and any other terms and conditions to apply to that Preference Share.
5. The Issue Resolution in establishing the Dividend Rate for a Preference Share may specify that the Dividend is to be one of:
 - (a) fixed;
 - (b) variable depending upon any variation of the respective values of any factors in an algebraic formula specified in the Issue Resolution; or
 - (c) variable depending upon such other factors as the Board may specify in the Issue Resolution,

and may also specify that the Dividend is to be a Franked Dividend or not a Franked Dividend.

6. Where the Issue Resolution specifies that the Dividend to be paid in respect of the Preference Share is to be a Franked Dividend the Issue Resolution may also specify:
 - (a) the extent to which such Dividend is to be franked (within the meaning of the Tax Act); and
 - (b) the consequences of any Dividend paid not being so franked, which may include a provision for an increase in the amount of the Dividend to such an extent or by reference to such factors as may be specified in the Issue Resolution.
7. Subject to the Corporations Act, the Company must redeem a Redeemable Preference Share on issue:
 - (a) on the specified date where the Company, at least 15 Business Days before that date, has given a notice to the holder of that Redeemable Preference Share stating that the Redeemable Preference Share will be so redeemed on the specified date; and
 - (b) in any event, on the Redemption Date,

but no Redeemable Preference Share may be redeemed and no notice of redemption may be given before the second anniversary of the date upon which that Redeemable Preference Share is issued.
8. The certificate issued by the Company in relation to any Preference Share must specify in relation to that Preference Share:
 - (a) the date of issue of the Preference Share;
 - (b) the Dividend Rate and Dividend Dates;
 - (c) whether the Preference Share is a Redeemable Preference Share and if it is:
 - (i) the Redemption Amount and Redemption Date; and
 - (ii) the conditions of redemption (if any);
 - (d) the conditions of participation (if any) in respect of the Preference Share set out in clause 3 of this schedule; and
 - (e) any other matter the Board determines.
9. On redemption of a Redeemable Preference Share, the Company, after the holder has surrendered to the Company the certificate in respect of that

Redeemable Preference Share, must pay to the holder the Redemption Amount in cash, by cheque or in any other form that the holder agrees to in writing.

Appendix 2: Order Form for the Retail Offering (English)

For complete information about the Retail Offering, please refer to the Prospectus dated 9 May 2014 which has been issued in connection with the initial public offering of Shares in African Petroleum Corporation Limited. All capitalised terms not defined herein shall have the meaning as assigned to them in the Prospectus. The Company's Constitution, excerpts of the corporate resolutions to authorise the increase of the share capital of the Company, as well as the Company's annual accounts and the annual report for the last two years, are available at the Company's office.

Application Process: Applications for Offer Shares in the Retail Offering must be made by submitting this Order Form to the Application Office or through the VPS online application system (only available for Applicants who are residents of Norway with a Norwegian personal identification number and have a VPS account) by following the link to such online application system on the web-site, www.paretosec.com. An Order Form must be correctly completed and submitted to the following Application Office:

Pareto Securities
Dronning Mauds gate 3
P.O.Box 1411 Vik
N-0115 Oslo
Norway
Tel: +47 22 87 87 00
Fax: +47 22 87 87 15

Subject to any shortening or extension of the Order Period, a properly completed Order Form must be received by the Application Office by 12:00 p.m. CET on 20 May 2014. An Order Form that is incomplete or incorrectly completed, or that is received after expiry of the Order Period (as amended if applicable), may be disregarded without further notice to the Applicant.

Binding nature of the order: All orders made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Order Form by the Application Office, or in the case of applications through the VPS online application system, upon registration of the order, irrespective of any extension of the Order Period, and cannot be withdrawn, cancelled or modified by the Applicant after having been received by the Application Office, or in the case of orders through the VPS online subscription system, upon registration of the order.

Allocation, Payment and Delivery of Offer Shares: Pareto Securities, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 21 May 2014, by issuing allocation notes to the Applicants by mail. Any Applicant wishing to know the precise number of Offer Shares allocated to it, may contact the Application Office from 12:00 p.m. (CET) on 21 May 2014 and onwards during business hours. Applicants who have access to investor services through an institution that operates the Applicant's VPS account should be able to see how many Offer Shares they have been allocated from 10:00 a.m. (CET) on 21 May 2014. In completing an Order Form, or registering an Application through the VPS online subscription system, each Applicant in the Retail Offering will irrevocably authorise Pareto Securities to debit the Applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the Applicant. The Applicant's account number must be stipulated on the Order Form. Accounts will be debited on or about 26 May 2014 (the payment due date), and there must be sufficient funds in the stated bank account from and including 23 May 2014. Applicants who do not have a Norwegian bank account must ensure that payment of the allocated Offer Shares is made on or before the payment due date (26 May 2014). Further, details and instructions will be set out in the allocation notes to the applicant, and can be obtained by contacting Pareto Securities: + 47 22 87 87 00.

Offer Price: The Indicative Price Range for the Offering is from NOK 1.30 to NOK 1.45 per Offer Share, but might be amended during the Order Period. The Company and the Manager will determine the final Offer Price on the basis of the orders placed in the Institutional Offering during the Bookbuilding process. Subject to any amendments of the Offer Period, the Offer Price will be announced before trading commences on 21 May 2014. The Offer Price may be set below, within or above the Indicative Price Range. Each Applicant in the Retail Offering will be permitted, but not required, to indicate on the Order Form that the Applicant does not wish to be allocated Offer Shares should the Offer Price be set above the high-point of the Indicative Price Range. **If the Applicant does so, the Applicant will not be allocated any Offer Shares in the event that the Offer Price is set above the high-point of the prevailing Indicative Price Range at the time the Order Form is received by the Application Office.** If the Applicant does not expressly stipulate such reservation on the Order Form, the Application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range, so long as the Offer Price has been determined on the basis of orders placed during the Bookbuilding process. An Applicant in the Retail Offering will receive a discount of NOK 1,500 on the aggregate Offer Price for the Offer Shares allocated to such Applicant.

Applicant's VPS-account (12 digits):	I/we apply for shares for a total of NOK (minimum NOK 10,500 and maximum NOK 999,999):	Applicant's bank account to be debited (11 digits):
OFFER PRICE: My/our application is conditional upon the final Offer Price not being set above the high-point of the Indicative Price Range as of the date of your receipt of this Order Form (insert cross) (must only be completed if the application is conditional upon the final Offer Price not being set above the prevailing high-point of the Indicative Price Range):		
I/we hereby (i) confirm to have read the Prospectus and that I/we are aware of the risks associated with an investment in the Offer Shares, (ii) irrevocably (a) order the number of Offer Shares allocated to me/us up to the amount as specified above subject to the terms and conditions set out in the Prospectus, (b) authorise and instruct the Manager (or someone appointed by it) to subscribe for up to such number of Offer Shares at the Offer Price on my behalf and to take all actions required to ensure delivery of the Offer Shares allocated to me/us in the form of Depository Receipts in the VPS, on my/our behalf, and (c) authorise Pareto Securities to debit my/our bank account set out above for the amount payable for the Offer Shares allotted to me/us. I/we consent to becoming a shareholder of the Company and to be bound by its Constitution as amended from time to time.		
Date and place⁽¹⁾:	Binding signature⁽²⁾:	

⁽¹⁾ Must be dated during the Order Period

⁽²⁾ The Applicant must be of age. If the Order Form is signed by a proxy, documentary evidence of authority to sign must be attached in the form of a Power of Attorney or Company Registration Certificate.

DETAILS OF THE APPLICANT — ALL FIELDS MUST BE COMPLETED	
First name:	Surname / Family name / Company name:
Home address / For companies: registered business address:	Zip code and town:
Identity number (11 digits) / For companies: registration number:	Nationality:
Telephone number (daytime):	

See next page for additional application guidance.

ADDITIONAL ORDER GUIDANCE

Regulatory Matters: Legislation passed throughout the EEA pursuant to the Markets in Financial Instruments Directive ("MiFID") implemented in the Norwegian Securities Trading Act, imposes requirements in relation to business investments. In this respect the Manager must categorise all new clients in one of three categories: Eligible counterparties, Professional and Non-professional clients. All Applicants applying for Offer Shares in the Offering who are not existing clients of the Manager will be categorised as Non-professional clients. The Applicant can by written request to the Manager ask to be categorised as a Professional client if the Applicant fulfils the relevant provisions of the Norwegian Securities Trading Act. For further information about the categorisation the Applicant may contact the Manager. The Applicant represents that it has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision to invest in the Company by applying for Offer Shares, and the Applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the Company.

Execution Only: As the Manager is not in the position to determine whether the application for Offer Shares is suitable for the Applicant, the Manager will treat the application as an execution only instruction from the Applicant to apply for Offer Shares in the Offering. Hence, the Applicant will not benefit from the corresponding protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

About the Manager; Information Barriers: The Manager is a securities firm, offering a broad range of investment services. In order to ensure that assignments undertaken in the Manager's corporate finance department are kept confidential, the Manager's other activities, including analysis and stock broking, are separated from its corporate finance department by information barriers known as "Chinese walls". The Applicant acknowledges that the Manager's analysis and stock broking activity may act in conflict with the Applicant's interests with regard to transactions in the Shares as a consequence of such Chinese walls.

VPS Account; Anti-Money Laundering: To apply for Offer Shares the Applicant must have a VPS account or a custodian for Norwegian shares. Such account can only be established by personal appearance with sufficient identification at a VPS book entry agent or an authorised investment firm. The Offering is subject to the Anti-Money Laundering Legislation. All Applicants not registered as existing customers with the Manager must verify their identities to the Manager in accordance with requirements of the Anti-Money Laundering Legislation unless an exemption is available. Applicants that have designated an existing Norwegian bank account and an existing VPS account on the Order Form Retail Offering are exempted, provided the aggregate subscription price is less than NOK 100,000 unless verification of identity is requested by the Manager. The verification of identification must be completed prior to the end of the Order Period. Applicants who have not completed the required verification of identification will not be allocated Offer Shares. Applicants who are not registered as clients with the Manager must therefore complete the Manager's Customer Registration Forms and send it to the Manager immediately by fax or e-mail in order to be considered for an allocation of Shares in the Offering, unless an exemption is available.

Selling Restrictions: The Offering is subject to specific legal or regulatory restrictions in certain jurisdictions, see Section 7 "Selling and Transfer Restrictions" of the Prospectus. Neither the Company nor the Manager assumes any responsibility in the event there is a violation by any person of such restrictions.

Late or Missing Payments: Should any investor have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976, No. 100, which at the date of this Prospectus was 9.50per cent per annum. Pareto Securities reserves the right (but has no obligation) to make up to three debit attempts through 2 June 2014 if there are insufficient funds on the account on the payment due date. The Manager reserves the right, without further notice, to sell or assume ownership of such Offer Shares if payment has not been received by the third day after the payment due date. If Offer Shares are sold on behalf of the investor, such sale will be for the investor's account and risk (however so that the investor shall not be entitled to profits therefrom, if any) and the investor will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Manager as a result of or in connection with such sales, and the Company and/or the Manager may enforce payment of any amount outstanding in accordance with applicable law.

Terms and Conditions for Payment by Direct Debiting; Securities Trading: Payment by direct debiting is a service provided by cooperating banks in Norway. In the relationship between the payer and the payer's bank the following standard terms and conditions apply:

1. The service "Payment by direct debiting — securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
2. Costs related to the use of "payment by direct debiting — securities trading" appear from the bank's prevailing price list, account information and/or information is given by other appropriate manner. The bank will charge the indicated account for incurred costs.
3. The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payers bank account.
4. In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer's bank shall assist if payer withdraws a payment instruction which has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
5. The payer cannot authorise for payment a higher amount than the funds available at the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account is being charged. If the account has been charged with an amount higher than the funds available, the difference shall be covered by the payer immediately.
6. The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
7. If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Appendix 3: Order Form for the Retail Offering (Norwegian)

For fullstendig informasjon om det Offentlige Tilbudet henvises det til Prospektet datert 9. mai 2014, som har blitt offentliggjort i forbindelse med det offentlige tilbudet og børsnoteringen av Aksjer i African Petroleum Corporation Limited. Alle uttrykk med stor forbokstav som ikke er definert i dette dokumentet skal ha samme betydning som i Prospektet. Selskapets vedtekter, utdrag fra selskapsbeslutningene om å gi fullmakt til å øke Selskapets aksjekapital og Selskapets årsregnskap og årsberetning for de siste to årene er tilgjengelige på Selskapets kontor.

Bestillingsprosedyre: Bestilling av Tilbudsaksjer i det Offentlige Tilbudet må gjøres ved å sende inn denne Bestillingsblanketten for det Offentlige Tilbudet til Bestillingskontoret eller gjennom VPS sitt elektroniske bestillingssystem (kun tilgjengelig for bestillere bosatt i Norge med norsk fødsels- og personnummer som har en VPS-konto) ved å følge linken til det elektroniske bestillingssystemet på nettsiden, www.paretosec.com. Bestillingsblanketter for det Offentlige Tilbudet må være korrekt utfyllt og sendes inn til det følgende Bestillingskontoret:

Pareto Securities
Dronning Mauds gate 3
P.O.Box 1411 Vika
N-0115 Oslo
Norge

Tel: +47 22 87 87 00
Fax: +47 22 87 87 15

Med forbehold om eventuell forkortelse eller forlengelse av Bestillingsperioden må korrekt utfylte Bestillingsblanketter for det Offentlige Tilbudet være mottatt av Bestillingskontoret innen 12:00 (norsk tid) den 20. mai 2014. Bestillingsblanketter for det Offentlige Tilbudet som ikke er korrekt eller komplett utfyllt, eller som mottas etter utløpet av Bestillingsperioden (som endret hvis aktuelt), kan bli ignorert uten at bestilleren får nærmere beskjed om dette.

