

Signed for the purposes of Section 351
of the *Corporations Act 2001*

.....
Neil Young
Director, Australia Oriental Minerals NL

AUSTRALIA ORIENTAL MINERALS NL

ACN 010 126 708

(to be renamed AO Energy Limited*)

PROSPECTUS

To satisfy ASX requirements for re-listing following change to the nature and scale of the Company's activities and for the offer of up to 1,000 New Shares at an issue price of \$0.20 per New Share to raise up to \$200.

Important Information

This is an important document that should be read in its entirety.

If you do not understand it you should consult your professional advisers without delay.

New Shares offered pursuant to this Prospectus should be considered speculative.

* Although Shareholders' approval has been obtained for the change of the Company's name, such change will not occur until a Certificate of Registration on Change of Name is issued by ASIC to the Company.

CORPORATE DIRECTORY

**Australia Oriental Minerals NL ACN 010 126 708
(to be renamed AO Energy Limited*)**

ASX Code
AOM

Board of Directors

Colin Goodall (Chairman)
Neil Young (Managing Director)
The Hon. Alexander Downer (Non-Executive Director)
David Bamford (Non-Executive Director)
Jeremy Jebamoney (Executive Director)

Registered Office

Ground Floor
15 Bentham Place
Adelaide SA 5000

Tel: +61 8 8359 2500

Legal Adviser
Johnson Winter & Slattery
Level 9, 211 Victoria Square
Adelaide SA 5000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

*The change of the Company's name is subject to a Certificate of Registration on Change of Name being issued by ASIC to the Company.

IMPORTANT NOTICE

This Prospectus is dated 30 November 2012 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company will apply for admission of the New Shares to quotation by ASX within 7 days after the date of this Prospectus.

Important document

It is important that you read this Prospectus carefully and in its entirety before deciding to invest in the Company. In particular, you should consider the risk factors that could affect the financial performance of the Company. These are set out in Section 6 of this Prospectus. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your legal, financial or other professional adviser before deciding whether to invest.

Participation in the Offer

The Offer of New Shares under this Prospectus is only made to those persons selected by the Company to participate in the Offer. These investors have been sent an Application Form by the Company with a copy of this Prospectus.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus, except as required by law and then, only to the extent so required.

Restrictions on the distribution of this Prospectus

This Prospectus does not constitute an offer of securities in any jurisdiction (**restricted jurisdiction**) in which, or to any person to whom (**restricted person**), it would be unlawful to do so. Accordingly, neither copies of this Prospectus nor any related documentation are being, or may be, mailed or otherwise distributed or sent in, or into, or from a restricted jurisdiction or to a restricted person, and if received in any restricted jurisdiction or by any restricted person, this document should be treated as being received for information purposes only.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes (including nominees, trustees and custodians) should seek advice on and observe those restrictions. No action has been taken to register this Prospectus or the securities offered by it or otherwise permit a public offering of securities in any jurisdiction outside Australia.

If you wish to apply for the New Shares offered by this Prospectus, you must be one of those persons detailed in the above **Participation in the Offer** section and may only do so by completing and returning the Application Form provided by the Company.

Defined terms and abbreviations

Terms and abbreviations used in this Prospectus are defined in the Glossary (see Section 9).

Contents

1.	INVESTMENT OVERVIEW	5
2.	PURPOSE OF THIS PROSPECTUS	10
3.	DETAILS OF THE OFFER	11
4.	OVERVIEW OF THE COMPANY AND THE PROPOSED TRANSACTION	14
5.	FINANCIAL INFORMATION AND EFFECT OF THE OFFER ON THE COMPANY	19
6.	RISK FACTORS	22
7.	DIRECTORS	26
8.	ADDITIONAL INFORMATION	28
9.	GLOSSARY	41
	DIRECTORS' CONSENT	44
	Schedule	
1.	DOCUMENTS LODGED AT ASX SINCE 26 MARCH 2012	45

1. INVESTMENT OVERVIEW

1.1 Introduction to the Proposed Transaction

On 30 November 2012, the Company announced that it had entered into the Transaction Documents which together will facilitate the acquisition of 80% working interests in the Subsurface Use Rights to the South Kozha Oil Field and the Karagan Oil Field. Further details concerning these oil fields are set out in Section 4.6.

The proposed transaction comprises the following components:

- (a) the acquisition by a wholly owned subsidiary of the Company, AOE, of an 80% shareholding in 2 joint venture companies established in Kazakhstan, one of which will hold the Subsurface Use Rights to South Kozha Oil Field and the other of which will hold the Subsurface Use Rights to the Karagan Oil Field (**Acquisition**);
 - (b) the issue by the Company of the Placement Shares to raise not less than \$10 million and up to \$20 million (**Capital Raising**); and
 - (c) the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules,
- (together, the **Proposed Transaction**).

The approval of Shareholders was required to give effect to certain aspects of the Proposed Transaction, including to make a significant change to the nature and scale of the Company's activities to become an oil and gas exploration and production company (as the indirect owner of 80% working interests in the Kazakh Oil Fields) and to undertake the Capital Raising. These approvals were sought and obtained from Shareholders at the General Meeting held on 14 November 2012 (see Section 1.4).

In order for the Company to complete the Acquisition various conditions need to be satisfied, including:

- (a) the BTA Bank Loans being restructured on terms acceptable to the Company;
- (b) the receipt of the Kazakhstan Government Approvals; and
- (c) a letter of good standing being issued by Kazakhstan's Oil and Gas Ministry confirming that the Subsurface Use Rights granted in respect of the Kazakh Oil Fields are in good standing.

Accordingly, there is a risk that the Company may not acquire any interest in the Kazakh Oil Fields if any of the pre-completion conditions are not satisfied. The Board is not aware of any fact or circumstance that may result in any of these pre-completion conditions not being satisfied. The Board further notes that the expected timeframe for the satisfaction of all of the pre-completion conditions will be approximately 6 months (being the typical timeframe required to obtain the Kazakhstan Government Approvals).

The Transaction Documents were negotiated on an arms-length basis and none of the counter parties are associated or related to the Company in any way. The Board believes that should the Proposed Transaction be completed it has the potential to deliver significant value to Shareholders.

A summary of the material terms of the Transaction Documents (together with full details of the various pre-completion conditions to the Acquisition) is set out in Section 8.1.

In conjunction with the Proposed Transaction, at the General Meeting, the Company obtained Shareholder approval to change its type from a no liability company to a public company limited by shares, adopt a new constitution and be renamed "AO Energy Limited". The Company also obtained Shareholder approval to various other corporate governance matters, including the election of Directors and the issue of Performance Rights and Options to the Directors (see Section 4.2 for further details concerning the resolutions passed by the Shareholders at the General Meeting).

As the Company is intending to change its activities from mineral resource exploration to oil and gas exploration and production, the Proposed Transaction constitutes a significant change in the nature and scale of the Company's activities. As a result, the ASX has determined that the

Company must comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX. A primary purpose of this Prospectus is therefore to enable the Company to comply with those requirements imposed under the ASX Listing Rules. For further details in relation to the purposes of this Prospectus please refer to Section 2.

Should the Company be successful in completing the Proposed Transaction, it is the Directors' current intention to seek to divest the minerals exploration interests which the Company currently holds.

Should the Proposed Transaction not be completed, then the Directors intend to continue to hold the Company's existing mineral exploration interests and (subject to obtaining all required regulatory approvals) to invest in one or more of the other oil and gas opportunities that it is currently investigating. The Board is of the view that it could complete a transaction in respect of at least one of these investment opportunities within in a reasonably short time frame (i.e. less than 6 months) so that the Company's funds will be usefully (and prudently) employed as quickly as is possible in such circumstances.

1.2 Capital Raising

In connection with the Acquisition, the Company announced on 16 October 2012 that it is also seeking to undertake a capital raising by way of share placements to professional and/or sophisticated investors to raise not less than \$10 million and up to \$20 million (**Capital Raising**). The minimum issue price per Placement Share will be \$0.20. The exact number of Placement Shares to be issued, and the issue price per Placement Share, will not be known until completion of the Capital Raising.

The Capital Raising will be structured to ensure that no single investor, together with its associates, acquires voting power in excess of 20% in the Company (on a fully diluted basis). No related party of the Company will, directly or indirectly, acquire Placement Shares other than the Directors (who will each be entitled to subscribe for up to 125,000 Placement Shares by reason of an approval obtained at the General Meeting).

1.3 Use of proceeds from Capital Raising and Offer

The purpose of the Offer and the Capital Raising is to:

- (a) assist the Company to meet the requirements of ASX and re-comply with Chapters 1 and 2 of the ASX Listing Rules; and
- (b) raise funds to:
 - (i) complete the Acquisition;
 - (ii) provide additional funds for further appraisal and development of the Kazakh Oil Fields, general working capital and to meet the expenses of the Offer and the Capital Raising; and
 - (iii) (subject to Board and other regulatory approvals being obtained) acquire additional interests in oil and gas projects currently being evaluated.

The Company intends to use the funds raised under the Capital Raising if fully subscribed, as follows:

- (a) as to approximately \$1.5 million*, to pay part of the cash consideration payable under the Transaction Documents;
- (b) as to approximately \$4.3 million*, to effect (as required under the Transaction Documents) a part repayment of the BTA Bank Loans;
- (c) as to \$1.6 million, to be applied towards meeting the expenses of the Capital Raising and the Offer;
- (d) as to approximately \$2.5 million*, to effect a loan to Westmount agreed to under the Transaction Documents;

- (e) as to \$4 million, to fund further appraisal and development activities in relation to the Kazakh Oil Fields**; and
- (f) as the remaining \$6.1 million, to acquire (subject to Board and all regulatory approvals being obtained) additional interests in oil and gas projects currently being evaluated and for general working capital.

** The actual amounts to be paid will depend on the A\$/US\$ exchange rate as at the date these payment are made. The sums required to be paid under paragraphs (a), (b) and (c) above are US\$1.5 million, US\$ 4.3million and US\$2.5 million, respectively.*

*** It is noted that the exact amount required to be expended by the Company on these further appraisal and development activities may be less than this amount as the funding to be provided by the Company is dependent on the revenue derived from production sales. Furthermore, it is expected that no principal or interest repayments will be required to be made under the BTA Bank Loans during the first 2 years after completion of the Acquisition (see Section 4.7).*

The funds raised under the Offer will be used for general working capital purposes.

The Directors are of the opinion that, on completion of the Proposed Transaction, the Company will have sufficient working capital to carry out the Company's objectives outlined in this Section 1.3. To the extent (if any) the Capital Raising is not fully subscribed, this will:

- (a) decrease the expenses of the Capital Raising and the Offer (as those expenses are expected to only amount to \$950,000 if the minimum subscription of \$10 million is raised under the Capital Raising); and
- (b) decrease the amount of funds allocated by the Company to fund further appraisal and development activities in relation to the Kazakh Oil Fields and the acquisitions of additional oil and gas interests.

If only the minimum subscription amount of \$10 million was raised under the Capital Raising, the Directors consider that the Company will still have sufficient working capital to complete the Acquisition and to carry out further appraisal and development activities on the Kazakh Oil Fields (albeit on a reduced scale as it will be possible to fund a reduced program of appraisal and development activities solely from the revenue derived from production sales). However, the Company will likely have insufficient funds to pursue the acquisition of interests in other oil and gas projects in the short term without the raising of further funds (through either equity or debt or a combination of both).

The uses and allocations of proceeds in this Section 1.3 are statements of current intentions as at the date of this Prospectus. As with any budget, intervening events (including the results from operations) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

1.4 Shareholder approval of the Proposed Transaction

At the General Meeting of Shareholders which was held on 14 November 2012, the approval of Shareholders was obtained in respect of all resolutions required to give effect to the Proposed Transaction, being to:

- (a) make a significant change to the nature and scale of the Company's activities to become an oil and gas exploration and production company (as the indirect owner of 80% working interest in the Kazakh Oil Fields);
- (b) effect a consolidation of the Company's Securities on 1 for 67 basis;
- (c) issue the Placement Shares as part of the Capital Raising; and
- (d) approve the Directors' participation in the Capital Raising.

1.5 Board and Management

As part of the change of strategy and direction, the Company completed a thorough review of the composition and structure of the Board. This process led to the appointment as Directors of:

- (a) Mr Goodall and Mr Young on 18 July 2012;

- (b) Mr Bamford and Mr Jebamoney on 3 October 2012; and
- (c) the Hon. Mr Downer on 11 October 2012.

The Directors consider they have assembled a well-credentialed and balanced Board who together bring an outstanding level of experience and leadership to the Company, particularly across the oil and gas sector.

Please refer to Section 7 for further details on the Board. Please refer to Sections 8.9 and 8.10 for details on the Directors' interests and remuneration.

1.6 Effect of Proposed Transaction on the Company

The effect of the Proposed Transaction on the capital structure of the Company is shown in the table in Section 5.1.

In essence, assuming the Offer is fully subscribed and 100 million Placement Shares are issued at \$0.20 each under the Capital Raising, the principal combined effects of the Acquisition, the Offer, the Consolidation and the Capital Raising are as follows:

- (a) to reduce the number of Shares and Options on issue at the date of Consolidation (being 27 November 2012) through the issue of one Share or Option for every 67 Shares or Options held at that date;
- (b) to change the price of the Shares and Options on issue at the date of the Consolidation in line with the Consolidation;
- (c) to increase the Company's cash reserves by approximately \$18.4 million* after estimated costs of the Acquisition, the Offer and the Capital Raising are deducted from the gross proceeds; and
- (d) to increase the number of Shares on issue from 58,109,778 at the date of this Prospectus up to 158,110,778**.

Notes:

* If only 50 million Placement Shares were issued at \$0.20 each under the Capital Raising, then the Company's cash reserves would only be increased by \$9.05 million after costs.

** This number would be 108,110,778 if only 50 million Placement Shares were to be issued under the Capital Raising.

1.6 Indicative Timetable for Implementation of the Proposed Transaction and the Offer

Event	Date
Prospectus lodged with ASIC	30 November 2012
Opening Date of the Offer	8 December 2012
Completion of Capital Raising and allotment of the Placement Shares	11 December 2012
Closing Date of the Offer	5.00pm (Adelaide time), 13 December 2012
Allotment of the New Shares and anticipated date the suspension of trading is lifted and the Company's securities (including the New Shares and the Placement Shares) commence trading on ASX	21 December 2012
Dispatch of holding statements for the New Shares and Placement Shares	21 December 2012

Event	Date
Company to be renamed 'AO Energy Limited'	24 December 2012
Completion of the Acquisition	June/July 2013

The above timetable is subject to change and is indicative only. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary the dates and times of this indicative timetable without prior notice and, in particular, to extend the Closing Date. Any extension of the Closing Date will have a consequential effect on the date for the issue of New Shares.

The Company's securities were suspended from trading on ASX from the date of the General Meeting and will remain suspended until such time that the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules.

1.7 Risks

You should consider all of the risks associated with an investment in the Company before deciding to invest. Potential investors should be aware that an investment in the New Shares should be considered highly speculative and the objects of the Company set out in this Prospectus are considered high risk. Some risks are beyond the control of the Company and its Directors and management and those risks may have a material impact on the Company and its financial performance and position.

A detailed list of the risks that you should be aware of is set out in Section 6.

1.8 Further information

Further information regarding the Company is available on its website at aoenergy.com.au, and on ASX's website at www.asx.com.au.

2. PURPOSE OF THIS PROSPECTUS

As noted in Section 1.1, the Proposed Transaction represents a significant change to the nature and scale of the Company's activities. Pursuant to ASX Listing Rule 11.1.3, the Company is required by ASX to re-comply with Chapters 1 and 2 of the ASX Listing Rules, which includes lodgement of a Prospectus that complies with section 710 of the Corporations Act.

This principal purpose of this Prospectus is therefore to comply with the ASX Listing Rules and to provide information to the market and Shareholders on the Company's activities if the Proposed Transaction proceeds.

This Prospectus will also facilitate the secondary trading in Australia of the Placement Shares. Section 708A(11) of the Corporations Act provides an exemption from the 12 month on-sale restrictions which might otherwise apply to the Placement Shares because they are not being issued under a prospectus.

The Company does not seek to raise significant funds from the offer of New Shares under this Prospectus, as the Offer is being made to ensure that this Prospectus complies with section 710 of the Corporations Act, which contemplates an *offer* of securities.

3. DETAILS OF THE OFFER

3.1 The Offer

The Company is inviting certain investors selected by the Company (and who are not related parties of the Company) to apply for up to a total of 1,000 New Shares at an issue price of \$0.20 per New Share payable in full on Application to raise up to \$200.

3.2 Minimum subscription

There is no minimum subscription.

3.3 Oversubscriptions

Oversubscriptions will not be accepted in respect of the Offer.

3.4 Underwriting

The Offer is not underwritten.

3.5 Closing Date

The Company will accept Applications from the Opening Date until 5.00 pm (Adelaide time) on the Closing Date or any other date the Directors in their absolute discretion determine subject to the requirements of the Corporations Act and the ASX Listing Rules.

3.6 Withdrawal of Offer

The Company reserves the right, in its absolute discretion, not to proceed with the Offer at any time before the issue of the New Shares to Applicants. If the Offer does not proceed, all Application Monies received under the Prospectus will be refunded (without interest) within 21 days of withdrawal of the Offer.

3.7 Applications for New Shares and payment

A completed and lodged Application Form, together with payment for the number of New Shares accepted, cannot be withdrawn and constitutes a binding application for, and acceptance of, the number of New Shares specified in the Application Form on the terms set out in this Prospectus.

Payment must be by cheque, money order or bank draft in Australian currency drawn on an Australian branch of a financial institution for the amount of the Application Monies.

Cheques, money orders or bank drafts should be made payable to "Australia Oriental Minerals NL - Nominee Account" and crossed "Not Negotiable". Do not forward cash. Receipts for payments will not be issued.

If the Application Form is not completed correctly the Company can reject it or treat it as valid. The Company's decision as to whether to reject the Application Form or treat it as valid and how to construe, amend or complete it is final.

The Application Form together with payment of the Application Monies must be returned so that it is received by the Company by no later than 5.00 pm (Adelaide time) on the Closing Date at: Ground Floor, 15 Bentham Street, Adelaide SA 5000.

3.8 Brokerage and stamp duty

No stamp duty or brokerage is payable by Applicants for New Shares under the Offer.

3.9 Application Money held on trust

All Application Monies received for the New Shares offered by this Prospectus will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received under this Prospectus until the New Shares have been issued or Application Monies are returned to Applicants. All Application Monies will be returned (without interest) if the Offer does not complete. Any interest that accrues on Application Monies will be retained by the Company whether the New Shares offered by this Prospectus are issued or not.

3.10 Issue of New Shares

The Company expects to issue the New Shares by 14 December 2012. Holding statements in relation to the New Shares are expected to be dispatched by 17 December 2012.

3.11 Rights and liabilities attaching to New Shares

The New Shares offered under this Prospectus will, from their date of issue, rank equally in every respect with all existing Shares then on issue. A summary of the rights and liabilities attached to Shares is set out in Section 8.2.

3.12 ASX quotation

The Company will apply for admission of the New Shares for quotation by ASX within 7 days after the date of this Prospectus. If the New Shares offered by this Prospectus are not admitted to quotation within three months after the date of this Prospectus (or any longer period permitted by ASIC), any issue of New Shares is void and the Company will repay, as soon as practicable (without interest), all Application Monies received under this Prospectus.

Subject to approval being granted by ASX, it is expected that the quotation and trading of New Shares issued under the Offer will commence on ASX on a normal basis on 14 December 2012.

Applicants who sell New Shares before they receive their holding statements will do so at their own risk. The Company disclaims all liability, in tort (including negligence), statute or otherwise, to persons who trade New Shares before receiving their holding statements.

3.13 CHESS and issuer sponsorship

The Company participates in CHESS. All trading on ASX in Shares is, and in New Shares will be, settled through CHESS. ASC, a wholly-owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Rules. On behalf of the Company, Link Market Services Limited operates an electronic issuer-sponsored subregister and an electronic CHESS subregister. Both these subregisters constitute the Company's principal register of Shareholders.

Holders of New Shares will not receive a certificate but will receive a statement of their holding. If you are sponsored by a broker or other participant in CHESS, you will receive a CHESS statement which will set out the number of New Shares issued to you under this Prospectus, provide details of your HIN (holder identification number), and provide the participant identification number of the sponsor.

If you are registered on the issuer-sponsored subregister, your holding statement will contain the number of New Shares issued to you under this Prospectus and your SRN (security holder reference number).

A CHESS statement or issuer-sponsored statement will be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

3.14 Risk factors

In addition to the general risks applicable to all investments in listed companies, there are specific risks associated with an investment in the Company, which are set out in Section 6.

3.15 Taxation implications

The Directors consider that it is not appropriate to give advice regarding the taxation consequences of subscribing for New Shares or of exercising any rights granted by such securities. The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences. As a result, you should consult your own professional tax advisers in connection with subscribing for New Shares and any exercise of the rights granted by the relevant New Shares.

3.16 Applicants outside Australia

This Prospectus does not constitute an offer of securities in any jurisdiction where **(restricted**

jurisdiction), or to any person to whom (**restricted person**), it would not be lawful to issue this Prospectus or make the Offer. Accordingly, neither copies of this Prospectus nor any related documents are being, or may be, mailed or otherwise distributed or sent in, or into, or from a restricted jurisdiction or to a restricted person, and if received in any restricted jurisdiction or by any restricted person, this document should be treated as being received for information purposes only.

No action has been taken to register or qualify the New Shares or the Offer or otherwise permit an offer of the New Shares in any jurisdiction outside Australia.

3.17 Market prices of existing Shares on ASX

The highest and lowest market sale prices (on a pre-Consolidation basis) of the Company's existing Shares on ASX during the 3 months immediately prior to the lodgement of this Prospectus with ASIC and the last market price on the last day of trading before the date of this Prospectus is set out below:

3 month high Share price	3 month low Share price	Last market sale Share price
\$0.004	\$0.001	\$0.003

3.18 Privacy

By submitting an Application Form, an Applicant provides the Company with certain personal information. If an Applicant does not provide complete and accurate personal information on the Application Form, the Application may not be able to be processed.

The Company's share register is maintained by Link Market Services Limited. The register is required by law to contain certain information about securityholders such as name, address and details of securities held. In addition, the Company collects personal information from securityholders including contact details and tax file numbers.

This information is used to carry out registry functions such as: payment of dividends (if any); dispatch of yearly and half yearly reports; notices of meetings and newsletters; and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform security holders of new initiatives concerning the Company.

The Company will only disclose personal information about securityholders:

- (a) when they agree to disclosure;
- (b) when the information is used for the purposes for which it was collected;
- (c) when disclosure is used for compliance by the Company with legal and regulatory requirements;
- (d) to other members of the Company;
- (e) to their brokers; or
- (f) to external service providers who supply services in connection with the administration of the Company's share register.

Securityholders have the right to access, update and correct the personal information held by the Company and the Share Registry, except in certain limited circumstances. Securityholders may do so by contacting the Company or the Share Registry.