Bindende bestilling: Alle bestillingene som gjøres i det Offentlige Tilbudet er ugjenkallelige og bindende når en korrekt utfyllt Bestillingsblankett for det Offentlige Tilbudet er mottatt av Bestillingskontoret, eller, dersom bestilling skjer gjennom VPS sitt elektroniske bestillingssystem, ved registrering av bestillingen, uavhengig av en eventuell forlengelse av Bestillingsperioden, og kan ikke trekkes tilbake, kanselleres eller endres av bestilleren etter mottak hos Bestillingskontoret, eller dersom bestilling skjer gjennom VPS sitt elektroniske bestillingssystem, ved registrering av bestillingen.

Tildeling, betaling og levering av Tilbudsaksjene: Pareto Securities, som er oppgjørsgjort for det Offentlige Tilbudet, forventer å sende ut melding om tildeling av Tilbudsaksjer i det Offentlige Tilbudet på eller rundt den 21. mai 2014, gjennom tildelingsmeldinger til bestillerne per post. Dersom bestilleren ønsker å få vite det eksakte antall Tilbudsaksjer han er tildelt, kan vedkommende kontakte et av Bestillingskontorene fra 12:00 (norsk tid) den 21. mai 2014 og utover i kontortiden. Bestillere som har tilgang til investortjenester gjennom en institusjon som forvalter bestillerens VPS-konto skal kunne se hvor mange Tilbudsaksjer vedkommende har fått tildelt fra 10:00 (norsk tid) den 21. mai 2014. Ved å fylle ut en Bestillingsblankett for det Offentlige Tilbudet, eller registrere en bestilling gjennom VPS sitt elektroniske bestillingssystem, gir hver bestiller i det Offentlige Tilbudet fullmakt til Pareto Securities til å belaste bestillerens norske bankkonto for totalbeløpet som skal betales for Tilbudsaksjene tildelt bestilleren. Bestillerens kontonummer må oppgis i Bestillingsblanketten for det Offentlige Tilbudet. Belastning av konto vil skje på eller rundt den 26. mai 2014 (betalingsdagen), og det må være tilstrekkelige midler på den oppgitte bankkonto fra og med 23. mai 2014. Bestillere som ikke har en norsk bankkonto må sørge for at betaling av de tildelte Tilbudsaksjene gjøres på eller før betalingsdagen (26. mai 2014). Nærmere detaljer og instruksjoner vil følge av tildelingsmeldingene til bestillerne, og kan mottas ved å kontakte Pareto Securities: +47 22 87 87 00.

Tilbudsprisen: Det Indikative Prisintervallet for Tilbudet er fra NOK 1,30 til NOK 1,45 per Tilbudsaksje, men kan endres i løpet av perioden med bookbuilding. Selskapet og Tilretteleggeren vil fastsette den endelige Tilbudsprisen på basis av innkomne bestillinger i det Institusjonelle Tilbudet i løpet av bookbuildingen. Tilbudsprisen vil offentliggjøres før handelsdagen starter 21. mai 2014. Tilbudsprisen kan bli fastsatt under, innenfor eller over det Indikative Prisintervallet. Hver bestiller i det Offentlige Tilbudet vil få anledning, men ikke være tvunget til, å indikere i Bestillingsblanketten for det Offentlige Tilbudet at bestilleren ikke ønsker å bli tildelt Tilbudsaksjer dersom Tilbudsprisen overstiger den høyeste prisen i det Indikative Prisintervallet. **Hvis bestilleren gjør dette, vil ikke bestilleren bli tildelt noen Tilbudsaksjer dersom Tilbudsprisen overstiger den høyeste prisen i det Indikative Prisintervallet på det tidspunktet Bestillingsblanketten for det Offentlige Tilbudet mottas av Bestillingskontoret.** Hvis bestilleren ikke uttrykkelig inntar en slik reservasjon i sin Bestillingsblankett for det Offentlige Tilbudet, vil bestillingen være bindende uavhengig av om Tilbudsprisen settes innenfor eller over (eller under) det Indikative Prisintervallet, så lenge Tilbudsprisen har vært fastsatt på bakgrunn av bestillinger i perioden med bookbuilding. En bestiller i det Offentlige Tilbudet vil få en rabatt på NOK 1 500 på den totale Tilbudsprisen for de Tilbudsaksjer som blir tildelt den enkelte bestiller.

VPS-konto (12 sifre):	Jeg/vi bestiller aksjer for et totalbeløp på NOK (minimum NOK 10 500 og maksimum NOK 999 999):	Bestillerens bankkonto som skal belastes (11 sifre):
TILBUDSPRISEN: Min/vår bestilling forutsetter at den endelige Tilbudsprisen ikke er høyere enn den høyeste prisen i det Indikative Prisintervallet på datoen for ditt mottak av denne Bestillingsblanketten for det Offentlige Tilbudet (kryss av) (må bare fylles ut hvis bestillingen forutsetter at den endelige Tilbudsprisen ikke er høyere enn den gjeldende høyeste prisen i det Indikative Prisintervallet.)		
Jeg/vi bekrefter herved (i) å ha lest Prospektet og at jeg/vi er klar over risikoene knyttet til en investering i Tilbudsaksjene, (ii) at jeg/vi ugjenkallelig (a) bestiller det antall Tilbudsaksjer tildelt til meg/oss opp til beløpet angitt ovenfor på de vilkårene som følger av Prospektet, (b) at jeg/vi gir fullmakt til og instruerer Tilretteleggeren (eller noen oppnevnt av Tilretteleggeren) til å tegne seg for opp til slikt antall Tilbudsaksjer til Tilbudsprisen på mine/våre vegne og til å foreta alle handlinger som er nødvendige for å besørge levering av Tilbudsaksjene tildelt til meg/oss i form av såkalte Depository Receipts i VPS, på mine/våre vegne, og (c) at vi gir fullmakt til Pareto Securities til å belaste min/vår bankkonto angitt ovenfor for betaling av Tilbudsaksjer tildelt meg/oss. Jeg/ vi samtykker til å bli aksjeeier i Selskapet og til å være bundet av Selskapets vedtekter, slik de lyder til enhver tid.		
Dato og sted ⁽¹⁾:	Bindende signatur ⁽²⁾:	

⁽¹⁾ Må være datert i Bestillingsperioden

⁽²⁾ Bestilleren må være myndig. Hvis Bestillingsblanketten for det Offentlige Tilbudet er signert av en fullmektig, må det vedlegges dokumentasjon på fullmakten i form av en fullmakt eller en firmaattest.

INFORMASJON OM BESTILLEREN — ALLE FELT MÅ FYLLES UT	
Fornavn:	Etternavn / Selskapsnavn:
Hjemmeadresse / For selskaper: registrert forretningsadresse:	Postnummer og sted:
Fødsels- og personnummer (11 sifre) / For selskaper: organisasjonsnummer:	Nasjonalitet:
Telefonnummer (dagtid):	

Se neste side for ytterligere veiledning til bestilling.

BESTILLINGSVEILEDNING

Regulatoriske forhold: Lovgivning vedtatt i EØS gjennom verdipapirmarkedsdirektivet ("MiFID") implementert i verdipapirhandelloven, inneholder krav knyttet til investering i verdipapirer. I henhold til MiFID må Tilretteleggeren klassifisere alle nye kunder i en av tre kategorier: Kvalifiserte motparter, profesjonelle og ikke-profesjonelle kunder. Alle bestillere av Tilbudsaksjer i det Offentlige Tilbudet som ikke er eksisterende kunder av Tilretteleggeren vil bli klassifisert som ikke-profesjonelle kunder. Bestilleren kan be om å bli klassifisert som profesjonell ved skriftlig henvendelse til Tilretteleggeren hvis bestilleren oppfyller vilkårene for dette i verdipapirhandelloven. For ytterligere informasjon om klassifisering kan bestilleren kontakte Tilretteleggeren. Bestilleren bekrefter at han er en sofistisert investor med tilstrekkelig kunnskap og erfaring innenfor finans og investeringsvirksomhet til å være i stand til å vurdere fordelene og ulempene ved en beslutning om å investere i Selskapet ved å bestille Tilbudsaksjer, og at bestilleren kan bære den økonomiske risikoen investeringen innebærer, også dersom hele investeringen i Selskapet går tapt.

Kun ordreutførelse: Ettersom Tilretteleggeren ikke er i en posisjon til å vurdere hvorvidt bestillingen av Tilbudsaksjer egner seg for bestilleren, vil Tilretteleggeren behandle bestillingen som en ren instruks om ordreutførelse fra bestilleren om å bestille Tilbudsaksjer i det Offentlige Tilbudet. Som en følge av dette vil ikke bestilleren være beskyttet av de relevante reglene i verdipapirhandelloven.

Om Tilretteleggeren; Informasjonsbarrierer: Tilretteleggeren er et verdipapirforetak som tilbyr et bredt spekter av investerings tjenester. For å forsikre seg om at oppgaver som utføres av Tilretteleggerens corporate finance-avdeling holdes konfidensielle, er Tilretteleggerens andre aktiviteter, herunder analyse og aksjemegling, skilt fra corporate finance-avdelingen med informasjonsbarrierer kjent som "chinese walls". Bestilleren erkjenner at Tilretteleggerens analyse- og aksjemeglingsavdelinger kan handle i strid med bestillerens interesser hva gjelder transaksjoner i Aksjene som følge av disse informasjonsbarrierene.

VPS-konto; Hvitvasking: For å bestille Tilbudsaksjer må bestilleren ha en VPS-konto eller en forvalter for norske aksjer. Slik konto kan bare opprettes ved personlig oppmøte med nødvendig identifikasjon hos en VPS-agent eller et autorisert verdipapirforetak. Det Offentlige Tilbudet er underlagt regler om hvitvasking. Alle bestillere som ikke er registrert som kunder hos Tilretteleggeren må verifisere sin identitet overfor Tilretteleggeren i samsvar med gjeldende hvitvaskingsregler med mindre et unntak er anvendelig. Bestillere som har oppgitt en eksisterende norsk bankkonto og VPS-konto i Bestillingsblanketten for det Offentlige Tilbudet er unntatt, forutsatt at det samlede tegningsbeløpet er mindre enn NOK 100 000, med mindre verifisering av identitet kreves av Tilretteleggeren. Verifisering av identitet må gjennomføres før utløpet av Bestillingsperioden. Bestillere som ikke har gjennomført påkrevd verifisering av identifikasjon vil ikke bli tildelt Tilbudsaksjer. Bestillere som ikke er registrert som kunder hos Tilretteleggeren må derfor fylle ut Tilretteleggerens kunderegistreringsskjemaer og sende det til Tilretteleggeren umiddelbart på faks eller e-post for å bli vurdert i tildelingen av Tilbudsaksjer i det Offentlige Tilbudet med mindre et unntak er anvendelig.

Omsetningsbegrensninger: Det Offentlige Tilbudet er underlagt spesifikke restriksjoner i visse jurisdiksjoner, se kapittel 7 "Selling and Transfer Restrictions" i Prospektet. Verken Selskapet eller Tilretteleggeren påtar seg noe ansvar for noens brudd på disse restriksjonene.

Forsinket eller manglende betaling: Dersom en investor ikke har dekning på sin konto, eller dersom betaling av en annen grunn forsinkes, eller hvis det ikke er mulig å belaste kontoen, vil det påløpe rente fra betalingsdatoen tilsvarende den gjeldende forsinkelsesrente etter forsinkelsesrenteloven av 17. desember 1976, som på datoen for Prospektet er 9.50 per cent per år. Pareto Securities forbeholder seg retten (men har ingen forpliktelse) til å gjennomføre opp til tre belastningsforsøk frem til 2. juni 2014 hvis det ikke er tilstrekkelig dekning på kontoen på betalingsdatoen. Tilretteleggeren forbeholder seg retten til, uten nærmere beskjed, å selge eller overta eierskapet til Tilbudsaksjene hvis betaling ikke er mottatt innen tre dager etter betalingsdatoen. Dersom Tilbudsaksjer selges på vegne av investoren, vil slikt salg være for investorens regning og risiko (likevel slik at investor ikke får rett til eventuell fortjeneste) og investoren vil være ansvarlig for tap, kostnader og utgifter som påføres Selskapet og/eller Tilretteleggeren som følge av eller i forbindelse med slike salg, og Selskapet og/eller Tilretteleggeren kan tvangsinndrive betaling av utstående beløp i samsvar med norsk lov.

Vilkår for Betaling med engangsfullmakt; Verdipapirhandel: Betaling med engangsfullmakt er en tjeneste tilbudt av samarbeidende banker i Norge. I forholdet mellom betaleren og betalerens bank gjelder følgende standardvilkår:

1. Tjenesten "Betaling ved engangsfullmakt – verdipapirhandel" suppleres av kontoavtalen mellom betaleren og betalerens bank, særlig Punkt C i kontoavtalen, standardvilkår for innskudd og betalingsinstruksjoner.
2. Kostnader forbundet med bruk av "Betaling ved engangsfullmakt – verdipapirhandel" følger av bankens gjeldende prisliste, kontoinformasjon og/eller informasjon er gitt på annen passende måte. Banken vil belaste den angitte konto for påløpte kostnader.
3. Engangsfullmakten signeres av betaleren og leveres til betalingsmottaker. Betalingsmottaker vil levere instruksjonene til sin bank som igjen vil belaste betalerens bankkonto.
4. I tilfelle engangsfullmakten trekkes tilbake skal betaleren gjøre betalingsmottaker oppmerksom på dette. I henhold til finansavtaleloven skal betalerens bank være behjelpelig hvis betaleren trekker tilbake en betalingsinstruks som ikke er gjennomført. Slik tilbaketrekking kan anses som et brudd på avtalen mellom betaleren og betalingsmottaker.
5. Betaleren kan ikke autorisere et beløp for betaling som er høyere enn beløpet som er tilgjengelig på betalerens konto på betalingstidspunktet. Betalerens bank vil vanligvis gjennomføre en verifisering av tilgjengelige midler før kontoen belastes. Hvis kontoen belastes for et beløp som er høyere enn det som er tilgjengelig, skal betaleren dekke forskjellen umiddelbart.
6. Betalerens konto vil belastes på den angitte betalingsdatoen. Hvis betalingsdatoen ikke har blitt angitt i engangsfullmakten, vil kontoen bli belastet så snart som mulig etter at betalingsmottaker har levert instruksjonene til sin bank. Belastningen vil likevel ikke finne sted etter at engangsfullmakten har utløpt som beskrevet ovenfor. Betaling vil vanligvis krediteres betalingsmottakers konto mellom en og tre arbeidsdager etter den angitte datoen for betaling/levering.
7. Hvis betalerens konto feilaktig belastes på grunnlag av en engangsfullmakt, vil betalerens krav på tilbakebetaling av det belastede beløp reguleres av kontoavtalen og finansavtaleloven.