3.19 Enquiries

Enquiries relating to this Prospectus should be directed to the Company by telephone on +61 8 8359 2500 or email to neil.young@aoenergy.com.au.

4. OVERVIEW OF THE COMPANY AND THE PROPOSED TRANSACTION

4.1 Background

The Company is currently listed on the ASX and has pursued the business of mineral resource exploration for some years. As detailed in Section 1.1 above, on 30 November 2012 the Company announced that it had entered into the Transaction Documents to effect the Acquisition.

The completion of the Acquisition is subject to a number of conditions being satisfied or waived, including:

- (a) the receipt of the Kazakhstan Government Approvals;
- (b) the BTA Bank Loans being restructured on terms acceptable to the Company; and
- (c) a letter of good standing being issued by Kazakhstan's Oil and Gas Ministry confirming that the Subsurface Use Rights for the Kazakh Oil Fields are in good standing.

The Company is currently working with the counterparties to the Transaction Document to have each of the pre-completion conditions satisfied as soon as practical. It is anticipated that the timeframe for the satisfaction of these conditions (and therefore the completion of the Acquisition) will be approximately 6 months (primarily because this is the typical time taken by Kazakhstan authorities to process the applications for the Kazakhstan Government Approvals and for the approvals to be obtained).

In addition, as the Proposed Transaction involves a significant change in the nature and scale of the activities of the Company, ASX has determined that the Company must re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company anticipates that, subject to ASX being satisfied with the Company re-admission application, the Company's Shares should resume trading on ASX on 14 December 2012.

If the Acquisition is completed, it is the Directors' current intention to seek to divest its existing mineral exploration interests, and to concentrate solely on oil and gas activities. If the Acquisition is not completed, then the Company intends to hold its existing mineral exploration interest and then (subject to obtaining all required regulatory approvals) to invest in one or more of the other oil and gas opportunities that it is currently investigating. The Board is of the view that it could complete a transaction in respect of at least one of these investment opportunities within a reasonably short time frame (i.e. less than 6 months) so that the Company's funds will be usefully (and prudently) employed as soon as is practicable in the circumstances.

4.2 General Meeting

As outlined in Section 1.4, the General Meeting was held on 14 November at which various approvals were obtained from the Shareholders to enable the Company to proceed with the Proposed Transaction. In addition, the Shareholders passed resolutions at the General Meeting to:

- (a) effect the consolidation of the issued capital of the Company on a 1 for 67 basis;
- (b) re-elect each of the Directors;
- (c) issue the Pre-Consolidation Placement Shares to Colin Goodall, Neil Young and Jeremy Jebamoney;
- (d) issue the Directors' Options and Performance Rights to the Directors;
- (e) set maximum aggregate amount of Directors' fees that may be paid to non-executive Directors at \$500,000;
- (f) the Company's type being changed to a public company limited by shares;
- (g) the adoption of a new constitution; and
- (h) the name of the Company being changed to "AO Energy Limited".

4.3 About Kazakhstan

Kazakhstan became an independent sovereign State in 1991 as a result of the dissolution of the former Soviet Union. Since then, Kazakhstan has experienced significant change as it emerged from a centrally controlled economy to a market orientated economy.

Since 1992, Kazakhstan has actively pursued a program of economic reform designed to establish a stable free market economy through privatisation and government-owned enterprises and deregulation. Other key features of Kazakhstan include:

- Population of 17.5 million.
- Ninth largest nation in world by land area.
- Constitutional republic with strong presidency.
- Stable, free market economy.
- Oil and gas is the leading economic sector.
- Member of the United Nations.

4.4 Overview of the oil and gas industry in Kazakhstan

Kazakhstan currently produces around 1.6 million barrels of oil per day (making it the 17th largest producer of oil globally at present) and, unlike many oil producers, it is expected to increase this production level over the next decade.

Kazakhstan welcomes foreign investment and provides a stable political environment and reasonable fiscal terms for on-shore assets.

Most of the world's largest oil companies (including Chevron, ExxonMobil, Eni, Lukoil and Inpex) have positions in the country.

Oil and gas produced in Kazakhstan is predominately sold via pipelines to markets in Russia and thereon to Europe, and the country is emerging as an increasingly strategic supplier of petroleum to China.

4.5 Overview of the oil and gas regulation in Kazakhstan

The principal legislation for the oil and gas sector is the law on subsurface and subsurface use in Kazakhstan, dated 24 June 2010 (**Subsurface Law**). Pursuant to the Subsurface Law, a subsurface use right must be obtained in respect of an area in order for any oil and gas operation to be undertaken in that area (**Subsurface Use Rights**).

Under the Subsurface Law, the government of Kazakhstan has a pre-emptive right to purchase certain Subsurface Use Rights or direct or indirect interests in legal entities having Subsurface Use Rights which are offered for sale (**Subsurface Pre-emptive Right**). The Subsurface Pre-emptive Right permits the government of Kazakhstan to purchase any such Subsurface Use Rights or equity interests being sold on terms no less favourable than those offered to other purchasers.

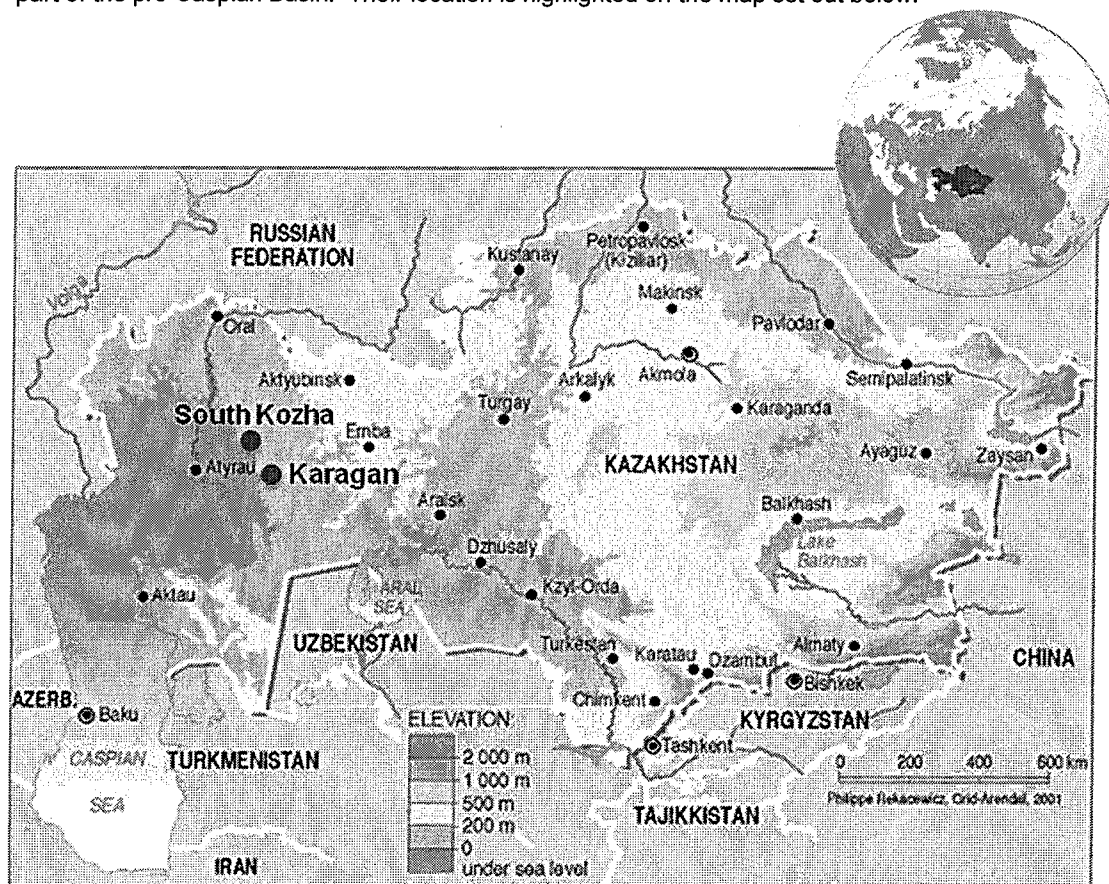
In addition to the Subsurface Pre-emption Right, any transfer of Subsurface Use Rights, including transfer of shares in a legal entity with such Subsurface Use Rights, requires the obtaining of a preliminary consent of the applicable competent authority in Kazakhstan (**Subsurface Transfer Consent**).

The Subsurface Law provides for exemptions from the provisions applicable to the transfer or alienation of Subsurface Use Rights in respect of certain transactions, but these are not available for the Acquisition.

The Ministry of Oil and Gas in Kazakhstan is directly responsible for the regulation and issuance of Subsurface Use Rights in Kazakhstan.

4.6 Kazakh Oil Fields

The two oil-fields which are the subject of the Proposed Transaction are called 'South Kozha' and 'Karagan' and are geographically located in the Atyrau Oblast in the Republic of Kazakhstan. Geologically, they are part of the pre-Caspian Basin. Their location is highlighted on the map set out below:



The South Kozha Oil Field is at an early production stage and the Karagan Oil Field is the subject of a regulatory process of conversion from an exploration to production status. Both of the oil-fields have multiple stacked pays; South Kozha in the Cretaceous and Triassic, and Karagan in the Cretaceous and Jurassic.

The key characteristics of the Kazakh Oil Fields are summarised in the following table:

Item	Field 1	Field 2
Name	South Kozha	Karagan
Subsurface Use Rights	Granted under a Production Contract	Granted under an Exploration Contract – Production Contract being processed
Term of Production Contract	25 years from 2008	N/A
Oil-bearing zones	Cretaceous @ ~370M and Triassic @ ~1,200M	Cretaceous @ ~900M and Jurassic/Triassic @ ~2,000M

The Subsurface User Rights granted in respect of the Kazakh Oil Fields are currently subject to the BTA Bank Loans. The BTA Bank Loans have been taken out by EGNG, which is a party to one of the Transaction Documents and the current holder of the Subsurface Use Rights for the Kazakh Oil Fields.

4.7 BTA Bank Loans

As outlined in Section 1.1, one of the pre-completion conditions for the Acquisition is that the BTA Bank Loans are restructured on terms acceptable to the Company (which restructure is to occur upon the completion of the Acquisition). The BTA Bank, the Company and the other counterparties to the Transaction Documents are currently negotiating the terms of the proposed restructure and, as at the date of this Prospectus, the Board anticipates that the key components of the BTA Bank Loans on completion of the Acquisition will be as follows:

- an outstanding loan amount of US\$43 million;
- an interest rate of 9% per annum;
- a principal and interest repayment holiday for a period of 2 years from the date on which an initial principal repayment of 10% is made;
- a loan term of 7 years;
- no penalties to be imposed for early refinancing/repayment; and
- the BTA Bank to have no rights of recourse against AOE or the Company.

At the time of completion of the Acquisition, the companies which will hold the Subsurface Use Rights to the Kazakh Oil Field (and in which AOE will hold a 80% ownership interest) will together assume liability for the BTA Bank Loans and be required to make a principal repayment of 10% of the outstanding loan amount of the BTA Bank Loans.

Further details concerning the BTA Bank Loans and their proposed restructure are set out in Section 8.1.

4.8 Appraisal, Development and Production Plans for Kazakh Oil Fields

A high level overview of the Company's forward appraisal, development and production plans are as follows:

South Kozha Oil Field

- Production optimisation, which will include but not be limited to:
 - Pump replacements;
 - optimisation of pumping schedules;
 - optimisation of pumping depths;
 - replacement of on-site diesel generator;
 - re-perforation of well bore to enable better access in some wells;
 - the shut off of any high water or un-productive zones;
- Procure approval of a gas utilisation plan from the Kazakhstan authorities;
- Effect minor upgrades to surface facilities and begin production from Triassic; and
- Development drilling – initially focussing on 5 Triassic wells.

Karagan Oil Field

- Procure the conversion of the Subsurface Use Rights from exploration to production status.
- Development drilling – initially 4 Jurassic and 1 Triassic wells.
- Current analysis suggests payback for each well to be less than 1 year.

4.9 Expenditure Commitments for Kazahk Oil Fields

- South Kozha Oil Field:
 - 5 well commitment (2 Cretaceous, 3 Triassic).
 - Total expenditure is estimated by the Company to be US\$4.5 million.
 - The Company expects that this expenditure will be funded from cash-flow generated from the sale of production further.
- Expenditure commitments in respect of the Karagan Oil Field are currently being negotiated as part of the conversion of the Subsurface Use Rights from exploration to production status.
- The Company considers that it is possible for the Karagan Oil Field to commence production by simply replacing pumps in the existing wells. Once production commences, this will provide cash-flow to support further development drilling.

4.10 Existing Mineral Exploration Interests

As at the date of this Prospectus, the Company holds interests in various exploration licenses located in New South Wales and Queensland. If the Acquisition is completed, it is the Directors' present intention to dispose of each of these interests.

5 FINANCIAL INFORMATION AND EFFECT OF THE OFFER ON THE COMPANY

5.1 Capital structure

1,000 New Shares will be issued if the Offer is fully subscribed.

As noted in Section 1.2, the Proposed Transaction constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The following table shows the current share capital of the Company at the date of this Prospectus and the proposed share capital on the basis that the Company satisfies Chapters 1 and 2 of the ASX Listing Rules and completes the Acquisition, the Capital Raising and the Offer. This table assumes that the Offer is fully subscribed, 100,000,000 Placement Shares are issued under the Capital Raising, and no Options are exercised prior to completion of the Offer.

Shares	Number
Current (assuming no Options are exercised or other Shares issued)	58,109,778
New Shares proposed to be issued under the Prospectus	1,000
Issue pursuant to Capital Raising	100,000,000
REVISED TOTAL	158,110,778

Notes:

The table assumes \$20.0 million is raised via the issue of 100,000,000 Placement Shares at an issue price of \$0.20 per Share. The Company has obtained approval from Shareholders at the General Meeting to conduct the Capital Raising at a minimum issue price per Placement Share of \$0.20. Accordingly the issue price and the number of Placement Shares will ultimately be determined by the Directors at the time the Capital Raising is sought to be undertaken and the number of Placement Shares issued may be as low as 50 million.

The unlisted Options on issue as at the date of this Prospectus on a post-Consolidation basis are as follows:

Unlisted Options
641,792 with an exercise price of \$2.01 and expiring on 31 December 2013
1,791,045 with an exercise price of \$0.201 exercise price and expiring on 1 October 2016

At the General Meeting, the Shareholders gave their approval for the issue of the Directors' Options and Performance Rights, which securities have not been issued as at the date of this Prospectus but are expected to be issued shortly.

5.2 Effect of the Offer, Acquisition and associated transactions

Assuming the Offer is fully subscribed and 100 million Placement Shares are issued at \$0.20 each under the Capital Raising, the principal combined effects of the Acquisition, the Offer, the Consolidation and the Capital Raising are as follows:

- (a) to reduce the number of Shares and Options on issue at the date of Consolidation (being 27 November 2012) through the issue of one Share or Option for every 67 Shares or Options held at that date;
- (b) to change the price of the Shares and Options on issue at the date of the Consolidation in line with the Consolidation;
- (c) to increase the Company's cash reserves by approximately \$18.4 million* after estimated

costs of the Acquisition, the Offer and the Capital Raising are deducted from the gross proceeds;

- (d) to increase the number of Shares on issue from 58,109,778 at the date of this Prospectus (on a post-Consolidation basis) up to 158,110,778**.

Notes:

* If only 50 million Placement Shares were issued at \$0.20 each under the Capital Raising, then the Company's cash reserves would only be increased by \$9.05 million after costs.

** This number would be 108,110,778 if only 50 million Placement Shares were to be issued under the Capital Raising.

5.3 Dividends

The New Shares will rank equally in all respects (including dividend and bonus issues) with all existing Shares from the date of issue. The Board is not able to indicate when and if dividends will be paid in the future, as payment of any dividend will depend on the future profitability, financial position and cash requirements of the Company.

5.4 Unaudited pro forma financial information

Set out below is a statement of financial position of the Company as at 30 June 2012 and a pro forma statement of the financial position of the Company as at 30 June 2012 (based on the assumptions set out below).

Pro-forma Statement of Financial Position as at 30 June 2012			
	30/06/2012	Minimum subscription	Maximum subscription
	Audited	Pro-forma (unaudited)	Pro-forma (unaudited)
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	163,583	2,302,445	11,652,445
Trade and other receivables	17,641	17,641	17,641
Total Current Assets	181,224	2,320,086	11,670,086
NON-CURRENT ASSETS			
Deposits	95,000	95,000	95,000
Property, plant & equipment	15,500	15,500	15,500
Minerals exploration and evaluation assets	534,500	534,500	534,500
Loan to joint venture partner	0	2,403,846	2,403,846
Oil and gas exploration and production assets	0	43,269,231	43,269,231
Total Non-Current Assets	645,000	46,318,077	46,318,077
TOTAL ASSETS	826,224	48,638,163	57,988,163
CURRENT LIABILITIES			
Trade and other payables	93,013	93,013	93,013
Total Current Liabilities	93,013	93,013	93,013

NON-CURRENT LIABILITIES

Bank borrowings	0	37,211,539	37,211,539
Long term provisions	50,000	50,000	50,000
Total Non-Current Liabilities	50,000	37,261,539	37,261,539

TOTAL LIABILITIES	143,013	37,354,552	37,354,552
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NET ASSETS	683,211	11,283,611	20,633,611
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EQUITY

Issued Capital	45,597,231	56,482,631	66,027,631
Reserves	376,750	376,750	376,750
Accumulated losses	<u>-45,213,325</u>	<u>-45,498,325</u>	<u>-45,693,325</u>
Equity attributable to the owners of Australia Oriental Minerals NL	760,656	11,361,056	20,711,056
Non-controlling equity	<u>-77,445</u>	<u>-77,445</u>	<u>-77,445</u>
TOTAL EQUITY	683,211	11,283,611	20,633,611

Notes:

1. Column 1 represents the historical Consolidated Statement of Financial Position of the Company as at 30 June 2012.
2. Column 2 represents the pro-forma Consolidated Statement of Financial Position as at 30 June 2012 assuming a capital raise of \$10 million less costs of the offer of approximately \$950,000.
3. Column 3 represents the pro-forma Consolidated Statement of Financial Position as at 30 June 2012 on the same assumptions as for Column 2, other than assuming a maximum capital raise of \$20 million less costs of the offer of approximately \$1,600,000.
4. The pro-forma adjustment to recognise the acquisition of oil and gas assets is post completion and takes account of BTA Bank debt secured over the assets.
5. The other pro forma adjustment in column 2 and 3 to adjust for material events since 30 June 2012 is the inclusion of cash from the rights issue of September 2012, which raised approximately \$1.4M (after costs) and the placement of November 2012 which raised \$150,000 (after costs).

6. RISK FACTORS

The price of the New Shares and the future performance of the Company will be influenced by a number of factors, which may be specific to the Proposed Transaction or to the Company, or of a general nature. Whilst some of these factors can be mitigated by the use of safeguards and appropriate systems and actions, some are outside the control of the Company and cannot be mitigated. The principal risks include, but are not limited to, those set out in this Section 6.

6.1 Risks specific to the Proposed Transaction

(a) Re-Quotation of Shares on ASX

The Proposed Transaction constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all.

(b) Completion of Proposed Transaction

The Proposed Transaction is subject to a number of conditions that must be satisfied (or waived) for completion of the Acquisition to occur. Key conditions include:

- (i) the restructure of the BTA Bank Loans on terms acceptable to the Company;
- (ii) the receipt of the Kazakhstan Government Approvals; and
- (iii) a letter of good standing being issued by the Oil and Gas Ministry of Kazakhstan confirming the Subsurface Use Rights for the Kazakh Oils Fields are in good standing.

A complete listing of the various pre-completion conditions are set out in Section 8.1. There is a risk that one or more of the conditions may not be met and if this occurs the Acquisition may not be completed. If the Acquisition is not completed then the Directors intend to continue to hold the Company's existing mineral exploration interests and (subject to obtaining all required regulatory approvals) to invest in one or more of the other oil and gas opportunities that it is currently investigating. The Board is of the view that it could complete a transaction in respect of at least one of these investment opportunities within in a reasonably short time frame (i.e. less than 6 months) so that the Company's funds will be usefully (and prudently) employed as quickly as is possible in such circumstances.

(c) Dilution

The Proposed Transaction includes the issue of the Placement Shares under the Capital Raising. As at the date of this Prospectus, the dilutive impact of the Capital Raising on the exiting Shareholders cannot be determined as the exact number of Placement Shares to be issued will not be known until the completion of the Capital Raising. However, potential investors should be aware that there will be dilution to existing Shareholders as a result of the proposed issue of the Placement Shares in connection with the Proposed Transaction.

6.2 Risks specific to the Company

(a) Operating Risks

Oil and gas operations are subject to a number of risks and hazards typically associated with such operations, including fire, explosion, blowouts and oil spills, each of which could result in substantial damage to oil wells, production facilities, other property and the environment or in personal injury and/or death and/or interruption of operations. Oil and gas exploration and production is generally considered a high-risk undertaking.

The operations of the Company may be affected by a range of various factors, including operational and technical difficulties encountered in drilling; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated drilling problems which may affect production costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having its main industry experience in the mineral resources sector, the Company itself does not have any operating experience with oil and gas ventures, although it should be noted that the Directors have between them significant operational experience in this field. No assurances can be given that the Company will achieve commercial viability through successful production operations in respect of the Kazakh Oil Fields or other oil and gas project in which it may acquire an interest.

(b) Risks associated with operations in Kazakhstan

The Kazakh Oil Fields are located in Kazakhstan and the Company will be subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in petroleum or investment policies or shifts in political attitude in Kazakhstan may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and safety issues.

Failure to comply strictly with applicable laws, regulations and local practices relating to petroleum rights, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Kazakhstan may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Kazakhstan.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Kazakhstan, the Directors may reassess investment decisions and commitments to assets in Kazakhstan.

(c) Kazakh Oil Fields will not be Wholly Owned

In the event the Acquisition is completed, the Company will have an 80% shareholding in 2 Kazakhstan companies which hold the Subsurface Use Rights for the Kazakh Oil Fields. There is a risk that development/production activity could be disrupted in situations where there is a disagreement on development/production programs or other issues between the Company and the other shareholder(s) in those companies. Should such disagreements occur, this may have a deleterious impact on the Company's operations and performance generally.

(d) Further Funding

As a result as the Capital Raising, the Company expects to raise not less than \$10 million and up to \$20 million. Should only the minimum be raised, the Company will be able to complete the Acquisition, bring the Karagan Oil Field into production and to fund the first two years of the forward development plan for the Kazakh Oil Fields (which funds are expected to be provided out of the cash-flow generated from production sales). However, the Company may have insufficient funds to pursue the acquisition of interests in other oil and gas projects without the raising of further funds (either through equity or debt or a combination of both).

There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and its performance. Existing shareholders may be diluted if additional funds are raised by equity securities.

(e) Reserve Determinations

Any determination of proved oil reserves is an expression of judgment based on knowledge, experience and industry practice. Reserve determinations which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, proved reserves determinations are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the determinations are likely to change. This may result in alterations to development and production plans which may, in turn, adversely affect the Company's operations.