REGISTRAR AGREEMENT

RELATED TO REGISTRATION IN
THE NORWEGIAN CENTRAL SECURITIES DEPOSITORY

BETWEEN

African Petroleum Corporation Limited

AND

DNB Bank ASA
Registrars Department

This Agreement is entered into this 23 day of April 2014 by and between:

African Petroleum Corporation Limited, ABN 87 125 419 730, a company under the laws of Western Australia with registered address 32 Harrogate Street, West Leederville Western Australia 6007 (hereinafter the "Company")

and

DNB Bank ASA, as represented by the Registrar's Department ("Verdipapirservice"), a company under the laws of the Kingdom of Norway with address P.O. Box 1600 Sentrum, Oslo, Norway (hereinafter the "Registrar").

WHEREAS the Company is existing and operating under the laws of Western Australia;

WHEREAS a portion of all the issued shares of the Company are registered in the Norwegian Central Securities Depository ("Verdipapirsentralen" - hereinafter referred to as "VPS") as VPS Interests;

WHEREAS the Company's main Register of shareholders will be kept with Computershare Investor Services Pty Ltd, with address Level 2, 45 St. George's Terrace, Perth, Western Australia, 6000, Australia;

WHEREAS the Registrar is willing to (i) act as registrar on behalf of the Company in all matters relating to the VPS and thereby as the connecting link between the VPS and the Company and (ii) act as record keeper and intermediary on behalf of the VPS Shareholders whose VPS Interests are registered in the VPS Register;

WHEREAS all the shares of the Company underlying the VPS Interests registered in the VPS Register shall be registered in the Company's main register of shareholders maintained by the Company, via a custodian as determined and appointed by the Registrar from time to time;

NOW, THEREFORE, the parties have entered into the following:

1. DEFINITIONS

Company Share	means one fully paid ordinary share in the Company.
VPS	The Norwegian Central Securities Depository ("Verdipapirsentralen"), a Norwegian computerised, book-entry based system, in which ownership and transactions related to securities are recorded.
The VPS Register	The register of Shareholders maintained in the VPS.
Shareholder	a person or legal entity registered in the VPS Register as owner of a VPS Interest or VPS Interests.
VPS Interest	means a depository receipt issued by the Registrar and registered in the VPS Register in the name of the VPS Shareholder, and which depository receipt gives to the VPS Shareholder a beneficial interest in one Company Share.

2. UNDERTAKINGS BY THE REGISTRAR

- 2.1 Subject to the Registrar having received the necessary information from the Company, the **Registrar** undertakes to keep records of entries taken from the VPS Register with regard to the following:
- (a) the name and address of each Shareholder;
 - (b) the number of shares held by each Shareholder;
 - (c) the date each Shareholder was registered in the VPS Register as a Shareholder;
 - (d) the date any person ceased to be a Shareholder; and

- (e) provide service to the Oslo Stock Exchange/Oslo Børs, investment firms and the Shareholders of the Company in matters related to this Agreement and the VPS system.

Information concerning (c) and (d) above will be retained for 10 years following the date referred to in (d). Additional information might be retained in order to comply with any applicable Norwegian legislation in force from time to time.

- 2.2 The Registrar undertakes to hold any Company Shares registered in its name, including any beneficial interest in Company Shares registered in the name of a custodian appointed by the Registrar, on behalf of the Shareholders registered in the VPS as holders of the relevant VPS Interests. The parties agree, that the Shareholders are, and will at all times remain, the sole beneficial owners of a number of Company Shares held in the name of the Registrar equalling the number of VPS Interests registered in their names.
- 2.3 Further, subject to the Registrar having received the necessary information from the Company, the **Registrar** undertakes to distribute to the Shareholders all dividends or other cash amounts declared and paid by the Company in accordance with the VPS system for payment of dividend. Any dividends to be paid through the VPS must be available in a bank account held with the Registrar a minimum of two Norwegian banking days prior to the date of payment to the Shareholders. To Shareholders who maintain a Norwegian address and/or have supplied the VPS with details of their Norwegian kroner account such dividend will be paid in Norwegian kroner. Shareholders registered in the VPS Register whose address is outside Norway and who have not supplied the VPS with details of any Norwegian kroner account, will receive dividends by cheque in their local currency. If it is not practical in the Registrar's sole opinion to issue a cheque in a local currency, a cheque will be issued in U.S dollars (USD). The issuing and mailing of cheques will be executed in accordance with the standard procedures of DNB Bank ASA, Foreign Payments Department. The exchange rate(s) that is applied will be DNB Bank ASA's exchange rate on the date and time of day for execution of the exchange for the issuance of cheque.
- 2.4 Whenever the Company calls for a general meeting of shareholders, the Registrar undertakes, in relation to each Company Share underlying a VPS Interest to vote at such meeting (or cause the custodian to do so) in accordance with proxies from the Shareholder registered as the owner of the relevant VPS Interest in the VPS.
- 2.5 The Company has no right under this Agreement to direct the Registrar to vote or not to vote any Company Shares.
- 2.6 In the event of any change or alteration of the share capital of the Company the Registrar will make all necessary amendments in the VPS system. For the purpose of this clause, any instructions from the Company shall be accompanied by relevant documentation specifying the new share capital of the Company or any other alterations hereto.

In addition to the undertakings stated above, the Registrar can, subject to a separate agreement between the Company and the Registrar, provide advice and technical assistance in connection with:

- Sending the Shareholders of the Company at their registered addresses any notice, report, accounts, financial statements, circular or other similar document (each a "Document") relating to the affairs of the Company.
- Preparing, organising and assisting the Company when a Shareholder meeting and/or an annual or extraordinary general meeting of the Company is called for.
- Issues with and without pre-emptive rights for former/existing Shareholders.
- Issues directed towards employees, and/or special groups, both in Norway and abroad.
- Bonus issues, with and without payment for excess holdings of shares.
- Write-downs of the nominal value of the Company's share capital.
- Share splits and reverse share splits.
- Merger(s) and/or demerger(s).
- Sales of shares to employees or purchases of shares in the market.
- Subscriptions of convertible bonds, with or without pre-emptive rights for the Company's existing/former Shareholders, which may be converted to shares at a future date.
- Acquisitions.

- Special assignments.

- 2.5 However, notwithstanding the above, the Registrar does not undertake any obligation to render any tax reporting services to any tax authorities or to collect any tax on behalf of any tax authorities.
- 2.6 The Registrar undertakes to hold any shares registered in its name for the Shareholders only.

3. UNDERTAKINGS BY THE COMPANY

The **Company** undertakes to:

- Inform the Registrar of any decision made by the Company that is relevant for the continued registration of the Company and its Shareholders in the VPS Register and other relevant information, in order to enable the Registrar to comply with this Agreement.
- Inform the Registrar of all details of any proposed dividend by the Managing Board of Directors of the Company and all other details connected thereto before the General Meeting of the Company announces the proposed dividend in order to enable the Registrar to comply with this Agreement. VPS needs this information in order to process dividend payments.
- Pay to the Shareholders of the Company any dividend declared by the Company to a bank account held with the Registrar in accordance with the VPS system for payment of dividends, see clause 2.2.
- Provide the Registrar with a copy of its Articles of Incorporation, Articles of Registration, and Articles of Association, or any similar documents, and immediately inform the Registrar of any amendment to such articles, and provide the view of the Company regarding if such changes is relevant for the registration with the Registrar.
- To provide the Registrar with the Company shares tax value as of 1 January each calendar year upon request from the Registrar. The tax value provided will be reported to the VPS and to the Shareholders. The Company is liable for the correctness of the tax value stated. Any costs for amending the tax value in the VPS system will be charged the Company.

4. INFORMATION FROM THE VPS REGISTER

- 4.1 Each year the Registrar shall produce and send to the Company an updated list of the Shareholders registered in the VPS Register as at year's end.
- 4.2 At the request of the Company, the Registrar shall order from VPS and send to the Company a printout or printouts of the Company's shareholders' register, address labels or statistics from the VPS.
- 4.3 If anyone other than the Company requests address labels for the Shareholders from the VPS, the Registrar shall request permission from the Company prior to releasing such address labels.
- 4.4 If investment firms, financial newspapers or other persons request a transcript of the Company's 20 largest Shareholders, the Registrar is authorised by the Company to release such transcripts to the requesting party.
- 4.5 Any statistics of the Shareholders of the Company may be released to any requesting party subject to a separate agreement between the Company and the Registrar, or the Company's general consent to release such statistics.
- 4.6 If the shares of the Company are registered in more than one share register, a portion of Company Shares equal to the number of VPS Interests registered in the VPS Register must be registered in the Company's main register in the name of the Registrar or its custodian bank. If instructed by a Shareholder registered in the VPS Register, the Registrar undertakes to cause the transfer of the

Company Shares of which the Shareholder is beneficial owner from the account of the Registrar in the Company's main register to a new account in the name of the Shareholder in question, corresponding to all VPS Interests registered in that Shareholder's name in the VPS Register. Consequently the change in registration in the main register will be reflected in the VPS Register. Such transfer will be executed at the cost of the requesting Shareholder. The Board of Directors should not unreasonably withhold or refuse such an application. Such an application from the Registrar may include, but is not limited to, proceedings in connection with a take-over of the Company.

5. OWNERSHIP RESTRICTIONS

- 5.1 The Registrar may not reject, stop or reverse any transfer of VPS Interests in the VPS system. The Registrar may, upon request from the Company, provide information on the combined number of VPS Interests held by investors sorted by their citizenships, as reported to the VPS system by VPS securities account administrators. Such information will enable the Company to estimate whether it, in accordance with its Articles of Association, should contact any investor in order for the investor to reverse transfer of shares for reason such transfer of shares having violated any Company Articles of Association, as applicable.
- 5.2 The Registrar may, upon request from the Company, enter a restriction legend into the VPS system. Investors will upon purchase of VPS Interests receive a written holding statement via the VPS system on which the restriction legend will be stated, thus notifying investors that the Company may demand the investor to reverse transfer of the VPS Interest and/or underlying Company Shares if it is in violation of any Company Articles of Association, as applicable.

6. PAYMENTS

- 6.1 The Company agrees to pay the Registrar for the latter's services at the Registrar's standard rates as they apply from time to time, which may include reasonable internal and external fees, costs and expenses including internal and external legal fees. The Registrar shall send monthly invoices to the Company detailing the fees, costs and expenses payable including out-of-pocket expenses and costs incurred by the Registrar. In addition, the Company shall pay all expenses (including internal and external legal fees) incurred by Registrar in its capacity as Registrar.
- 6.2 The Company agrees to pay the account operator fee in advance in 3 instalments per year to the Registrar. The total amount of the account operator fee for the previous year will be calculated by the VPS and charged to the Company by the Registrar during the first quarter the following year.
- 6.3 Fees, costs and expenses as described in clause 6.1 and 6.2 shall be paid by the Company on a monthly basis upon receipt of an invoice produced by the Registrar. Each invoice will state each of the VPS costs incurred by the Registrar, and state each of the fees, costs and expenses of the Registrar the preceding month. Payment of such invoices is to be settled by the Company within the time limit stated on such invoices.

7. CONFIDENTIALITY

Any information regarding the Company or otherwise relating to its affairs, which may be obtained by the Registrar in connection with the performance of its duties as Registrar in accordance with this Agreement, will be treated as private and confidential and will not be disclosed to any third person unless required by applicable law.

8. LIABILITY

8.1 VPS' liability

In accordance with article 9-1 of the Norwegian Act Concerning the Registration of Financial Instruments ("The Securities Registry Act") (Office translation):

"The Central Securities Depository is liable for financial loss inflicted on anyone as a result of errors that occur in connection with securities registration operations. This does not apply in the event that the Depository proves that the error is due to circumstances outside the Depository's control, the consequences of which the Depository could not reasonably be expected to avoid or surmount.

The Securities Depository is liable for other financial losses in the event that such loss is due to negligence on the part of the Depository or another entity for which the Depository is answerable.

The liability for damages as specified in the first sub-article above only applies to direct losses and such liability is in any event limited to a maximum of NOK 500 million for any individual error".

As regards liability for other losses, in its business terms and conditions VPS has confined this to only apply to direct losses ensuing from events within VPS' control and limited to a maximum of NOK 2.5 million per wrongful act or omission. In addition, VPS operates with a deductible of NOK 10,000 per damage event.

The Company may have the Registrar, as Registrar for the Company, present any claims the Company has against VPS, but the Registrar cannot under any circumstances be held liable for errors committed by VPS or losses incurred as a result of VPS' conduct.

In the event that the Registrar does not receive full settlement from VPS due to the deductible, the Registrar may demand payment of the corresponding amount from the Company.

8.2 Liability of the parties

Each party is liable for any direct losses suffered by the other party as a result of breach of contract by the first party. The parties are not liable for indirect damage or indirect loss of any nature.

The Registrar cannot under any circumstances be held liable for any loss attributable to circumstances beyond the Registrar's control, including, but not limited to:

- a) errors committed by others, including errors attributable to sub-suppliers, incorrect or incomplete information from VPS, the Company, Shareholders, Shareholders' registrars or investment firms, or
- b) power failures, errors in or outages of electronic data processing systems, telecommunication networks etc., fire, water damage, strike, changes in legislation, orders or injunctions issued by the authorities or the suspension or cessation of monetary or securities settlements.