(f) Title Risk

The award of Subsurface Use Rights in Kazakhstan are governed by the appropriate government authorities. Those rights are for a specific term and carry minimum expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently the Subsurface Use Rights to the Kazakh Oil Fields could expire, or could be cancelled if conditions are not met or if insufficient funds are available to meet expenditure requirements.

(g) Competition Risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's project and business.

(h) No Geographical Diversification

If the Company is completing the Acquisition, all of the Company's oil and gas projects will be located in Kazakhstan. (As mentioned above, it is the Directors current intention to seek to dispose of the Company's existing mining exploration interests as soon as practicable after the Acquisition is completed). Any circumstance or event which negatively impacts the ownership or development of these areas or which negatively affects Kazakhstan could materially affect the financial performance of the Company and more significantly than if it had a geographically diversified asset base.

(i) Oil Price Volatility and Exchange Rate Risks

The revenue the Company will derive through the sale of crude oil exposes the potential income of the Company to oil price and exchange rate risks. The oil price fluctuates and is affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for crude oil, forward selling activities and other macro-economic factors.

Furthermore, international prices of oil are typically denominated in United States dollars, whereas some of the income and expenditure of the Company is and will be taken into account in Australian currency or Kazakh Tenge, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar and the Kazakh Tenge as determined in international markets.

(j) Reliance on Key Management

The responsibility of overseeing the day to day operations and strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of the key employees cease their employment.

(k) Labour Risk

The Company's operations may be adversely affected by labour disputes or changes in Kazakh labour laws. Kazakh workers may form or join trade or labour unions and they may also strike to obtain improved working conditions and benefits and bargain collectively for higher wages.

(l) Further potential acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or assets. Any such future transactions would be accompanied by the risks commonly encountered in making such acquisitions

6.3 General Risks

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

(b) Market Conditions

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and oil and gas stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

7. DIRECTORS

The Directors of the Company at the date of this Prospectus and their relevant background details are as follows:

Mr Colin Goodall - appointed 18 July 2012 and whose experience includes:

- Chairman of Dana Petroleum PLC from 2002 through to its US\$4 billion acquisition by Korea National Oil Corporation in 2010;
- Chairman of Parkmead Group PLC from 2006 to 2011;
- Currently an Independent Director of Lamprell PLC;
- Currently Chairman of renewable energy private company Sindicatum Sustainable Resources Pty Ltd;
- Formerly a senior BP Executive, including Chief of Staff, CFO BP Europe, Senior Representative in Russia to 1999 and other senior roles in Europe and USA; and
- Chartered Accountant.

Mr Neil Young - appointed 18 July 2012 and whose experience includes:

- Around 20 years experience in the energy sector in executive and commercial roles, in both the upstream and downstream segments of the market;
- Previously Chief Commercial Officer for ASX listed Adelaide Energy Limited;
- Worked at Santos Limited as Manager – Business Development and undertook numerous acquisitions to support that company's liquefied natural gas and coal bed methane businesses; and
- Economics and accounting background in the United Kingdom.

The Hon. Alexander Downer - appointed 11 October 2012 and whose experience includes:

- Australian Foreign Minister from 1996 to 2007;
- Former leader of the Australian Liberal Party;
- United Nations envoy to Cyprus;
- A founding partner of Bespoke Approach;
- Various Board seats including Huawei Australia, Cappello Capital Corp and Hayluyt & Co; and
- Visiting Professor at the University of Adelaide.

Mr David Bamford - appointed 3 October 2012 and whose experience includes:

- Current non-executive Director of Tullow Oil PLC;
- Formerly a senior BP Executive, with roles including Head of Exploration, Chief Geophysicist and General Manager for West Africa;
- Adviser to Sanford Bernstein;
- Previously an adviser to Parkmead Group PLC; and
- PhD in Geological Sciences.

Mr Jeremy Jebamoney - appointed 3 October 2012 and whose experience includes:

- Reservoir Engineer with wide conventional and unconventional experience across Australia, Africa and Asia;
- Formerly, Director – Corporate Development for GSTC Corp (a United States coalbed methane services provider); and
- Petroleum industry career initially at Santos Limited after graduating as a Chemical Engineer, then worked in both technical and commercial roles for private equity concerns.

Please refer to Sections 8.9 and 8.10 for details on the Directors' interests and remuneration.

8. ADDITIONAL INFORMATION

8.1 Summary of Key Commercial Terms of the Transaction Documents

The Transaction Documents comprise the two Investment Agreements and the Consultancy Agreement.

The Investment Agreements have been entered into by, AOE (a wholly owned subsidiary of the Company), Westmount and EGNG (a wholly owned subsidiary of Westmount and the current holder of the Subsurface Use Rights for the Kazakh Oil Fields). The first Investment Agreement facilitates the acquisition by AOE of an 80% working interest in the Subsurface Use Rights to the South Kozha Oil Field, and the second agreement facilitates an acquisition by AOE of an 80% working interest in the Subsurface Use Rights to the Karagan Oil Field.

Under the Consultancy Agreement, the Consultant (a nominee of Westmount) has agreed to provide consultancy services to the Company to facilitate the completion of the Acquisition and to otherwise advise on subsurface use practice in Kazakhstan.

Acquisition of interest in Kazakh Oil Fields

Under the Transaction Documents, the mechanism by which AOE is to acquire its 80% interest in the Kazakh Oil Fields is as follows:

- (a) the parties will cause two special purpose companies to be established in Kazakhstan (**JV Companies**);
- (b) AOE will have an 80% shareholding interest in each of the JV Companies, and the current indirect owner of the Subsurface Use Rights, Westmount, will have a 20% interest;
- (c) the parties will enter into shareholders' agreements which will regulate how the JV Companies' operations are to be managed (see below for further details regarding the shareholders' agreements);
- (d) subject to the conditions precedent set out in the Transaction Documents being satisfied (see below for details regarding the conditions precedent), the Acquisition will then be completed by:
 - (i) EGNG assigning:
 - (A) the Subsurface Use Rights in the South Kozha Oil Fields to one of the JV Companies; and
 - (B) the Subsurface Rights to the Karagan Oil Field to the other of the JV Companies; and
 - (ii) the JV Companies assuming the principal outstanding debt under the BTA Bank Loans (see below for further details regarding the restructuring of the BTA Bank Loans).

Accordingly, upon completion of the transactions provided for in the Transaction Documents, AOE will hold an 80% shareholding interest in two companies which in turn will:

- (a) own the Subsurface Use Rights to the Kazakh Oil Fields; and
- (b) have assumed liability for the BTA Bank Loans.

Consideration

The aggregate consideration payable for the two acquisitions to be effected under the Transaction Documents is as follows:

- (i) the payment of US\$2.0 million, of which an initial payment of US\$0.5 million will be made by the Company within 5 banking days of execution of the Transaction Documents, and the second payment of US\$1.5 million will be payable following completion of the Acquisition occurring (at which point the Company will be invoiced and required to pay the invoiced amount within 3 banking days of its acceptance of that amount);
- (ii) the making of a principal repayment to BTA Bank of US\$4.3 million under the BTA Bank Loans. This amount will be advanced by AOE to an escrow account and then released to BTA Bank upon completion occurring under the Transaction Documents. Following repayment of the US\$4.3 million, an outstanding balance of US\$38.7 million will remain in place under the BTA Bank Loans;
- (iii) AOE's agreement to fund Westmount's 20% share of work programs relating to the Kazakh Oil Fields to a maximum (net) amount of US\$9.6 million (which the Company expects to be paid back out of production revenue generated by the JV Companies); and
- (iv) the advancement of a loan of US\$2.5 million to Westmount on usual commercial terms, which will be repaid by Westmount as a first call from its future dividends from the JV Companies.

Conditions Precedent

Completion under the Transaction Documents is conditional upon a number of conditions precedent being satisfied on or prior to the date of completion of the Transaction Documents (**Closing**).

Closing is to occur on 31 July 2013, or such earlier or later date as the parties may agree in writing (**Closing Date**).

AOE's obligation to complete the transactions contemplated by the Transaction Documents is subject to the following conditions being satisfied (or waived by AOE) at or prior to Closing:

- the representations and warranties given by Westmount and EGNG in the Transaction Documents being true and correct as at the Closing Date;
- all authorisations required by the laws of the Republic of Kazakhstan having been obtained by Westmount and EGNG;
- AOE completing its due diligence investigations within 30 days of the date of execution of the Transaction Documents;
- the JV Companies having been incorporated;
- the JV Companies having entered into a debt restructuring agreement with BTA Bank, on terms agreed with AOE (see below for further details regarding the debt restructuring agreement);
- the shareholders' agreements in relation to the JV Companies having been executed by Westmount and AOE (see below for further details regarding the shareholders' agreements);
- Westmount and/or EGNG obtaining and providing to AOE:

- a waiver from the government of Kazakhstan of its Subsurface Pre-emption Right in respect of the Subsurface Use Rights for the Kazakh Oil Fields;
- permission of Kazakhstan's Oil and Gas Ministry to the assignment of the Subsurface Use Rights in each Kazakh Oil Field from EGNG to the applicable JV Company;
- anti-monopoly approval in respect of the assignment of the Subsurface Use Rights in each Kazakh Oil Field from EGNG to the applicable JV Company;
- a letter from Kazakhstan's Oil and Gas Ministry confirming that each of the Subsurface Use Rights to the Kazakh Oil Fields are good standing;
- an addendum to the two contracts under which the Subsurface Use Rights to the Kazakh Oil Fields are granted (**Subsurface Use Contracts**) and recording the assignment of the those Subsurface Use Rights from EGNG to the applicable JV Company being registered by Kazakhstan's Oil and Gas Ministry;
- an addendum to the Subsurface Use Contract relating to the Karagan Oil Field in relation to a shift from the exploration phase to the production phase being registered by Kazakhstan's Oil and Gas Ministry; and
- such other consents and authorisations as may be required or necessary under the laws of Kazakhstan to complete the transactions contemplated by the Transaction Documents,

(together, the **Kazakh Government Approvals**);

- there being no action or proceeding pending in any jurisdiction which would enjoin or prohibit the transactions contemplated by the Transaction Documents, the right of the JV Companies to acquire or own the Subsurface Use Rights or the right of the JV Company to be a subsurface user in Kazakhstan;
- Westmount and/or EGNG delivering to AOE:
 - in a form satisfactory to AOE, certified copies of their respective articles and by-laws, certificates of registration issued by the competent authority of Kazakhstan, resolutions of their respective shareholders approving entry into, and completion of the transactions contemplated by, the Transaction Documents and a list of officers and directors authorised to sign agreements with specimen signatures; and
 - evidence of the release and discharge of all liens over the Subsurface Use Rights, over the participation interests of Westmount and over the participation interests of EGNG, except for the BTA Bank Loans.

Westmount's obligation to complete the transactions contemplated by the Transaction Documents is subject to the following conditions being satisfied (or waived by Westmount) at or prior to Closing:

- the representations and warranties given by AOE in the Transaction Documents being true and correct as at the Closing Date;
- there being no action or proceeding pending in any jurisdiction which would enjoin or prohibit AOE from satisfying its obligations under the Transaction Documents;
- AOE delivering to Westmount:
 - certified copies of the articles and extracts from the by-laws of AOE, resolutions of the shareholders and directors of AOE approving entry into, and completion of the transactions contemplated by, the Transaction Documents and a list of officers and directors authorised to sign agreements with specimen signatures;

- a certificate of status, compliance, good standing or like certificate issued by an appropriate government official in respect of AOE; and
- the corporate records of the JV Company, including its articles of associations (or charter), shareholders agreement and certificate of state registration;
- all authorisations required by the laws of Singapore and Australia being valid in Kazakhstan; and
- the shareholders' agreements in respect of the JV Companies having been executed by Westmount and AOE.