9. TAX LIABILITY

9.1 The Registrar does not undertake any liability for taxes or duties to any authorities, whether Norwegian or foreign, in its capacity acting as Registrar in accordance with this Agreement. Further, the Registrar does not undertake any obligation to render any tax reporting to any tax authorities, or to collect any tax on behalf of any tax authorities.

9.2. The Company will indemnify the Registrar of any claim for taxes or duties or other liability that may occur as a result of the Registrar either receiving, delivering or holding Company shares in connection with the Company being registered in the VPS or the Company's shares being so registered, or the Registrar issuing or cancelling Company shares in or out of the VPS system in accordance with Company instructions, or by the Registrar performing its duties in accordance with this Agreement.

10. TERMINATION OR CHANGE OF PROVISIONS OF AGREEMENT

10.1 This Agreement may be terminated by either party with a minimum of three months prior written notice.

10.2 Either of the parties may terminate this Agreement immediately on giving written notice to the other party in the event of the non-performance of payment obligations or any other material breach of the

Agreement. The Registrar may terminate this Agreement immediately in the event that the Company becomes unable to pay its debts.

- 10.3 The provisions of this Agreement may be subject to change provided applicable law so requires, or the parties to this Agreement agree in writing, on the provision that nothing in this Agreement or any amendment will result in the Registrar ceasing to be the registered owner of the Company Shares underlying the VPS Interests and the beneficial interest in an equivalent number of Company Shares will at all times remain with the relevant Shareholders.
- 10.4 If this Agreement is terminated, the Company shall appoint a new registrar in the VPS Register replacing the Registrar, and the Registrar shall cause the transfer of all Company Shares to the Australian custodian bank of such new registrar.
- 10.5 Any Shareholder may from time to time pledge their VPS Interests and corresponding beneficial interest in Company Shares recorded in the VPS system. The Registrar will not be informed about such pledges, or have access to such information on a day-to-day basis. In the event the Company should decide to terminate its VPS registration, the Company must allow minimum three months prior to such termination enabling the Registrar have VPS to produce an overview of the pledges recorded, and to notify any and all holders of rights in writing that their pledge will be removed as a consequence of the Company terminating its VPS registration, and that the holder of rights must take actions to either have the rights recorded in the Company primary register maintained in Computershare Investor Services Pty Ltd, or alternatively to enter into an agreement with the debtor in order to obtain a pledge in alternative valuables. The Company will be charged the costs incurred by the Registrar in connection herewith.

11. STANDARD CONDITIONS

The Company approves DNB General Business Terms for Financial Instruments as they appear at any time on the DNB Internet pages at www.dnb.no

12. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the Kingdom of Norway. The Company and the Registrar submit to the exclusive jurisdiction of the Norwegian court with respect to any dispute arising out of or in connection with this Agreement, venue to be Oslo Municipal Court.

This Agreement is issued in two originals, one for each of the parties.

Oslo, 23rd day of April 2014

African Petroleum Corporation Limited

for DNB Bank ASA

Appendix 5: Norwegian Summary (Norsk sammendrag)

Sammendrag består av informasjon som skal gis i form av "Elementer". Elementene er nummerert i punktene A – E (A.1 – E.7) nedenfor.

Dette sammendraget inneholder alle Elementer som skal være inkludert i et sammendrag for denne type verdipapir og utsteder. Som følge av at enkelte Elementer ikke må beskrives, kan det være huller i nummereringen av Elementene.

Selv om man kan være pålagt å innta et Element i sammendraget på grunn av typen verdipapir og utsteder, er det mulig at det ikke kan gis relevant informasjon knyttet til Elementet. I så fall er det inntatt en kort beskrivelse av Elementet i sammendraget sammen med benevnelsen "ikke aktuelt".

I dette norske sammendraget skal definerte ord og uttrykk (angitt med stor forbokstav) som er oversatt til norsk forstås i samsvar med tilsvarende engelskspråklige ord eller uttrykk slik disse er definert i det engelskspråklige Prospektet. Noen eksempler på slike engelskspråklige motstykker til definerte ord og uttrykk som er oversatt til norsk er som følger: Med "Prospektet" forstås "Prospectus", med "Konsernet" forstås "Group", med "Selskapet" forstås "Company", med "Tilbudet" forstås "Offering", med "Aksjene" forstås "Shares", og med "Tilbudsaksjene" forstås "Offer Shares".

Avsnitt A – Introduksjon og advarsel

A.1	Introduksjon og advarsel	Dette sammendraget bør leses som en innledning til Prospektet.
		Enhver beslutning om å investere i Aksjene bør baseres på investorens vurdering av Prospektet i sin helhet.
		Dersom et krav knyttet til informasjonen i Prospektet fremsettes for en domstol, kan saksøkende investor, i henhold til nasjonal lovgivning i sin hjemstat innenfor EU, bli pålagt å dekke kostnadene med å oversette Prospektet før rettsforhandlingene igangsettes.
		Sivilrettslig ansvar kan kun pådras for de personer som har satt opp sammendraget, herunder oversatt dette, men kun dersom sammendraget er misvisende, ikke korrekt eller usammenhengende når det leses i sammenheng med andre deler av Prospektet eller dersom sammendraget, når det leses sammen med andre deler av Prospektet, ikke gir nøkkelinformasjon som investorene behøver når de vurderer om de skal investere i slike verdipapirer.
A.2	Samtykke til bruk av Prospektet	Ikke aktuelt; Selskapet har ikke gitt samtykke til bruk av Prospektet for etterfølgende videresalg eller ved endelig plassering av Aksjene.

Avsnitt B – Utsteder

B.1	Juridisk- og forretningsnavn	African Petroleum Corporation Limited ("Selskapet" eller "African Petroleum").
B.2	Hjemstat og rettslig organisering, lovgivning og stiftelsesland	Selskapet er et allmennaksjeselskap, gyldig stiftet og registrert i Australia etter reglene i Australian Corporations Act 2001. Selskapet er registrert under organisasjonsnummer ACN 125 419 730.

B.3 Nøkkelfaktorer ved virksomheten og hovedaktiviteter Konsernet driver sin virksomhet innenfor leting og utvikling av olje og gass med fokus på letevirksomhet i Vest-Afrika. Konsernet har per i dag åtte lisenser, lokalisert utenfor kysten av Liberia, Elfenbenskysten, Senegal og Sierra Leone. Konserts lisenser utgjør tilsammen et brutto leteareal på 32 020 km².

Konsernets letevirksomhet har frem til nå blitt finansiert med egenkapital. Selskapet har til sammen innhentet USD 559,6 millioner gjennom fire kapitalforhøyelser i henholdsvis 2010, 2011, 2012 og 2014. Den 20. februar 2014 annonserte Selskapet en to-delt rettet emisjon som utgjorde et bruttoproveny på til sammen 20 000 160 australske dollar ("AUD"). Emisjonen ble gjennomført i februar og april 2014 slik beskrevet i avsnitt 15.2. Frem til datoen for Prospektet har Konsernet ervervet til sammen ti lisenser i Vest-Afrika (hvilket inkluderer blokk A1 og A4 i Gambia som påstås terminert av den gambiske stat, se avsnitt 8.9.2 for ytterligere informasjon). Selskapet har videre ervervet 3D seismikk på ni av de overnevnte lisensene og har boret tre utforsknings- og evalueringsbrønner på lisens LB-09 utenfor kysten av Liberia.

Selskapet har innhentet en uavhengig ekspertrapport, datert 22. april 2014, for å revidere Selskapets arbeid og kalkulere Selskapets prospektive ressurser ("Ekspertrapporten"). Ekspertrapporten er utarbeidet av ERC Equipoise Ltd etter anmodning fra Selskapet, og er utarbeidet i samsvar med definisjonene fastsatt i Petroleum Resources Management System. Ekspertrapporten inneholder følgende sammendrag av lisensene:

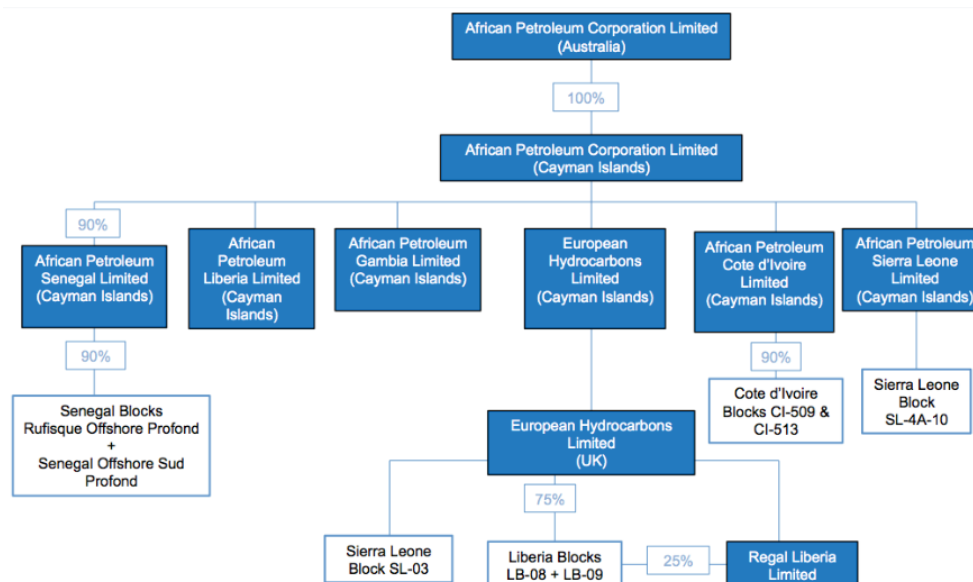
- Liberia: Uavhengig Beste Estimert (P50) av uriskede prospektive ressurser for de seks leteprospektene i Liberia er samlet 2.013 MMstb, netto til Konsernets eierandel i lisensene er 1.953 MMstb urisket og 310 MMstb risket. Det uavhengige gjennomsnittsestimatet av prospektive ressurser for de seks prospektene er samlet 3.339 MMstb urisket, netto er 3.230 MMstb urisket og 496 MMstb netto risket.
- Elfenbenskysten: Uavhengig Beste Estimert (P50) av uriskede prospektive ressurser for de fem evaluerte leteprospektene er samlet 999 MMstb, netto til Konsernets eierandel i lisensene er 863 MMstb urisket og 116 MMstb netto risket. Det uavhengige gjennomsnittsestimatet av prospektive ressurser for prospektene er 1.808 MMstb urisket, netto er 1.560 MMstb urisket og 209 MMstb netto risket.
- Sierra Leone: Uavhengig Beste Estimert (P50) av prospektive ressurser for Altair-prospektet på blokk SL-03 er 278 MMstb (brutto og netto) uriskede og 50 MMstb netto risket. Det uavhengige gjennomsnittsestimatet av prospektive ressurser for prospektet er 434 MMstb (brutto og netto) urisket og 79 MMstb netto risket.

For Senegal er 3D seismikk på nåværende tidspunkt gjenstand for analyse og disse har så langt identifisert enkelte funnmuligheter. Disse er imidlertid ikke av slik teknisk modenhet at de kan inkluderes som leteprospekter i Ekspertrapporten fra april 2014, og ingen prospektive ressurser er inkludert for Senegal.

Ingen materielle endringer har funnet sted siden datoen for Ekspertrapporten. Den fullstendige Ekspertrapporten er inntatt ved henvisning i avsnitt 19.5.

B.4a Vesentlige aktuelle trender som påvirker utsteder og industrien som utsteder opererer i Med unntak av hva som er beskrevet knyttet til den angitte termineringen av de Gambiske lisensene og forlengelsene av lisensene i Liberia og i Elfenbenskysten, har ikke Konsernet vært gjenstand for noen endringer eller trender utover Konsernets ordinære virksomhet som er vesentlige for Konsernet i perioden mellom 31. desember 2013 og datoen for dette Prospektet, utover det som ellers er beskrevet i Prospektet. Selskapet har ikke kjennskap til trender, usikkerheter, krav, forpliktelser eller hendelser som med rimelig sannsynlighet vil være av vesentlig betydning for utsteders framtidsutsikter i det inneværende regnskapsår. Se avsnitt 8 (Presentasjon av Konsernet), avsnitt 9 (Selskapets eiendeler) og avsnitt 10 (Markedsoversikt) og avsnitt 18 (Rettergang og voldgift) for mer informasjon om vesentlige aktuelle trender i Konsernets virksomhet og relevante markeder.

- B.5 Beskrivelse av Konsernet** Selskapet er det øverste morselskap i Konsernet, som i tillegg består av 21 datterselskaper. Flertallet av Konsernets datterselskaper er registrert på Caymanøyene, med unntak av noen selskaper som er registrert i landene hvor Konsernet utøver sin virksomhet gjennom sine lisenser, i tillegg til fem datterselskaper registrert i Storbritannia, inklusive managementselskapet African Petroleum Corporation (Services) Limited.



- B.6 Meldepliktige stemmeretter** På datoen for dette Prospektet eier Sarella Investments Limited (indirekte eiet av Frank Timis) og M&G Investment Mgt henholdsvis omtrent 39 prosent og 10 prosent av aksjekapitalen i Selskapet. I tillegg eier Capital Research Global Investors omtrent 6.9 prosent av aksjekapitalen i Selskapet. Etter gjennomføring av Tilbudet, og forutsatt (i) at det er utstedt maksimum antall Tilbudsaksjer, slik beskrevet her i Prospektet, og (ii) at det ikke allokeres Tilbudsaksjer til disse aksjeeierne, vil Sarella Investments Limited eie 31,5 prosent av aksjekapitalen, M&G Investment Mgt vil eie 8,4 prosent av aksjekapitalen og Capital Research Global Investors vil eie 5,7 prosent av aksjekapitalen. Etter gjennomføring av Tilbudet, og forutsatt (i) at det er utstedt minimum antall Tilbudsaksjer, slik beskrevet her i Prospektet, og (ii) at det ikke allokeres Tilbudsaksjer til disse aksjeeierne, vil Sarella Investments Limited eie 35,24 prosent av aksjekapitalen, M&G Investment Mgt vil eie 9,3 prosent av aksjekapitalen og Capital Research Global Investors vil eie 6,3 prosent av aksjekapitalen.

Ulike stemmeretter Alle Aksjer har like rettigheter, herunder lik stemmerett. Aksjeeiere har ikke adgang til å stemme for egne Aksjer i Selskapet i forbindelse med aksjonærvedtak som gjelder aksjeeierens egne Aksjer. Merk likevel at slik stemmegivning kan være tillatt i særskilte tilfeller, se avsnitt 15.11.

Kontroll Frank Timis er hovedaksjonær i Selskapet ved sitt indirekte eierskap gjennom Sarella Investments Limited. Frank Timis har, gjennom sitt indirekte Han har negativ kontroll over selskapet, og vil dermed ha anledning til i betydelig grad å påvirke saker som blir forelagt generalforsamlingen i Selskapet for avstemming.

- B.7 Utvalgt historisk finansiell nøkkelinformasjon** Den utvalgte finansielle informasjonen inntatt i dette Prospektet må leses i sammenheng med det aktuelle årsregnskapet og tilhørende noter som finnes på Selskapets hjemmeside, www.africanpetroleum.com.au. Opplysninger fra konsernregnskapet er hentet fra de reviderte konsoliderte årsregnskapene for regnskapsårene avsluttet 31. desember 2013 og 2012, i tillegg til Selskapets ureviderte kontantstrømoppstilling for første kvartal 2014 og 2013. De reviderte årsregnskapene for årene som ble

avsluttet henholdsvis 31. desember 2013 og 2012 er utformet i samsvar med Australisk GAAP, som er ekvivalent med IFRS, og ble revidert av Ernst & Young. De ureviderte kontantstrømpoppstillingene for første kvartal 2014 og 2013 er i det vesentlige utarbeidet i samsvar med australisk regnskapsstandard AASB 1026.

I januar 2014 mottok Konsernet underretning fra gambiske myndigheter om påstått oppsigelse av de gambiske lisensene, til tross for Konsernets forsøk på å forlenge den første leteperioden. I februar 2014 annonserte Selskapet at Konsernet fikk forlenget sine lisenser i Liberia, Den 1. februar 2014 ble Dr. Stuart Lake ansatt som ny administrerende direktør i Selskapet og i april 2014 fikk Konsernet forlenget sine lisenser Elfenbenskysten. Som nærmere beskrevet i avsnitt 15.2, gjennomførte Selskapet i februar og april 2014 en todelt rettet emisjon mot institusjonelle og profesjonelle investorer, herunder Sarella Investments Ltd. og M&G Investment Mgt, med et samlet bruttoproveny på AUD 20 000 160.

Foruten det ovennevnte har det ikke funnet sted vesentlige endringer i Konsernets finansielle stilling eller markedsstilling siden 31. desember 2013.

Konsolidert Totalresultat

USD '000	31/12/2013 revidert	31/12/2012 revidert
Videreført virksomhet		
Inntekter	2 794	3 911
Flykostnader	-3 748	-4 076
Avskrivninger	-1 699	-1 294
Nedskrivninger av lete- og evalueringskostnader	-31 221	-
Nedskrivninger av omsettelige reservedeler	-3 841	-
Kostnader knyttet til demobilisering/kansellering av rigg	-3 753	-
Tap ved salg av omsettelige reservedeler	-4 547	-
Nedskrivninger av fly	-1 708	-
Nedskrivninger av lån og depositum til nærstående	-12 919	-
Konsulentkostnader	-7 622	-6 289
Compliance og regulatoriske kostnader	-792	-412
Generelle administrasjonskostnader	-3 044	-5 338
Lønnskostnader	-11 194	-17 627
Husleie	-2 259	-1 773
Reiseutgifter	-1 838	-3 875
Netto valutagevinst/ tap	-555	-3 652
Finanskostnader	-284	-6
Tap fra videreført virksomhet før skatt	-88 230	-40 432
Skattekostnad	-	-
Årets tap, henførbart til eierne	-88 230	-40 432
Andre gevinster/tap i totalresultatet		
Valutagevinst / tap ved omregning fra funksjonell valuta til presentasjonsvaluta	-138	4 206
Andre tap i totalresultatet for perioden, etter skatt	-138	4 206
Totalresultat for perioden	-88 368	-36 226
Tapet i perioden henføres:		
Ikke-kontrollerende eierinteresse	-126	-150
Aksjeeiere i morselskapet	-88 103	-40 282
Totalt	-88 230	-40 432
Tap per aksje henført til eierne		
Ordinært/utvannet tap per aksje (US cents)	-5,20	-2,43

Konsolidert balanse

USD '000	31/12/2013 revidert	31/12/2012 revidert
Eiendeler		
Omløpsmidler		
Kontanter og kontantekvivalenter	7 914	52 599
Kundefordringer og andre fordringer	7 709	16 506
Bundne midler	12 074	50 114
Forskuddsbetalinger	1 266	10 303
Sum omløpsmidler	28 963	129 522
Anleggsmidler		
Kundefordringer og andre fordringer	-	-
Eiendom, anlegg og utstyr	3 158	6 993
Bundne midler	-	22 500
Lete- og evalueringskostnader	403 273	354 823
Immaterielle aktiva	352	-
Sum anleggsmidler	406 783	384 316
Sum eiendeler	435 746	513 838
EGENKAPITAL OG GJELD		
Gjeld		
Kortsiktig gjeld		
Leverandørgjeld og annen kortsiktig gjeld	32 384	25 685
Sum kortsiktig gjeld	32 384	25 685
Sum gjeld	32 384	25 685
Netto eiendeler	403 362	488 153
Egenkapital		
Utstedt aksjekapital	575 912	575 912
Reserver	17 282	13 844
Akkumulert tap	-189 571	-101 468
Morselskapsinteresse	403 623	488 288
Ikke-kontrollerende eierinteresse	-261	-135
Sum egenkapital	403 362	488 153

Konsolidert kontantstrømoppstilling

USD '000	År avsluttet 31/12/2013 revidert	År avsluttet 31/12/2012 revidert
Kontantstrøm fra operasjonelle aktiviteter		
Betaling til leverandører og ansatte	-32 587	-24 748
Leieinntekter	1 442	2 610
Mottatte renteinntekter	151	1 103
Finanskostnader	-74	-6
Netto kontantstrøm brukt i operasjonelle aktiviteter	-31 068	-21 041
Kontantstrøm fra investeringsaktiviteter		
Betaling for anlegg, utstyr og luftfartøy	-276	-2 225
Betaling for lete- og evalueringsaktiviteter	-75 246	-177 360
Innbetaling fra salg av omsettelige reservedeler	2 976	-
Lån til nærstående	-1 235	-1 742
Innbetalt lån fra nærstående	1 060	-
Betaling av depositum til nærstående	-1 297	-
Økning i sikkerhetsstillelse for arbeidsprogram	-	-79 941
Frigivelse av sikkerhetsstillelse	60 453	46 672
Netto kontantstrøm fra investeringsaktiviteter	-13 565	-214 596
Kontantstrøm fra finansieringsaktiviteter		
Innbetalt fra utstedelse av aksjer	-	90 352
Emisjonskostnader	-	-3 839
Netto kontantstrøm fra finansieringsaktiviteter	-	86 513
Netto økning/ reduksjon i kontanter og kontantekvivalenter	-44 633	-149 124
Kontanter og kontantekvivalenter ved begynnelsen av året	52 599	204 529
Netto valutaendringer	-52	-2 806
Kontanter og kontantekvivalenter ved utløpet av året	7 914	52 599

USD '000	Q1 2014 urevidert	Q1 2013 urevidert
Kontantstrømmer fra operasjonelle aktiviteter		
Innbetalinger fra kunder	-	-
Utbetalinger for		
a) Personalkostnader	-2,002	-3,837
b) Annonsering og markedsføring	-22	-58
c) Forskning og utvikling	-	-
d) Leie av eiendeler	-	-
e) Annen arbeidskapital	-1,415	-1,261
Mottatte utbytter	-	-
Innbetaling av renter og andre lignende poster	3	89
Betaling av renter og andre finanskostnader	-	-
Betaling av skatter	-	-
Andre (detaljer hvis vesentlig)		
a) Lete og evalueringsaktiviteter	-3,395	-63,348
b) Forretningsutvikling	-674	-92
c) Prosjektrelaterte reiser	-227	-1,054
d) Andre inntekter	43	-
Netto operasjonelle kontantstrømmer	-7,722	-69,561

Netto operasjonelle kontantstrømmer (videreført)	-7,722	- 69,561
Kontantstrøm fra investeringsaktiviteter		
Utbetaling fra kjøp av:		
f) Virksomhet	-	-
g) egenkapitalinvesteringer	-	-
h) intellektuell kapital	-	-
i) fysiske anleggsmidler	-15	-296
j) andre anleggsmidler	-	-
Innbetalinger fra salg av:		
f) virksomhet	-	-
g) egenkapitalinvesteringer	-	-
h) intellektuell kapital	-	-
i) fysiske anleggsmidler	-	-
j) andre anleggsmidler	-	-
Utlån til andre selskap	-108	-13
Tilbakebetaling lån til andre selskap	113	197
Annet		
c) Utbetalt sikkerhetsstillelse	-2	-
d) Frigivelse av sikkerhetsstillelse	-	39,506
Netto kontantstrøm brukt på investeringsaktiviteter	-11	39,394
Netto kontantstrøm brukt på operasjonelle og investeringsaktiviteter	-7,733	-30,167
Kontantstrømmer fra finansieringsaktiviteter		
Innbetalinger fra utstedelse av aksjer, opsjoner etc.	7,718	-
Innbetalinger fra salg av kansellerte aksjer	-	-
Innbetalinger fra lån	-	-
Tilbakebetaling av lån	-	-
Utbetaling av utbytte	-	-
Annet	-	-
Netto kontantstrøm fra finansiering	7,718	-
Netto økning/nedgang i kontantbeholdning	-15	-30,167
Konter ved begynnelsen av året	7,914	52,599
Valutajusteringer	36	-14
Konter ved utgangen av kvartalet	7,935	22,418

Konsolidert oppstilling av endring i egenkapitalen

USD '000	Total
Balansen 1. januar 2012	426 195
Årets tap	-40 432
Valutadifferanser som følge av omregning fra funksjonell valuta til presentasjonsvaluta	4 206
Totalresultat for året	-36 226
Transaksjoner med aksjeeier i deres posisjon som aksjeeier:	
Kapitalforhøyelse - emisjon	84 177
Utøvelse av opsjoner	2 336
Aksjebaserte betalinger	11 671
Balansen 31. desember 2012	488 153
Balansen 1. januar 2013	488 153
Årets tap	-88 230
Valutadifferanser som følge av omregning fra funksjonell valuta til presentasjonsvaluta	-138
Totalresultat for året	-88 368
Transaksjoner med aksjeeier i deres posisjon som aksjeeier:	
Kapitalforhøyelse - emisjon	-
Utøvelse av opsjoner	-
Aksjebaserte betalinger	3 577
Balansen 31. desember 2013	403 362

B.8	Pro forma finansiell informasjon	Ikke aktuelt
B.9	Resultatprognose eller estimat	Ikke aktuelt
B.10	Forbehold i revisjonsrapporten	Selskapets revisjonsberetninger inneholder ingen forbehold, men følgende presiseringer er inntatt i revisjonsberetningene for henholdsvis 31. desember 2013 og 31. desember 2012: <i>"Uten at det har betydning for vår konklusjon, vil vi trekke oppmerksomheten til Note 2. Som en følge av de forhold som er diskutert, er det vesentlig usikkerhet om konsernets evne til fortsatt drift, og dermed hvorvidt det vil realisere sine eiendeler og oppfylle sine forpliktelser gjennom ordinær drift og til de beløp som er angitt i regnskapet. Regnskapet omfatter ikke justeringer knyttet til realisasjon og presentasjon av de regnskapsførte verdiene av eiendeler eller til beløp og presentasjon av forpliktelser som vil kunne være nødvendig dersom konsernet ikke fortsetter sin virksomhet."</i> <i>"Uten at det har betydning for vår konklusjon, vil vi trekke oppmerksomheten til Note 2. Situasjonen som er beskrevet i Note 2 indikerer at det foreligger en vesentlig usikkerhet om konsernets evne til fortsatt drift og følgelig vil konsernet kunne være ute av stand til å realisere sine"</i>

eiendeler og oppfylle sine forpliktelser gjennom ordinær drift"