BTA Loan Restructure

As noted above, it is a condition precedent to completion under the Transaction Documents that the JV Companies enter into a debt restructuring agreement (**Debt Restructuring Agreement**) with BTA Bank, on terms agreed with AOE. Pursuant to the Transaction Documents, the Debt Restructuring Agreement will include the following key terms:

- the JV Companies shall replace EGNG as the borrower in respect of the BTA Bank Loans;
- the principal outstanding under the BTA Bank Loans shall be for an amount of US\$43 million;
- the JV Companies shall assume joint and several liability for the BTA Bank Loans;
- the JV Companies shall pay US\$4.3 million to BTA Bank (using the funds provided by AOE as part of the consideration) following execution of the Debt Restructuring Agreement and satisfaction by Westmount and EGNG of the conditions precedent requiring them to obtain the Kazakh Government Approvals; and
- BTA Bank shall be obligated to consent to the transfer of the Subsurface Use Rights in the Kazakh Oil Fields to the JV Companies.

Shareholders' Agreement

As noted above, it is also a condition precedent to completion under the Transaction Documents that Westmount and AOE enter into shareholders' agreements in respect of the JV Companies (**Shareholders' Agreements**). Pursuant to the Transaction Documents, the Shareholders' Agreements will include the following key terms:

- each JV Company will be owned 80% by AOE and 20% by Westmount;
- the net income (excluding future capital expenditure) of the JV Companies will be distributed as follows:
 - 30% of net income for the first and second year following Closing will be distributed to the shareholders in their respective proportions;
 - 40% of net income for the third year following Closing will be distributed to the shareholders in their respective proportions;
 - 50% of net income for the fourth and subsequent years following Closing will be distributed to the shareholders in their respective proportions;
- a shareholder cannot sell its participating interest in a JV Company unless the other shareholder has first waived its right to purchase that interest; and
- Westmount is not permitted to encumber its 20% interest in either of the JV Companies.

Termination

The Investment Agreements may be terminated at any time prior to the Closing Date:

- by AOE upon written notice to Westmount:
 - if on the Closing Date, any of the conditions precedent for the benefit of AOE have not been satisfied (or waived by AOE);
 - if there has been a breach by Westmount or EGNG of the relevant Investment Agreement which would render any condition precedent for the benefit of AOE incapable of being satisfied by the Closing Date;
- by Westmount upon written notice to AOE:
 - if on the Closing Date, any of the conditions precedent for the benefit of Westmount have not been satisfied (or waived by AOE);
 - if there has been a breach by AOE of the relevant Investment Agreement which would render any condition precedent for the benefit of Westmount incapable of being satisfied by the Closing Date;
- by written agreement of the parties; or
- by AOE upon written notice to Westmount if Closing has not occurred by 31 October 2013.

Governing Law

The Investment Agreements are governed by the laws of Kazakhstan. The Consultancy Agreement is governed by the laws of Australia.

8.2 Rights and liabilities attaching to New Shares

The New Shares will be of the same class and will, once issued, rank equally in all respects with existing Shares (including equal voting rights and equal rights to dividends, profits and capital). The rights and liabilities attaching to the New Shares are identical in all material respects to the terms of the existing Shares. The following is a summary of the principal rights of the holders of Shares. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders under the Constitution.

The Constitution may be inspected free of charge by appointment between 9.00 am and 5.00 pm (Adelaide time) on normal business days from the Opening Date up to and including the Closing Date at the registered office of the Company at: Ground Floor, 15 Bentham Street, Adelaide, SA 5000.

Meetings of Shareholders and notices

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules.

Voting

At a general meeting, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands (irrespective of the number of Shares they hold) and one vote for each Share held on a poll. Where there are two or more joint holders of a Share and more than one joint holder tenders a vote, the vote of the holder named first in the register who tenders the vote will be accepted to the exclusion of the votes of the other joint holders.

Voting at any meeting of Shareholders is by a show of hands unless a poll is demanded. A poll may be demanded by:

- (i) at least five Shareholders entitled to vote on the resolution;
- (ii) Shareholders with at least 5% of the votes that may be cast on the resolution; or
- (iii) the Chairman.

If the votes are equal on a proposed resolution, the Chairman has a casting vote on a show of hands.

Dividends

The Directors may from time to time pay dividends to Shareholders out of the profits of the Company. The Directors may pay any interim and final dividends as, in their judgement, the financial position of the Company justifies. The Directors may fix the amount and the method of payment of the dividends. The payment of a dividend does not require any confirmation by a general meeting.

Subject to any special rights or restrictions attaching to any shares, dividends must be paid equally on all shares and in proportion to the number of, and the amounts paid on, the shares held.

Issues of Shares

Subject to the restrictions on the issue of shares imposed by the Constitution, the ASX Listing Rules and the Corporations Act, the Directors may issue, grant options in respect of, or otherwise dispose of further shares to any person on such terms and conditions (including preferential, deferred or special rights, privileges or conditions, or restrictions) as they see fit.

Variation of class rights

Subject to the Corporations Act and their terms of issue, the rights attached to a class of shares may be varied with the consent in writing of the holders of at least three quarters of the issued shares in the particular class, or by a special resolution passed at a separate meeting of the holders of shares in that class. In either case, the holders of not less than 10% of the votes in the class of shares whose rights have been varied or cancelled may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

The creation or issue of further shares ranking equally with a class of shares already on issue is not a variation of class rights.

Transfer of Shares

Shareholders may transfer Shares by a written transfer instrument in the usual form or any form approved by the Directors or, while the Company is listed on ASX, Shares can be transferred electronically in accordance with the ASX Settlement Rules and ASX requirements. All transfers must comply with the Constitution, the Corporations Act, the Listing Rules and the ASX Settlement Rules. The Directors may refuse to register a transfer of Shares, including in circumstances where the transfer is not in registrable form, or the refusal to register the transfer is permitted by the ASX Listing Rules or the Corporations Act. The Directors must refuse to register a transfer of Shares where required to do so by the ASX Listing Rules. The Directors may suspend the registration of a transfer at any time, and for any period, as permitted by the ASX Settlement Rules. Subject to the ASX Listing Rules, Shares are freely transferable.

Sale of non-marketable parcels

The Directors may cause the Company to sell a Shareholder's Shares if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Constitution are followed. A non-marketable parcel of Shares is defined in the ASX Listing Rules and is, generally, a holding of Shares with a market value of less than \$500.

Winding up

Subject to the Constitution and any special resolution or rights or restrictions attaching to any class or classes of shares, Shareholders will be entitled on a winding up to a share in any surplus assets of the Company in proportion to the shares held by them.

Directors – appointment and removal

The minimum number of Directors is three and the maximum is fixed by the Directors but may not be more than 11, unless the Shareholders pass a resolution varying that number. Directors are elected at annual general meetings of the Company.

The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to

the existing Directors, who will then hold office until the next annual general meeting of the Company.

Retirement will occur on a rotational basis so that no Director (excluding the Managing Director) may hold office beyond the third annual general meeting following the meeting at which they were last elected or re-elected (whichever is later) without Shareholders approving their reappointment.

Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the Chairman has a second or casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

Directors' and officers' indemnities

The Company, on a full indemnity basis and to the full extent permitted by law, indemnifies each person who is or has been an executive officer of the Company or a Director, and such other officers or former officers of the Company or its related bodies corporate as the Directors in each case determine (each an Officer), against any liability (including costs and expenses) incurred by that person as an Officer or a related body corporate of the Company to the extent permitted by law.

The Company, to the extent permitted by law, may insure an Officer against a liability incurred by the Officer as an officer of the Company or any of its related bodies corporate including, but not limited to, a liability for negligence or for reasonable costs or expenses incurred in defending proceedings whether civil or criminal and whatever the outcome.

The Company has entered into deeds of access, indemnity and insurance with each Director which confirm the Directors' right of access to Board papers and require the Company to indemnify the Director for a liability incurred as an officer of the Company or any of its related bodies corporate, subject to the restrictions imposed by the Corporations Act and the Constitution.

Variation of the Constitution

The Constitution may be amended only by a special resolution passed by at least 75% of the votes cast by Shareholders present and entitled to vote on the resolution. At least 28 days' written notice specifying the intention to propose the resolution must be given to Shareholders.

8.3 Regular reporting and disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specified events and matters as they arise for the purposes of ASX making that information available to the stock market conducted by ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information of which it becomes aware concerning the Company which a reasonable person would expect to have a material effect on the price or value of securities in the Company.

The Company is also required to prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a Directors' statement and report and an auditor's report.

Announcements made by the Company are available from ASX's website.

8.4 Your right to obtain copies of the Company's documents

Copies of any documents in relation to the Company which are lodged with ASIC may be obtained from, or inspected at, an ASIC office. ASX maintains a file of all announcements lodged with it by the Company. Copies of documents lodged by the Company with ASX can be found on ASX's website, www.asx.com.au and on the Company's website, www.aoenergy.com.au.

During the period that the Offer remains open, the Company will provide copies of the following to any person on request, free of charge:

- (a) the Company's annual financial report for the year ended 31 December 2011;
- (b) the Company's audited consolidated financial statements for the financial year ended 31 December 2012; and
- (c) the Company's interim financial report for the half year ended 30 June 2012;
- (d) any continuous disclosure notices used to notify ASX of information relating to the Company between 26 March 2012 (being the date of lodgement with ASIC of the annual financial report referred to in paragraph (a)) and the date of lodgement of this Prospectus. The documents listed in Schedule 1 to this Prospectus were lodged by the Company with ASX during this period.

8.5 Documents available for inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus; and
- (b) the Company's constitution.

8.6 Performance Rights and Option Plan

At the General Meeting, the Company adopted an incentive plan under which the Directors, employees and consultants of the Company will be eligible to participate (**Incentive Plan**).

The terms of the Incentive Plan are summarised, as follows:

- Under the Incentive Plan, the Company may issue eligible participants with Performance Rights and/or Options. Each Performance Right entitles the holder to subscribe for or be transferred one Share at no consideration, subject to any performance conditions specified by the Board being satisfied. Each Option entitles the holder to subscribe for or be transferred one Share by paying the exercise price applying in respect of that Option and subject to any performance conditions specified by the Board being satisfied. In other words, the difference between a Performance Right and an Option is that, upon them becoming exercisable, no amount is payable by the holder in the case of a Performance Right whereas an exercise price is payable in the case of an Option.
- Performance Rights and Options do not confer an interest in a Share or the usual rights attached to Shares such as dividend and voting rights.
- An invitation to participate in the Incentive Plan, the particular conditions on which Performance Rights and Options will be granted and the number of Performance Rights and Options to be granted, is at the discretion of the Board.
- There is no amount payable on the grant of a Performance Right or an Option.
- Performance Rights and Options do not confer a right to participate in new issues of capital.
- If the Company makes a bonus issue, participants whose Performance Rights or Options have not been exercised will be entitled to an adjustment to the number of Shares that will be issued to them upon their exercise and, in case of Options, their exercise price will be adjusted proportionately.
- In the event of a reorganisation of the issued capital of the Company, the number of Shares to which a participant is entitled to on the exercise of a Performance Right or Option will be reconstructed as required by the ASX Listing Rules.
- Performance Rights and Options will vest and may be exercised if:
 - (i) all applicable performance conditions relating to the Performance Rights or Options have been satisfied; or

(ii) the Performance Rights or Options otherwise vest in accordance with the Incentive Plan (see below regarding cessation of employment or a change of control occurring).