Avsnitt C – Verdipapirene

C.1	Type verdipapir og identifikasjonsnummer	Selskapets eksisterende aksjer er notert på National Stock Exchange ("NSX") i Australia med ISIN AU000000AOQ0. Tilbudsaksjene vil ikke bli registrert under et midlertidig ISIN.
C.2	Valuta	Handel av Tilbudsaksjene vil bli gjennomført i Australske Dollar på NSX, og i Norske kroner på Oslo Axess. Tilbudsaksjene er angitt i Australske Dollar.
C.3	Antall aksjer utstedt og pålydende verdi	Per datoen for dette Prospektet har Selskapet utstedt 648 478 636 Aksjer. Samtlige Aksjer er fullt innbetalte. Aksjene har ikke pålydende verdi.
C.4	Rettigheter knyttet til verdipapirene.	Tilbudsaksjene vil i alle henseender likestilles med de eksisterende Aksjer, og vil være kvalifisert for eventuelt utbytte som Selskapet måtte vedta med virkning for Aksjene etter at Aksjene er utstedt.
C.5	Begrensninger i verdipapirenes omsettelighet	Aksjene er generelt fritt omsettelige, så fremt registrering av overføringen ikke medfører overtredelse eller unnlatt oppfyllelse av bestemmelser etter australsk lov og overføringen ikke representerer et brudd på Australian Corporations Act eller gjeldende børsregler. Følgende restriksjoner vil kunne begrense Aksjenes omsettelighet: • I forbindelse med Tilbudet har Tilrettelegger inngått bindingsavtaler med Selskapet, Sarella Investments Limited og medlemmer av Selskapets ledelse og Styremedlemmene. Under disse bindingsavtalene har Selskapet, med visse begrensninger, avtalt for en periode på 365 dager beregnet fra første noteringsdag ikke å utstede nye Aksjer med mindre Tilrettelegger har gitt forutgående skriftlig samtykke. Videre har Sarella Investments Limited og medlemmer av Selskapets ledelse og Styremedlemmene avtalt ikke å selge eller på annen måte overføre sine Aksjer, for den perioden som er beskrevet under, med mindre Tilretteleggeren har gitt forutgående skriftlig samtykke. Som en konsekvens av inngåelsen av den frivillige bindingsavtalen med Sarella, medlemmer av ledelsen i Selskapet og Styremedlemmene i African Petroleum, vil Tilrettelegger teknisk anses for å oppnå en relevant interesse i Aksjene som er gjenstand for den frivillige bindingsavtalen og denne interessen vil overstige grensen på 20 prosent for relevant interesse som er tillatt under Australsk selskapsrett. På denne bakgrunn vil den frivillige bindingsavtalen gjelde ubetinget i forhold til de første 19.9 prosent av Aksjene som er eid av Sarella for en periode på 12 måneder fra dato for inngåelsen av bindingsavtalen, og for 3 måneder i relasjon til de overskytende Aksjene som er gjenstand for den frivillige bindingsavtalen. Begrensningene vil utvides til de fulle 12 måneder fra dato for avtalene dersom den Australske Securities and Investments Commission innen 3 måneder samtykker til at Tilrettelegger kan overstige 20 prosent grensen. Denne godkjenningen har blitt innvilget. • Forhåndssamtykke fra FIRB er nødvendig for enhver utenlandsk person som erverver 15 prosent eller mer av Aksjene eller for utenlandske personer som sammen kontrollerer 40 prosent eller mer av Aksjene, samt for alle utenlandske statlige investorer som erverver 10 prosent eller mer av aksjekapitalen (inkludert rent kommersielle investeringer). • NSX børsregler kan medføre begrensninger på omsetteligheten til Aksjer utstedt til enkelte personer, der Aksjene er utstedt som vederlag for tjenester, til nærstående parter eller under incentivprogrammer for ansatte, samt i enkelte andre tilfeller.

Aksjer solgt i USA er underlagt omsetningsbegrensninger. For ytterligere informasjon vises til avsnitt 7.2.

C.6 Søknad for opptak til notering på regulert marked

Selskapets Aksjer har vært notert på NSX siden juni 2010. Selskapet søkte om notering av alle utstedte og utestående Aksjer på Oslo Axess den 25. april 2014. I styremøtet avholdt den 30. april 2014 besluttet styret i Oslo Børs å godkjenne noteringssøknaden på følgende vilkår: i) Selskapet skal før første noteringsdag oppfylle kravet til antall aksjeeiere slik det fremgår av Opptaksreglene for aksjer på Oslo Axess pkt. 2.4.2, ha minst 25 prosent av aksjene som søkes notert spredt blant allmennheten slik det fremgår av Opptaksreglene for aksjer på Oslo Axess pkt. 2.4.1 samt offentliggjøre godkjent prospekt; og ii) Selskapet må gjennom den planlagte emisjonen tilføres minimum 30 millioner kroner (tilsvarende USD 5 millioner) i ny egenkapital.

I forbindelse med Noteringen har Selskapet til hensikt å vurdere sin notering på NSX.

C.7 Utbyttepolitikk

Selskapet har aldri vedtatt eller utbetalt kontantutbytte på sine Aksjer. Konsernets hovedvirksomhet relaterer seg til leting etter hydrokarboner, og lisensene som innehas av Konsernet er fremdeles i et tidlig letings- og utviklingsstadium. Selskapet forventer således ikke å komme i posisjon til å utbetale utbytte i overskuelig fremtid.

Avsnitt D – Risiko

D.1 Vesentlige risiki knyttet til Selskapet eller dets bransje

- Konsernet deltar i, og forventer å ville delta i, olje- og gassprosjekter i ulike utviklingsland i Vest Afrika. Selskapets virksomhet er således gjenstand for betydelig politisk, økonomisk og sosial usikkerhet som kan ha en betydelig negativ innvirkning på Konsernet. Usikkerheter omfatter, men er ikke begrenset til, risiko for krig, terrorisme, ekspropriasjon, nasjonalisering, reforhandling eller opphevelse av eksisterende eller fremtidige konsesjoner og kontrakter, endringer i prispolitikk med hensyn til råolje og naturgass, endringer i skattepolitikk og innføring av valutakontroll. Videre vil investeringer i utviklingsland generelt kun være passende for profesjonelle investorer som har et fullstendig bilde av betydningene av risikoen dette innebærer, og som er kjent med slik investering i utviklingsland. Det foreligger videre usikkerhet i tilknytning til innføringen av internasjonale sanksjoner mot landene Konsernet opererer i.
- Enkelte av jurisdiksjonene Konsernet opererer i scorer lavt på Transparency International's Corruption Perceptions Index, hvilket indikerer høyere antatt risiko for korrupsjon. Konsernet har implementert interne retningslinjer og inngått avtaleforpliktelser i henhold til gjeldende korrupsjonsregler. Det foreligger likevel risiko for at korrupsjonshandlinger utført av tredjeparter eller noen som arbeider for Konsernet, eller anklager om slike handlinger, kan medføre en betydelig negativ innvirkning på Konsernets omdømme, prestasjoner, økonomiske stilling, kontantstrøm, utsikter og/eller resultater.
- Olje- og gassrelatert lete- og produksjonsvirksomhet er kapitalintensiv og medfører høy risiko. Konsernet vil i fremtiden måtte pådra seg betydelige kapitalkostnader i forbindelse med investering i, leting, utvikling og produksjon av olje- og gassreserver. En betydelig andel av Konsernets virksomhet er offshorevirksomhet, hvilket medfører relativt høyere risiko enn landbasert virksomhet og kan medføre betydelige ekstrakostnader som følge av de tekniske utfordringer som er knyttet til offshorevirksomhet.
- Samtlige av Selskapets lisenser er offshore leteprosjekter. Slike prosjekter fordrer koordinering av en rekke aktiviteter, herunder erverv av seismikk og elektromagnetisk data, gjennomføring av undervannsundersøkelser, innhenting av samtykker fra partnere (dersom relevant), kontrahering av utstyr og fartøyer, herunder å sikre riggkapasitet for gjennomføring av boreaktiviteter. Hensyntatt den store etterspørselen, vil det kunne være lang leveringstid på slike aktiviteter. Selv om Selskapet anser dagens tilgjengelighet av dypvannsrigger generelt å være fordelaktig for Selskapet og Konsernet, kan Selskapet ikke garantere at det eller

Konsernet vil kunne sikre boreriggkapasitet for å fullføre brønnforpliktelsene slik de er listet i avsnitt 13.3.2 innen utløpet av leteperiodene og/eller på akseptable vilkår. Dersom det oppstår svikt i infrastruktur eller systemer eller dersom disse ikke møter Konsernets behov, vil dette kunne begrense Konsernets virksomhet og medføre forsinket, utsatt eller kansellert petroleumsaktivitet og/eller høyere kostnader. Det understrekes også at kontrahering av borerigger krever betydelige finansielle forpliktelser fra Konsernet og dets partnere.

- Boring av olje- og gassbrønner er i seg selv særlig spekulativt, kan være ulønnsomt og føre til totaltap av Selskapets investeringer. Det foreligger risiko for at ferdigstilte brønner aldri vil produsere olje eller gass, eller olje og gass av tilstrekkelig kvantitet og kvalitet til at brønnene oppnår lønnsomhet eller blir kommersielt levedyktige. Videre vil borerisiko eller miljøskader kunne medføre betydelig økte driftskostnader, og en rekke forhold knyttet til driften av slike felt kan ha betydelig negativ innvirkning på produksjonen fra vellykkede brønner.
- Konsernet er, og vil fra tid til annen være involvert i, rettslige tvister og rettssaker relatert til Konsernets aktiviteter og annet som kan ha en betydelig negativ innvirkning på Selskapets driftsresultat og økonomiske stilling. Ettersom nesten samtlige av Selskapets og Konsernets leterettigheter og relaterte kontrakter er underlagt lokal/nasjonal rett og jurisdiksjon i de respektive landene hvor Konsernet har sine lisenser, vil Konsernets rettslige beskyttelse og evne til å utøve eller håndheve sine rettigheter og plikter kunne variere mellom de ulike landene og også fra hva som ellers ville vært tilfellet dersom slike rettigheter og forpliktelser var underlagt australsk eller norsk rett og jurisdiksjon. I den grad Konsernet blir involvert i rettslige tvister for å forsvare eller håndheve sine rettigheter og/eller forpliktelser under sine lisenser, avtaler osv., kan slike tvister eller tilhørende rettslige prosesser være svært kostnads- og tidskrevende og utfallet av slike rettslige prosesser kan være høyst usikre. I den utstrekning Konsernet skulle bli involvert i rettslige tvister for å beskytte eller håndheve noen og av sine rettigheter eller forpliktelser under lisensene, avtalene eller andre grunnlag, vil slike tvister eller relaterte søksmål kunne være kostbare, tidkrevende og utfallet vil kunne være høyst usikkert. Videre vil rettsavgjørelser kunne bli avsagt mot Konsernet og Konsernet vil blant annet kunne avkreves erstatning, pålegges stansing av sin virksomhet osv. Det foreligger videre risiko for at Konsernet blir involvert i rettslige tvister med uforsikrede tredjeparter.
- Den 3. januar 2014 fremsatte de gambiske myndigheter en terminering av lisensene A1 og A4 i Gambia hvor Konsernet, gjennom en farm-in avtale med Buried Hill Gambia B.V., hadde en 60 prosent arbeidsinteresse. African Petroleum Gambia Limited har bestridt den angivelige termineringen, og styret i African Petroleum Gambia har vedtatt at tvisten skal avgjøres ved voldgift. Videre har African Petroleum Gambia mottatt ukvantiserte krav fra sin farm-in-partner Buried Hill i relasjon til den gambiske regjeringens angivelige oppsigelse av de gambiske lisensene. Buried Hill har også anført at de er påført tap som følge av African Petroleum Gambias mislighold av farm-in-avtalen fra 2010. African Petroleum avviser Buried Hills krav og dersom tvisten ikke kan løses i minnelighet vil eventuelle gjenstående spørsmål bli løst ved ICC-voldgift. Det kan ikke gis noen garanti for at eventuelle tvister i forbindelse med de Gambiske Lisensene vil bli løst i favør av Konsernet, og eventuelle negative utfall kan ha en vesentlig negativ effekt på Konsernet.
- Som en konsekvens av solidarisk ansvar vil enhver forsømmelse av lisenspartnere i oppfyllelsen av vesentlige forpliktelser kunne ha en betydelig negativ innvirkning på Konsernets virksomhet, økonomiske stilling, driftsresultat og/eller kontantstrøm.
- Ressursestimatene inntatt i Prospektet og i Ekspertrapporten er utelukkende estimater og de faktiske resultater kan være høyere eller lavere enn estimatene som presenteres i Prospektet og i Ekspertrapporten. Det foreligger ingen sikkerhet for at det forretningsmessig eller teknisk vil være gjennomførbart å produsere noen andel av ressursene.
- Verdien av Konsernets eiendeler og lønnsomheten i Konsernets virksomhet vil være avhengig av markedsprisen på olje og gass, som varierer.
- Manglende evne til å rekruttere og/eller beholde nøkkelpersonell og/eller oppfylle lokale krav kan ha en betydelig negativ innvirkning på Konsernets økonomiske stilling, virksomhet,

kontantstrøm, utsikter og/eller resultater.

- Svikt i oppfyllelsen av gjeldende lover og forskrifter om helse, miljø og sikkerhet vil kunne medføre at myndighetene reiser sak, at det pålegges bøter eller pålegges betaling av kompensasjon til tredjeparter. Alle disse faktorene vil kunne ha en betydelig negativ innvirkning på Konsernets økonomiske stilling, virksomhet, kontantstrøm, utsikter og/eller resultater.
- Konsernet er eksponert mot betydelige operasjonelle risikofaktorer. Disse inkluderer manglende lokalisering eller identifisering av oljereserver, manglende oppnåelse av antatt strømningshastighet ved brønnproduksjon, operasjonelle eller tekniske utfordringer knyttet til leting og produksjon, utfordringer knyttet til oppstarts- og produksjonsanlegg og -utstyr, mekanisk svikt eller anleggshavari, uforutsette reservoarproblemer som ville kunne påvirke feltets produksjonsevne, ugunstige værforhold, industri- og miljøulykker, industrielle disputer og uforutsett knapphet eller kostnadsøkninger for forbruksgjenstander, reservedeler, anlegg og utstyr.
- Selskapet vil i fremtiden kunne erverve eller gjennomføre betydelige investeringer i øvrige selskaper, leteprospekter og eller lisenser. Med slike erverv og/eller investeringer følger den risiko som ofte vil måtte påregnes ved slike oppkjøp og/eller investeringer.
- Ingen garantier kan gis med hensyn til om Selskapets fremtidige lete- og utviklingsvirksomhet vil resultere i oppdagelse og/eller utvikling av kommersielle mengder av olje og gass. Dersom Selskapet ikke lykkes i å erverve nye ressurser og/eller gjøre oppdagelser, er det ikke sikkert at Selskapet vil genere inntekter.
- Konsernet er særlig avhengig av tredjepartskontrahenter. Konsernet vil blant annet ikke kunne forutse risikoen for økonomisk svikt og/eller ikke-oppfyllelse av sine samarbeidspartnere, og/eller insolvens eller annen ledelsessvikt relatert til noen annen tjenestetilbyder Konsernet skulle benytte seg av for noen som helst tjeneste.
- Dersom en av Selskapets lete- eller utvinningslisenser ikke skulle fornyes eller bli innvilget, vil Konsernet måtte avslutte driften av den berørte brønnen eller produksjonsanlegget. Tap av en eller flere av Konsernets lisenser kan ha en betydelig negativ innvirkning på Konsernets økonomiske stilling, virksomhet, kontantstrøm, utsikter og/eller resultater.
- Konsernet kan pådra seg betydelige uforsikrede tap eller erstatningsansvar som vil kunne ha en betydelig negativ innvirkning på Konsernets økonomiske stilling, virksomhet, kontantstrøm, utsikter og/eller resultater.
- Olje- og gassindustrien er preget av sterk konkurranse. Konkurrenter kan ha større finansielle ressurser, personale og fasiliteter enn Konsernet. Den sterke konkurransen kan medføre at Konsernet ikke evner å erverve attraktive og egnede lisensområder eller leteprospekter på vilkår som er akseptable for Konsernet.
- Konsernets virksomhet er og vil være underlagt lover og forskrifter som regulerer leting, produksjon og bearbeidelse av hydrokarboner, eiendomsforhold og eiendomsutnyttelse, miljøforhold som (ikke-uttømmende) omfatter arealbetingede miljølisenser, tillatelser og lovbestemte godkjenninger, industriforhold, helse og sikkerhet på arbeidsplassen, handel og eksport, konkurranse, tilgang til infrastruktur og skatt. Disse reguleringene er implementert av rekke stater og myndigheter og kan være kostbare eller vanskelige å oppfylle, og kan derfor ha en betydelig negativ innvirkning på Selskapets økonomiske stilling, virksomhet, kontantstrøm, utsikter og/eller resultater.
- Konsernet har inngått en rekke produksjonsdelingskontrakter med myndighetene i de landene hvor Konsernet opererer. Delingen av produksjonen vil nødvendigvis påvirke lønnsomheten til Konsernet og/eller fortjenesten som vil tilfalle Selskapet eller dets aksjeeiere. Dette vil videre kunne påvirkes av om myndighetene utnytter de opsjonene de eventuelt har til å øke sin deltagelse eller størrelsen på sine andeler.

- Selv om kommersielle mengder av olje skulle oppdages, foreligger risiko for at Selskapet ikke vil kunne produsere og/eller transportere oljen til rimelige priser eller for at Selskapet ikke får solgt oljen til en pris som vil dekke Konsernets drifts- eller kapitalkostnader. Det foreligger videre risiko for at Selskapet ikke vil oppnå miljø- eller myndighetsgodkjenninger nødvendige for å konvertere letetillatelsene til produksjonstillatelser.
- Ingen garantier kan gis med hensyn til om Konsernet vil ha, eller vil evne å oppnå, tilfredsstillende finansiering til å møte sine finansielle forpliktelser ved forfall. Slik manglende oppfyllelse vil kunne ha en betydelig negativ innvirkning på Konsernets økonomiske stilling, virksomhet, kontantstrøm, utsikter og/eller resultater og det vil foreligge usikkerhet med hensyn til hvorvidt Konsernet vil kunne fortsette som igangværende virksomhet og således om den vil kunne realisere sine eiendeler og dekke sine forpliktelser innenfor ordinær virksomhet og med de beløp som er lagt til grunn i regnskapet.
- Basert på Selskapets nåværende kontantbeholdning, det forventede provenyet fra Tilbudet og budsjetterte utgifter for 2014 og 2015, vil Konsernet ikke være i posisjon til å finansiere sin deltagelse i en vesentlig andel av minimumsinvesteringskravene uten å gjennomføre en eller flere farm-out-transaksjoner i 2014 og/eller 2015. Skulle Konsernet ikke evne å møte eller reforhandle minimumskravene i arbeidsprogrammene, vil Konsernet risikere oppsigelse eller ikke-forlengelse av sine eksisterende lisenser og vil risikere å måtte foreta betalinger under garantiene avgitt under de relevante lisensene. Manglende evne til å møte forpliktelser i arbeidsprogrammet vil videre kunne gi grunnlag for ansvar mot statlige myndigheter og lisenspartnere og Konsernet vil risikere å miste depositum- og garantibeløp.
- Konsernet vil fremover i økende grad være avhengig av farm-outs. Farm-out-strategien bidrar til ytterligere teknisk kompetanse fra industrielle partnere ved evaluering og utvikling av Konsernets lisensinteresser og bidrar til å redusere Konsernets driftskostnader relatert til opprettholdelse av kontantbeholdninger og diversifisering av leterisiko. Som utdypet ovenfor er Konsernet avhengig av farm-outs av en eller flere av sine lisenser og av ytterligere egenkapitalfinansiering, for å kunne møte utestående forpliktelser i nåværende leteperiode for arbeidsprogram under enkelte av Konsernets lisenser.
- Selskapets kapitalbehov beror på flere ulike faktorer. Avhengig av Konsernets letesuksess, vil Selskapet kreve ytterligere finansiering i fremtiden. Ved egenkapitalfinansiering vil Selskapets aksjeeiere kunne utvannes, og lånefinansiering kan, dersom tilgjengelig, medføre restriksjoner på finansiering og Konsernets operasjonelle aktiviteter. Det kan ikke garanteres at eventuell påkrevet tilleggsfinansiering vil være tilgjengelig for Selskapet, eller at slik finansiering er tilgjengelig på akseptable vilkår.
- Konsernet har på nåværende tidspunkt ingen rentebærende gjeldsordninger. Skulle Konsernet i fremtiden likevel inngå noen form for gjeldsordning, vil Konsernet kunne bli eksponert mot renterisiko, hvilket omfatter risikoen for at et finansielt instruments verdi vil fluktuere som følge av endringer i markedsrenter for rentebærende finansielle instrumenter. Konsernet har på nåværende tidspunkt ikke etablert ordninger for å begrense slik eksponering, og ingen garanti kan gis for at Konsernet i fremtiden vil lykkes i å etablere slike ordninger.
- Konsernet er eksponert mot valutakursrisiko for kjøp og lån pålydende i andre valutaer enn de respektive funksjonelle valutaer til enhetene som utgjør Konsernet, hvilket primært er amerikanske dollar (USD). Konsernet har ikke benyttet derivater som hedge i slike transaksjoner og kan således påføres betydelige tap.
- Det kan ikke gis noen garanti for at Selskapet ikke vil pådra seg betydelige tap som følge av medkontrahenters manglende evne eller vilje til å oppfylle sine forpliktelser som vil kunne ha en betydelig negativ innvirkning på Konsernets økonomiske stilling, virksomhet, kontantstrøm, utsikter og/eller resultater.
- Konsernet har drevet med tap siden stiftelse, og det er således ikke mulig å vurdere Konsernets utsikter på grunnlag av tidligere prestasjoner. Siden Konsernet har til hensikt å fortsette å investere i sitt leteprogram, forventer Konsernet å pådra seg ytterligere tap i overskuelig fremtid.

D.3
Vesentlige
risiki knyttet til
aksjene

- Selskapet har ingen kontroll over potensielle fremtidige endringer i nåværende lovgivning og skatterett i landene Konsernet opererer i. Fremtidige endringer i slik lovgivning og skatterett vil kunne ha en betydelig negativ innvirkning på Konsernets økonomiske stilling, virksomhet, kontantstrøm, utsikter og/eller resultater.
- De kommersielle målsetningene og interessene til Selskapet største aksjeeier og de kommersielle målsetningene og interessene til Selskapet og øvrige aksjeeiere, vil ikke alltid være sammenfallende. Selskapets største aksjeeier, Sarella Investments Limited, er kontrollert av Timis Trust, en stiftelse hvor Frank Timis er hovedbegunstiget. Frank Timis, Selskapets grunnlegger, trakk seg tilbake fra sin Selskapets styre i oktober 2013. Sett hen til historiske hendelser relatert til andre noterte foretak hvor Frank Timis har vært involvert slik beskrevet under, vil ikke Frank Timis bli ansatt, ha styreverv eller delta i Selskapets ledelse i fremtiden. Frank Timis, har ved flere anledninger blitt idømt strafferettslige sanksjoner i Australia, hovedsakelig som følge av mindre og i stor grad kjøre-relaterte overtredder, i tillegg til to narkotika-relaterte overtredder, samt siktelse for utilfredsstillende lagring av eksplosiver. Han har også vært arbeidende styreformann i og/eller styremedlem i to AIM-noterte selskaper som ble sanksjonert av London Stock Exchange i en periode hvor han fungerte som arbeidende styreformann og/eller styremedlem i disse selskapene. Toronto Stock Exchange ("TSX") har også ved to anledninger vurder Frank Timis som uegnet til å være medlem i styre, ledelse eller være hovedaksjonær i TSX-noterte utstedere. Disse avgjørelsene medfører ikke et forbud mot at Frank Timis skal kunne fungere som styremedlem av unoterte selskaper i denne jurisdiksjonen. Frank Timis fungerer i dag som styremedlem i International Petroleum Limited, et selskap som på nåværende tidspunkt er suspendert fra handel på NSX.
- Kursen på Aksjene kan svinge betydelig.
- Fremtidige utstedelser av Aksjer eller andre finansielle instrumenter kan utvanne aksjeeiernes eierandel i Selskapet og ha betydelig negativ innvirkning på aksjekursen.
- Det foreligger risiko for at reelle eiere av forvalterregistrerte Aksjer ikke får utøvet stemmeretter knyttet til sine Aksjer.
- Overdragelse av Aksjer er gjenstand for restriksjoner etter gjeldende rettsregler om verdipapirer i USA og andre jurisdiksjoner.
- Investorer i USA vil kunne ha vanskeligheter med å håndheve dommer mot selskapet, dets styre eller ledelse i Australia eller Norge, avsagt i USA.
- Under australsk lov er utenlandsk eierskap av betydelige interesser i australske selskaper underlagt krav om forhåndsgodkjenning av Australian Foreign Investment Review Board (FIRB). Kravet om forhåndsgodkjenning gjelder for australske selskaper med en markedsverdi over AUD 248 millioner eller med balansesum som overstiger samme beløp. Selskapets balansesum overstiger for tiden AUD 248 millioner hvilket innebærer at forutgående godkjenning fra FIRB gjelder for enkelte av selskapets utenlandske aksjeeiere. Forhåndsgodkjenning er blant annet nødvendig for utenlandske personer som erverver mer enn 15 prosent av aksjene i et australsk selskap, for utenlandske personer som samlet erverver mer enn 40 prosent av slike aksjer eller for utenlandske statlige investorer som erverver 10 prosent eller mer av aksjekapitalen i ethvert australsk selskap (hvilket inkluderer rent kommersielle investeringer).
- Tilbudsaksjene i Tilbudet er priset i NOK og Aksjene vil være priset i NOK på Oslo Axess og AUD på NSX. Samtidig vil Selskapets regnskaper og kontantbeholdning vil være i USD. Ethvert fremtidig utbytte på Aksjene vil utbetales i AUD eller USD av Selskapet, men slikt utbytte distribuert av den Norske Kontoføreren gjennom VPS-systemet til aksjeeiere med adresse i Norge eller til aksjeeiere som har bankkonto angitt i NOK vil utbetales i Norske Kroner. Aksjeeiere som er registrert i VPS og som har adresse utenfor Norge og som ikke har gitt VPS informasjon om kontodetaljer for bankkonto angitt i NOK vil motta utbytte gjennom sjekk i sin lokale valuta eller i USD (etter konvertering til NOK) Investorer vil således være

eksponerte mot ugunstige svingninger i AUD, NOK og/eller USD mot deres lokale valuta.

- Risiko knyttet til depotbevis og Kontoføreravtalen inkluderer men er ikke begrenset til aksjeeiernes begrensede mulighet til å utøve aksjonærrettigheter, risiko for at den Norske Kontoføreren ikke oppfyller sine forpliktelser etter kontoføreravtalen samt risiko for at kontoføreravtalen termineres.
- Rettighetene til enhver person med eierskap til Selskapets Aksjer vil være underlagt australsk rett og Selskapets vedtekter. Australsk rett vil i noen henseender avvike fra rettsregler i andre jurisdiksjoner. Slike forskjeller vil kunne medføre at Selskapets minoritetsaksjonærer har mindre beskyttelse enn de ellers ville hatt etter de rettsregler som gjelder i andre jurisdiksjoner.

Avsnitt E – Tilbudet

E.1 Nettoproveny og totalkostnader Bruttoprovenyet i Tilbudet forventes å utgjøre mellom NOK 100 millioner og NOK 200 millioner.

Selskapet anslår at nettoprovenyet av Tilbudet, etter fradrag for estimerte provisjoner og utgifter til Tilrettelegger og andre rådgivere samt øvrige kostnader forbundet med Tilbudet og Noteringen, vil utgjøre mellom NOK 79 712 321 og NOK 174 712 323.

E.2a Bakgrunnen for tilbudet og bruk av provenyet Tilbudet har til hensikt å posisjonere Selskapet slik at det vil kunne bevare sine letelisenser og oppfylle de underliggende forpliktelser, samt å tillate nødvendig tid og fleksibilitet til farm-out av interessen(e) over enkelte lisenser til strategiske partnere for det formål å finansiere arbeidsprogrammene fremover.

Tilbudet har videre til hensikt å bringe Selskapet i samsvar med kravene for notering på Oslo Axess ved å ha minst 100 aksjeeiere som hver eier Aksjer til en verdi av minst NOK 10 000 i VPS. En notering på Oslo Axess vil gi enda et regulert sted for handel i Aksjene og dermed gi større likviditet i Aksjene. Det vil også ytterligere legge til rette bruk av kapitalmarkedene for å øke egenkapitalen dersom Selskapet skulle trenge dette i fremtiden, og gjør Selskapet i stand til å bruke sine Aksjer som oppgjørsvaluta i fremtidige oppkjøp og fusjoner, dersom dette blir aktuelt.