- If a participant dies, retires or is made redundant, or in the event of any other reason approved by the Board, and at that time the participant continues to satisfy any other conditions imposed by the Board, the Board may allow the Performance Rights or Options granted to the participant to vest.
- If a participant ceases to be an employee for any other reason, for example, because their employment is terminated for misconduct, then all Performance Rights or Options held by the participant will lapse immediately.
- Upon a change of control of the Company occurring, the Board has a discretion to determine whether all or some of the unvested Performance Rights and Options will vest. If no such determination is made by the Board, 50% of the unvested Performance Rights and Options will vest and be capable of exercise.
- Unvested Performance Rights or Options will also lapse immediately if the relevant performance conditions attaching to them are not satisfied, if there is an unauthorised transfer of them or if a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Company or any related body corporate of the Company.
- Performance Rights or Options may not be transferred except with the consent of the Board or, if a participant dies, to the participant's legal personal representative.
- Shares issued on exercise of Performance Rights or Options will rank equally with all existing Shares then on issue.
- Performance Rights and Options will not be quoted. The Company will apply to ASX for quotation of Shares issued on exercise of Performance Rights or Options.

8.7 Terms of Directors' Performance Rights and Options

At the General Meeting, the Shareholders' approval was obtained for the following Options and Performance Rights to be issued to Directors (which securities have not been issued at the date of this Prospectus but are expected to be shortly issued):

Company Director	Tranche 1 Director Options	Tranche 2 Director Options	Tranche 3 Director Options	Class A Performance Rights	Class B Performance Rights
Colin Goodall	350,000	3,500,000	4,200,000	625,000	625,000
Neil Young	400,000	3,800,000	5,000,000	700,000	700,000
Alexander Downer	Nil	Nil	3,000,000	Nil	Nil
David Bamford	Nil	Nil	3,000,000	Nil	Nil
Jeremy Jebamoney	300,000	2,200,000	3,300,000	475,000	475,000

If the vesting conditions in respect of any of the above Options or Performance Rights is satisfied and they are subsequently exercised, this will entitle the holder of that Option or Performance Right to acquire one Share per Option/Performance Right exercised.

Each of the Options and Performance Rights are to be issued for no consideration under the rules of the Incentive Plan, a summary of which is set out in Section 8.6 above.

The other terms on which the various Options or Performance Rights will be issued are as follows:

- Tranche 1 Director Options - an exercise price of \$0.225 per Option, with an expiry date that is 3 years from the date of issue;
- Tranche 2 Director Options - an exercise price of \$0.225 per Option with an expiry date that is 3 years from the date of issue, the exercise of which Options is subject to the Tranche 2 Performance Condition being satisfied;
- Tranche 3 Director Options - an exercise price of \$0.30 per Option, with an expiry date that is 4 years from the date of issue, the exercise of which Options is subject to the Tranche 3 Performance Condition being satisfied;
- Class A Performance Rights - these rights will vest and be capable of exercise if the Company completes a transaction under which it acquires a material interest in a prospective oil and gas venture before 30 June 2014; and
- Class B Performance Rights - these rights will vest and be capable of exercise if the Company's 30 day volume weighted average share price is not less than \$0.50 (on a post Consolidation basis) for 5 consecutive trading days at any time prior to 30 June 2015.

If the Acquisition is completed, the Tranche 2 Director Options and the Class A Performance rights will vest.

8.8 Restricted securities

A proportion of the New Shares issued pursuant to this Prospectus may be classified by ASX as restricted securities, in which case they would be subject to an escrow period during which they would not be quoted on ASX or able to be traded. ASX may, in its sole discretion, impose an escrow period of up to 24 months commencing from the date on which quotation of the New Shares commences or the date on which the New Shares are issued. Details of restricted securities (number and period) are subject to confirmation by ASX. Any final restricted securities information will be made available by the Company by announcement to the ASX.

8.9 Interests of Directors

- (a) Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director of the Company, and no firm in which a Director or proposed Director of the Company is a partner, holds, or held at any time during the last two years before the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer, or
- (iii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or proposed director of the Company:

- to induce them to become, or to qualify them as, a Director; or
- for services rendered by them in connection with the formation or promotion of the Company or in connection with the Offer.

- (b) Directors are not required under the Constitution to hold any Shares.
- (c) Set out below are details of the interests of the Directors in securities of the Company as at the date of this Prospectus. Interests include those held directly or otherwise.

Director	Shares	Options	Performance Rights
C Goodall	1,055,579	-	-
N Young	877,966	-	-
A Downer	14,926	-	-
D Bamford	44,777	-	-
J Jebamoney	733,976	-	-
Total	2,727,224	-	-

None of the Directors will be participating in the Offer. However, the issue of Performance Rights and Options specified in the table set out in Section 8.7 have been approved by Shareholders at the General Meeting and the Company intends to shortly issue those securities to the Directors.

8.10 Directors' remuneration

- (a) Subject to the ASX Listing Rules, the non-executive Directors as a whole may be paid or provided remuneration for their services, the total amount or value of which must not exceed an aggregate maximum amount determined from time to time by the Company in general meeting. This amount is currently set at \$500,000 per annum.

The Directors acknowledge that as the Company grows, the demands on the Directors will increase and the Directors' fees will be increased commensurate with their responsibilities and workload, as determined by the Board and approved by the members.

The aggregate of the fees which the Company has agreed to pay the non-executive Directors as at the date of this Prospectus is \$180,000 per annum.

- (b) The remuneration of the executive Directors is fixed by the Board from time to time, and may consist of salary, bonuses and other elements, but must not be a commission on, or percentage of operating revenue.
- (c) The Managing Director is remunerated pursuant to a services agreement which provides amongst other things that:
- (i) the fixed annual remuneration (including base salary and superannuation) payable to the Managing Director will be \$350,000, which will be subject to an annual review;
 - (ii) the Company may terminate the Managing Director's employment immediately in the event of serious misconduct or neglect in the discharge by the Managing Director of his duties. Further, the Company may terminate the Managing Director's employment without cause at any time by giving 6 months' written notice to the Managing Director or by making a payment of 6 months' remuneration in lieu of notice;
 - (iii) the Managing Director may terminate his employment by giving 6 months' written notice to the Company.
- (d) Mr Jeremy Jebamoney, an Executive Director, is remunerated pursuant to a services agreement which provides amongst other things that:
- (i) the fixed annual remuneration (including base salary and superannuation) payable to Mr Jebamoney will be \$275,000, which will be subject to an annual review;
 - (ii) the Company may terminate Mr Jebamoney's employment immediately in the event of serious misconduct or neglect in the discharge by Mr Jebamoney of his duties. Further, the Company may terminate Mr Jebamoney's employment without cause at any time by giving 3 months' written notice to Mr Jebamoney or by making a payment of 3 months' remuneration in lieu of notice;

- (iii) Mr Jebamoney may terminate his employment by giving 3 months' written notice to the Company.

8.11 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting in the capacity a director of the Company. The Company is also required to maintain insurance policies for the benefit of the Director and must allow the Directors to inspect Company documents in certain circumstances.

8.12 Existing Mineral Exploration Interests

As at the date of this Prospectus, the Company holds interests in mineral exploration licenses in New South Wales and Queensland. If the Acquisition is completed, it is the Directors present intention to dispose of each of those interests.

W)

8.13 Interests of other persons

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no promoter of the Company holds, or held at any time during the last two years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer, or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of the Company or in connection with the Offer.

Johnson Winter & Slattery has provided various legal services in connection with the Offer and the preparation and distribution of this Prospectus, and has or will receive professional fees of approximately \$40,000 (exclusive of goods and services tax). Further amounts may be paid to Johnson Winter & Slattery in accordance with its normal time based charges.

8.14 Litigation

So far as the Directors are aware, there are no current or threatened legal or arbitration proceedings of a material nature in which the Company is directly or indirectly concerned which are likely to have a material adverse impact on the business or financial position of the Company.

8.15 Costs of the Offer and Capital Raising

The total costs of the Offer and the Capital Raising payable by the Company are estimated at approximately \$1.6 million (assuming \$20 million is raised under the Capital Raising) and includes broker fees, legal services expenses, ASX and ASIC fees and other miscellaneous expenses. If only \$10 million is raised under the Capital Raising, such costs are estimated to be approximately \$950,000.

8.16 Consents

Each of the parties referred to in this Section 8.16:

- (a) has not authorised or caused the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus other than as specified in this Section 8.16;
- (c) has not made any statement on which a statement in this Prospectus is based, other than as specified in this Section 8.16; and
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of,

makes no representation regarding, and takes no responsibility for, any part of this Prospectus other than the reference to its name and the statement (if any) included in this Prospectus with the consent of that party as specified in this Section 8.16.

Johnson Winter & Slattery has given and, at the time of lodgement of this Prospectus, has not withdrawn its written consent to being named in this Prospectus as legal adviser to the Company in respect of the Offer in the form and context in which it is named.

Link Market Services Limited has given and, at the time of lodgement of this Prospectus, has not withdrawn its written consent to being named in this Prospectus in respect of the Offer in the form and context in which it is named.

9. GLOSSARY

\$ or A\$ or AUD means Australian dollars.

Acquisition means the proposed acquisition by the Company referred to in Section 1.1.

AOE means AO Energy (Singapore) Pte Ltd (a wholly owned subsidiary of the Company).

Applicant means a person to whom an Offer is made under this Prospectus and who submits an Application.

Application means an application for New Shares under this Prospectus.

Application Form means the application form provided by the Company to Applicants with which they may make an Application.

Application Monies or **Application Amount** means the amount accompanying an Application Form submitted by an Applicant.

ASC means ASX Settlement Corporation Pty Ltd.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ACN 008 624 691 and the market that it operates.

ASX Listing Rules means the official listing rules of ASX.

ASC Settlement Rules means the operating rules of the settlement facility provided by ASC.

Board means the board of Directors of the Company.

BTA Bank means BTA Bank JSC.

BTA Bank Loans means the loans advanced by the BTA Bank to EGNG in respect of the Kazakh Oil Fields, which loans are to be restructured and assumed by the JV Companies as part of the Acquisition.

Capital Raising means the proposed capital raising in connection with the Proposed Transaction announced by the Company on 16 October 2012 and which involves the issue of the Placement Shares as described in Section 1.2.

Chairman means the Chairman of the Company from time to time and includes an acting Chairman.

CHESS means the Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.

Class A Performance Rights means Performance Rights which will vest and be capable of exercise by the registered holder thereof in the event that the Company completes a transaction under which it acquires a material interest in a prospective oil and gas venture at any time before 30 June 2014.

Class B Performance Rights means the Performance Rights which will vest and be capable of exercise by the registered holder thereof in the event that the Company's 30 day volume weighted average share price is not less than \$0.50 (on a post Consolidation basis) for 5 consecutive trading days at any time prior to 30 June 2015.

Closing Date means the closing date of the Offer, being 5.00 pm (Adelaide time) on 13 December 2012 (or such other date as the Directors in their absolute discretion determine subject to the requirements of the Corporations Act and the ASX Listing Rules).

Company means Australia Oriental Minerals NL ACN 010 126 708.

Consolidation means the consolidation of the issued capital of the Company on a one for 67 basis which was approved by the Shareholders at the General Meeting and effected on 27 November 2012.

Constitution means the constitution of the Company.

Consultancy Agreement means the consulting agreement between the Company and the Consultant dated 29 November 2012.

Consultant means Nurzhan Sarsekenovich Kurmanov.

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

Directors means the directors of the Company from time to time, and **Director** means any one of them.

Directors' Options and Performance Rights means the Options and Performance Rights detailed in Section 8.7.