E.3 Vilkår for Tilbudet Tabellen under gir en oversikt over enkelte indikative nøkkeldatoer for Tilbudet, med forbehold om endringer.

	Date ⁽¹⁾
Oppstart Ordrebokperioden for det Institusjonelle Tilbudet.....	12. mai 2014, kl. 09:00
Oppstart av Tilbudsperioden for det Offentlige Tilbudet	12. mai 2014, kl. 09:00
Utløpet av Tilbudsperioden for det Offentlige Tilbudet.....	20. mai 2014, kl. 12:00 ⁽¹⁾
Lukking av Ordrebokperioden for det Institusjonelle Tilbudet	20. mai 2014, kl. 15:00 ⁽¹⁾
Fordeling av Tilbudsaksjer.....	På eller rundt 20. mai 2014
Meldinger om tildeling	På eller rundt 21. mai 2014
Betalingsfrist.....	På eller rundt 26. mai 2014
Registrering av kapitalforhøyelsen og utstedelse av de underliggende Aksjene.....	På eller rundt 28. mai 2014
Registrering av aksjene i VPS.....	På eller rundt 28. mai 2014
Levering av Tilbudsaksjene	På eller rundt 28. mai 2014
Første handelsdag på Oslo Børs.....	På eller rundt 30. mai 2014

⁽¹⁾ Forbehold om forkortelse eller forlengelse. I den grad Bookbuilding perioden eller Tilbudsperioden fremskyndes eller utvides, kan alle andre datoer som er nevnt i denne tabellen forlenges tilsvarende

Selskapet har gjennom Tilbudet til hensikt å innhente mellom NOK 100 millioner and NOK 200 millioner i bruttoproveny. Forutsatt bruttoproveny på NOK 150 millioner og en Tilbudspris på midtpunktet i det Indikative Prisintervallet, vil Tilbudet bestå av 109 090 909 Tilbudsaksjer (med de forbehold om endringer som beskrevet under). Tilbudsaksjene vil utstedes av Selskapet gjennom vedtak av Styret i samsvar med styrefullmakt vedtatt ved ekstraordinær generalforsamling i Selskapet avholdt 2. april 2014 og i samsvar med artikkel

2.2 i vedtektene og reglene og prosedyrene til NSX. Det endelige antall Tilbudsaksjer som skal utstedes i forbindelse med Tilbudet vil bli endelig avgjort av Selskapet og Tilrettelegger etter utløpet av Ordrebokperioden.

Etter samtykke fra Selskapet vil Tilrettelegger under Overtildelingsfasiliteten videre kunne velge å overtildele et antall Ytterligere Aksjer tilsvarende opp mot 10 prosent av antallet Tilbudsaksjer opprinnelig tildelt (men under enhver omstendighet ikke mer enn 10 prosent av det maksimale antall Tilbudsaksjer som beskrevet her i Prospektet). Overtildelingsfasiliteten vil bare benyttes så fremt Tilrettelegger, før utløpet av Ordrebokperioden (slik denne er fremskyndet eller utvidet), har mottatt et ikke-handlingsbrev fra ASIC i relasjon til de foreslåtte stabiliseringsaktiviteter, som er aktiviteter som potensielt kan ha en indirekte innvirkning på markedsprisen på Aksjene som handles på NSX.

Tilbudet omfatter to transjer:

- Et Offentlig Tilbud, hvor Tilbudsaksjer tilbys til allmennheten i Norge med en nedre grense per bestilling og tildeling på NOK 10 500 og en øvre grense per bestilling og tildeling på NOK 999 999 for hver investor. Investorer i det Offentlige Tilbudet vil motta en rabatt på NOK 1 500 på den samlede kjøpesummen for Tilbudsaksjene tildelt slike investorer; og
- Det Institusjonelle Tilbudet, hvorav Tilbudsaksjer tilbys til (i) investorer i Norge, (ii) til investorer utenfor Norge og USA i henhold til gjeldende unntak for lokale prospektrav og andre krav til registrering og i samsvar med Regulation S under U.S Securities Act, og (iii) i USA til kvalifiserte institusjonelle kjøpere (QIBs) som definert i, og i samsvar med, Rule 144A av U.S. Securities Act, betinget av en nedre grense per bestilling per investor på NOK 1 000 000.

Dersom en investor bestiller Tilbudsaksjer i både det Offentlige Tilbudet og det Institusjonelle Tilbudet, vil investorens samlede bestilling bli regnet som en bestilling i det Institusjonelle Tilbudet. Dersom en investor avgir to eller flere bestillinger i det Offentlige Tilbudet, vil investorens samlede bestilling, dersom totalsummen når eller overskrider den nedre grensen for bestillinger i det Institusjonelle Tilbudet, kunne bli betraktet som en bestilling i det Institusjonelle Tilbudet. I slike tilfeller vil investoren ikke være berettiget til rabatten i det Offentlige Tilbudet.

Et ikke-bindende Indikativt Prisintervall på NOK 1,30 til NOK 1,45 per Tilbudsaksje (det "Indikative Prisintervallet") har blitt fastsatt av Styret i samråd med Tilretteleggeren. Det Indikative Prisintervallet kan på et hvert tidspunkt i Ordrebokperioden bli endret. Enhver slik endring vil bli annonsert gjennom Oslo Børs elektroniske informasjonssystem. Ordrebokprosessen, som utgjør grunnlaget for fastsettelsen av den endelige Tilbudsprisen og antallet Tilbudsaksjer, vil bare gjennomføres i forbindelse med det Institusjonelle Tilbudet.

Ordrebokperioden for det Institusjonelle Tilbudet vil finne sted mellom kl. 09:00 norsk tid 12. mai 2014 til kl. 15:00 norsk tid 20. mai 2014. Bestillingsperioden for det Offentlige Tilbudet vil finne sted mellom kl. 09:00 norsk tid 12. mai 2014 til kl. 12:00 norsk tid 20. mai 2014. Ingen ytterligere bestillinger vil godkjennes etter utløpet av Ordrebokperioden. Ordrebokperioden og/eller Bestillingsperioden for det Offentlige Tilbudet kan forkortes eller forlenges etter Selskapets eget skjønn, men vil ikke i noe tilfelle avsluttes tidligere enn kl. 16:30 norsk tid 19. mai 2014 eller forlenges utover kl. 15:00 norsk tid 2. juni 2014.

Det er foreløpig lagt til grunn at 10 prosent av Tilbudet vil bli reservert for bestillinger gjennom det Offentlige Tilbudet, og at 90 prosent av Tilbudet i første omgang blir reservert for det Institusjonelle Tilbudet.

Selskapet, i samråd av Tilrettelegger, forbeholder seg retten til å til enhver tid øke eller redusere antallet Tilbudsaksjer i Tilbudet og det korresponderende provenyet fra Tilbudet, avhengig av antallet og størrelsene på ordrer eller bestillinger mottatt i Tilbudet, dersom Tilbudsprisen settes utenfor det gjeldende Indikative Prisintervallet på datoen for Prospektet eller andre faktorer.

Tilbudet vil være betinget av Styrets vedtak om å utstede Tilbudsaksjene og gjennomføre Tilbudet og Selskapets oppfyllelse av vilkårene for Notering som fastlagt av Oslo Børs i styremøte avholdt av Oslo Børs 30. april 2014. Styret forbeholder seg retten, i samråd av Tilrettelegger, til å trekke tilbake, suspendere eller reversere og ikke gjennomføre Tilbudet etter eget skjønn (og for enhver grunn), herunder i Ordrebokperioden og til enhver tid innen Tilbudsaksjene har blitt utstedt. Dette vil i så fall bli annonsert gjennom nyhetstjenesten til Oslo Børs.

Dersom Tilbudet skulle bli kansellert, vil alle bestillinger for Tilbudsaksjer bli sett bort ifra, enhver tildeling vil bli ansett for ikke å ha funnet sted, og alle gjennomførte betalinger tilbakebetales uten renter eller annen kompensasjon.

Tildeling av Tilbudsaksjene i det Institusjonelle Tilbudet er forventet formelt å avgjøres av Selskapet i samråd av Tilrettelegger på eller rundt 20. mai 2014. Meldinger om fordelingen i det Institusjonelle Tilbudet forventes å utstedes av Tilrettelegger på eller rundt 20. mai 2014. Tildelingen i det Offentlige Tilbudet vil finne sted etter utløpet av Tilbudsperioden. Skriftlige meldinger om tildelingen i det Offentlige Tilbudet forventes å bli sendt ut av Tilretteleggeren, på eller omkring 21. mai 2014, gjennom posten.

Betaling for Tilbudsaksjene tildelt bestillere i det Institusjonelle Tilbudet må foretas på eller innen 26. mai 2014 til kontoen fastsatt i melding om tildeling. Ved å fullføre Bestillingsskjemaet, vil hver investor i det Offentlige Tilbudet gi ugjenkallelig fullmakt til Tilretteleggeren til å belaste investorens norske bankkonto for den totale kjøpesummen for de bestilte og tildelte Tilbudsaksjer på eller rundt den 26. mai 2014, og det må være dekning for den totale kjøpesummen på den oppgitte bankkonto fra og med 23. mai 2014.

Investorer som ikke har norsk bankkonto, må sørge for betaling for de tildelte Tilbudsaksjene på eller før forfallsdagen (26. mai 2014). Ytterligere detaljer og instruksjoner vil bli fastsatt i meldingene om tildelingen til investorene og kan fås ved henvendelse til Tilrettelegger på telefonnr. + 47 22 87 87 00.

Forutsatt rettidig betaling fra bestilleren, vil Tilbudsaksjene tildelt til bestillere i det Offentlige Tilbudet forventes å bli levert til bestillerens VPS-konto i form av depotbevis registrert i VPS og være tilgjengelig for bestilleren på eller rundt 28. mai 2014. Forutsatt rettidig betaling fra bestilleren, vil tildeling av Tilbudsaksjer, i form av depotbevis registrert i VPS, i det Institusjonelle Tilbudet gjennomføres på eller rundt 28. mai 2014.

Det er forventet at Selskapet noteres og at Tilbudsaksjene vil kunne handles på Oslo Axess fra og med 30. mai 2014. Det kan ikke garanteres at Noteringen vil oppnås innen denne dato eller at Selskapet vil oppnå notering i det hele tatt.

E.4 **Vesentlige
interesser**

Tilretteleggeren eller dens nærstående har fra tid til annen ytet, og vil i fremtiden yte, investeringstjenester og kommersielle banktjenester til Selskapet og dets nærstående som ledd i ordinær virksomhet. For slike tjenester kan Tilretteleggeren ha mottatt og vil kunne fortsette å motta vanlige honorarer og provisjoner. Tilretteleggeren har ikke til hensikt å fremlegge omfanget av slike investeringer eller transaksjoner med mindre de er juridisk eller regulatorisk forpliktet til dette. Videre er en del av provisjonen som skal utbetales til Tilretteleggeren for dens tjenester i forbindelse med Tilbudet, kalkulert på basis av bruttoprovenyet av Tilbudet.

Selskapet vil motta nettoprovenyet i Tilbudet.

Utover det overnevnte er Selskapet ikke kjent med noen interesse noen fysiske eller juridiske personer involvert i Tilbudet har, som er vesentlig for Tilbudet.

E.5 **Selgende
aksjeeiere og
bindingsavtaler**

Tilbudsaksjene vil bli utstedt av African Petroleum.

Ingen av Selskapets eksisterende aksjeeiere vil selge aksjer i forbindelse med Tilbudet.

I forbindelse med Tilbudet har Tilrettelegger inngått bindingsavtaler med Selskapet, Sarella Investments Limited og medlemmer av Selskapets ledelse og Styremedlemmene. Under disse bindingsavtalene har Selskapet avtalt for en periode på 365 dager, beregnet fra første noteringsdag, med visse begrensninger ikke å utstede nye Aksjer med mindre Tilrettelegger har gitt forutgående skriftlig samtykke. Videre har Sarella Investments Limited og medlemmer av Selskapets ledelse og Styremedlemmene avtalt ikke å selge eller på annen måte overføre sine Aksjer, for den perioden som er beskrevet under, med mindre Tilretteleggeren har gitt forutgående skriftlig samtykke. Som en konsekvens av inngåelsen av den frivillige bindingsavtalen med Sarella, medlemmer av ledelsen i Selskapet og Styremedlemmene i African Petroleum, vil Tilrettelegger teknisk anses for å oppnå en relevant interesse i Aksjene som er gjenstand for den frivillige bindingsavtalen og denne interessen vil overstige grensen på 20 prosent for relevant interesse som er tillat under Australsk selskapsrett. På denne bakgrunn vil den frivillige bindingsavtalen gjelde ubetinget i forhold til de første 19.9 prosent av Aksjene som er eid av Sarella for en periode på 12 måneder fra dato for inngåelsen av bindingsavtalen, og for 3 måneder i relasjon til de overskytende Aksjene som er gjenstand for den frivillige bindingsavtalen. Begrensningene vil utvides til de fulle 12 måneder fra dato for avtalene dersom den Australske Securities and Investments Commission, innenfor en periode på 3 måneder, samtykker til at Tilrettelegger kan overstige 20 prosent grensen. Denne godkjennelsen har blitt innvilget.

E.6	Utvanning	Aksjeeiere som ikke deltar i Tilbudet er gjenstand for en direkte utvanning av sin eierandel avhengig av Tilbudsprisen og antallet Tilbudsaksjer som utstedes i Tilbudet. Forutsatt brutto emisjonsproveny på NOK 200 million og en Tilbudspris i nedre del av det Indikative Prisintervallet vil utvanningen av eksisterende aksjeeiere som ikke deltar i Tilbudet være 19,2 prosent, og forutsatt brutto emisjonsproveny på NOK 100 million og en Tilbudspris i øvre del av det Indikative Prisintervallet vil utvanningen av eksisterende aksjeeiere som ikke deltar i Tilbudet være 9,6 prosent.
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E.7	Kostnader som vil kreves fra investorene	Ikke aktuelt. Kostnadene relatert til Tilbudet vil bli dekket av Selskapet.
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