EGNG means EcoGeoneftegas LLP (a wholly owned subsidiary of Westmount and the holder of the Subsurface Use Rights to the Kazakh Oil Fields as at the date of this Prospectus).

Existing Reserves means the aggregate of the State Commission's reserves balance for each of the of the Kazakh Oil Fields as at 1 October 2012. The Company notes that the State Commission has used a different methodology in determining the reserves balance than is commonly used in Australia.

Exploration Contract means a contract entered into pursuant to the Subsurface Law under which Subsurface Use Rights are granted to carry out petroleum exploration operations in a specified area of Kazakhstan.

General Meeting or **Meeting** means the extraordinary general meeting of the Company held on 14 November 2012.

Incentive Plan means the Performance Rights and Options Plan referred to in Section 8.6.

Investment Agreements means:

- (a) the investment agreement between Westmount, EGNG and AOE dated 29 November 2012 in respect of the South Kozha Oil Field; and
- (b) the investment agreement between Westmount, EGNG and AOE dated 29 November 2012 in respect of the Karagan Oil Field.

JV Companies has the meaning given in Section 8.1.

Karagan Oil Field means the oil field of that name which comprises one of the Kazakh Oil Fields.

Kazakh Oil Fields means the oil fields described in Section 4.6.

Kazakh Government Approvals has the meaning given to it in Section 8.1.

New Shares means the Shares to be issued under the Offer.

Offer means the offer of up to 1,000 New Shares under this Prospectus to Applicants at an issue price of \$0.20 per New Share.

Official Quotation means that shares are admitted to the official list on ASX for trading and have a quotable market price.

Opening Date means the opening date of the Offer, being 5.00 pm (Adelaide time) on 8 December 2012.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Right means a right to be issued for no consideration a Share under the Incentive Plan upon the satisfaction of specified performance conditions.

Placement Shares means the Shares issued under the Capital Raising.

Pre-Consolidation Placement Shares means the Shares agreed to be issued by the Company on 17 July 2012 to Messrs Colin Goodall, Neil Young and Jeremy Jebamoney, subject to Shareholder approval being obtained (which was obtained at the General Meeting).

Production Contract means a contract entered into pursuant to the Subsurface Law under which Subsurface Use Rights are granted to carry out petroleum production operations in a specified area of Kazakhstan.

Proposed Transaction has the meaning given in Section 1.1.

Prospectus means this prospectus as modified or varied by any supplementary or replacement prospectus which has been made by the Company and lodged with ASIC from time to time.

Section means a section of this Prospectus.

SEC means the Security Exchange Commission.

Securities means the Shares and the Options.

Share means an ordinary share in the capital of the Company, the terms of which are contained in the Company's constitution.

Shareholders means the holders of the Shares from time to time.

Share Registry means Link Market Services Limited.

South Kozha Oil Field means the oil field of that name which comprises one of the Kazakh Oil Fields.

State Commission means the State Commission Mineral Reserves of the Republic of Kazakhstan.

Subsurface Law has the meaning in Section 4.5.

Subsurface Pre-emption Right has the meaning in Section 4.5.

Subsurface Transfer Consent has the meaning in Section 4.5.

Subsurface Use Rights has the meaning in Section 4.5.

Tranche 1 Director Options means Options granted under the Incentive Plan with an exercise price of \$0.225 and an expiry date of 3 years from the date of their issue.

Tranche 2 Director Options means Options granted under the Incentive Plan with an exercise price of \$0.225 and an expiry date of 3 years from the date of their issue, the exercise of which Options will be subject to the satisfaction of the Tranche 2 Performance Condition.

Tranche 3 Director Options means Options granted under the Incentive Plan with an exercise price of \$0.30 and an expiry date of 4 years after their issue, the exercise of which Option is subject to the satisfaction of the Tranche 3 Performance Condition.

Tranche 2 Performance Condition means the Company completing a transaction under which it acquires a material interest in a prospective oil and gas venture at any time before 30 June 2014.

Tranche 3 Performance Condition means the Company's 30 day volume weighted average share price being not less than \$0.50 (on a post-Consolidation basis) for 5 consecutive trading days at any time prior to 30 June 2015.

Transaction Documents means:

- (a) the Investment Agreements; and
- (b) the Consultancy Agreement.

US\$ means the currency of the United States of America.

Westmount means Westmount LLP (being the company which owns all of the issued shares in EGNG as at the date of this Prospectus).

DIRECTORS' CONSENT

The Directors have consented to the lodgement and issue of this Prospectus.

Each Director has consented to this Prospectus being signed on their behalf by Mr Neil Young.

Signed for and on behalf of the Directors of Australia Oriental Minerals NL.

Neil Young

Managing Director

Dated: 30 November 2012

SCHEDULE 1 – DOCUMENTS LODGED WITH ASX SINCE 26 MARCH 2012

Schedule 1

DOCUMENTS LODGED AT ASX SINCE 26 MARCH 2012

Date	Description
30/11/2012	Investment Agreements for purchase of Kazakh Oil Field Interests
27/11/2012	Consolidation of Capital
26/11/2012	Change of Director's Interest Notice – J Jebamoney
26/11/2012	Change of Director's Interest Notice – N Young
26/11/2012	Change of Director's Interest Notice – C Goodall
26/11/2012	Appendix 3B
16/11/2012	Change of registered office
14/11/2012	Results of Extraordinary General Meeting
14/11/2012	Suspension from Official Quotation
14/11/2012	Suspension from Official Quotation
24/10/2012	Quarterly Activities Report and Cashflow Report
18/10/2012	Capital Consolidation ex-date
18/10/2012	Change of Director's Interest Notice – A Downer
18/10/2012	Change of Director's Interest Notice – D Bamford
18/10/2012	Change of Director's Interest Notice – C Goodall
16/10/2012	Initial Director's Interest Notice – A Downer
16/10/2012	Explanatory Memorandum
16/10/2012	General Meeting
12/10/2012	Appendix 3B
11/10/2012	Appointment of Director – Alexander Downer
08/10/2012	Initial Director's Interest Notice (revised)
05/10/2012	Change of Director's Interest Notice
05/10/2012	Final Director's Interest Notice
05/10/2012	Change of Director's Interest Notice
05/10/2012	Final Director's Interest Notice
05/10/2012	Initial Director's Interest Notice
05/10/2012	Initial Director's Interest Notice
05/10/2012	Company Secretary Appointment
03/10/2012	Changes to Board
26/09/2012	Corporate Presentation
26/09/2012	Acquisition of Rights
25/09/2012	Trading Halt
17/09/2012	Closing of Rights Issue
05/09/2012	Disposal of Subsidiary Company
30/08/2012	Half Year Financial Report
29/08/2012	Rights Issue Offer Booklet
17/08/2012	Rights Issue Cleansing Statement

17/08/2012	Appendix 3B
17/08/2012	Non-Renounceable Issue
10/08/2012	Company Secretary Appointment/Resignation
24/07/2012	Quarterly Activities Report and Cash Flow Report
20/07/2012	Initial Director's Interest Notice x 2
20/07/2012	Final Director's Interest Notice
18/07/2012	Board Changes, Share Placement and Rights Issue
19/06/2012	Change of Director's Interest Notice - SO
25/05/2012	Final Director's Interest Notice
25/05/2012	Changes to Board
25/05/2012	Results of Meeting
02/05/2012	Response to ASX Price Query
26/04/2012	Quarterly Activities Report and Cash Flow Report
24/04/2012	Notice of Annual General Meeting and Proxy Form
13/04/2012	Initial Director's Interest Notice
12/04/2012	Director Appointment

APPLICATION FORM

AUSTRALIA ORIENTAL MINERALS NL ACN 010 126 708

Registered Office:
Ground Floor, 15 Bentham Street
ADELAIDE SA 5000

This Application Form relates to the offer of New Shares in Australia Oriental Mineral NL (**Company**) pursuant to the Prospectus dated 30 November 2012 (**Prospectus**). Capitalised terms used in this Application Form have the meaning given to them in the Prospectus. This Application Form is important. If you are in any doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay. You should read the entire Prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

Name and Address of Applicant:

Applicant: **Mr/Mrs/Miss/Ms**

Surname

Given Names

Joint Applicant: **Mr/Mrs/Miss/Ms**

Surname

Given Names

Corporate Applicant:
(if applicable):

Contact Person:

ABN:

Account designation
(if applicable):

Address:

Street

Suburb

State

Postcode

Telephone Number:

**Main number
for contact**

**Second number
for contact**

**Facsimile
number**

Tax File Number Information
(Completion of this information is optional. Please consult your tax adviser.)

You are not obliged to quote a Tax File Number (TFN) or exemption details when applying for securities. However, if the Company has not been notified, tax will be deducted from any distributions made by the Company at the highest marginal tax rate (including the Medicare Levy) until the relevant TFN or exemption details have been provided to the Company in writing. If you are in any doubt as to the quotation of your TFN or exemption details, you should consult your financial adviser or the Australian Taxation Office.

Tax File Number:

First applicant

Tax File Number:

Second applicant

Tax File Number Exemption:

Details of Application:

*I/We apply for _____ New Shares at an issue price of \$0.20 per New Share (or such lesser number as may be allocated to me/us).

*I/We enclose a cheque or money order for the Application Monies of \$_____ (number of shares applied for multiplied by \$0.20).

Cheques or Money Orders for the amount payable on application are to be made payable to the Australia Oriental Minerals NL – Nominee Account” and crossed “Not Negotiable”.

I/we the Applicant(s) declare as follows:

1. This Application Form is completed and lodged according to the Prospectus and the details in this Application Form are true and correct.
2. I/we agree to be bound by the Constitution of the Company as may be amended from time to time.
3. In the case of joint applicants, we agree that the Shares will be held as joint tenants.
4. If this Application Form is signed under Power of Attorney, I have not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this Application Form).
5. If signing as sole signatory on behalf of a company, I am signing as sole director and sole secretary of the company.
6. If investing as a trustee, I/we are acting in accordance with the powers granted under the trust deed of the trust and all applicable laws.
7. I/we understand that this Application Form may not be processed if it is not completed fully (however, tax file number information is not compulsory).
8. I/we understand that the Company may reject this Application at its discretion or may issue me/us some but not all of the New Shares applied for.

Signature (first applicant/director)	Print name	Date
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Signature (joint applicant/director or secretary)	Print name	Date
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INSTRUCTIONS FOR COMPLETION OF APPLICATION FORM

Correct Form of Applicant Name(s)

Type of Investor	Correct Form	Example of Incorrect Forms
Trusts (do not use the name of the trust; use trustee(s) personal names)	Fred Anthony Smith Account designation: <Fred Smith Family A/c>	Fred Smith Family Trust
Individuals	Fred Anthony Smith	F. Smith or Fred A Smith
Deceased Estates (use executor(s) personal name(s))	Fred Anthony Smith Account designation: <Estate of Marty Smith A/c>	Estate of late Marty Smith
Partnerships (use partners personal names)	Fred Anthony Smith and John Matthew Doe	Smith & Co
Superannuation Funds – Individual Trustee (do not use name of the fund; use individual names of trustees. Provide Super Fund TFN in space provided)	Fred Anthony Smith Account designation: <Smith Super Fund A/c>	Fred Smith Super Fund
Superannuation Funds – Corporate Trustee (do not use name of the fund; complete corporate details. Provide Super Fund TFN if available in space provided)	Fred Smith Pty Ltd Account designation: <Smith Super Fund A/c>	Fred Smith Pty Ltd Superannuation Fund

Please return the completed Application Form and the Application Monies to:

Australia Oriental Mineral NL
Ground Floor, 15 Bentham Street
Adelaide SA 5000

By no later than 5:00pm (Adelaide Time) on the Closing Date