AGREEMENT TO AMALGAMATE

Among

LUKOIL OVERSEAS HOLDING LTD.

- and -

CASPIAN INVESTMENTS RESOURCES LTD.

- and -

NELSON RESOURCES LIMITED

October 13, 2005

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THIS AGREEMENT TO AMALGAMATE made as of the 13th day of October, 2005 AMONG:

LUKOIL Overseas Holding Ltd., a company incorporated under the laws of the British Virgin Islands,

(hereinafter called "**Acquiror**")

- and -

Caspian Investments Resources Ltd., a company incorporated under the laws of the British Virgin Islands,

(hereinafter called "**AcquirorSub**")

- and -

Nelson Resources Limited, a company incorporated under *the Companies Act 1981* (Bermuda),

(hereinafter called the "**Company**")

RECITALS

WHEREAS:

1. Acquiror has made a proposal in respect of the amalgamation of AcquirorSub and the Company pursuant to which shareholders of the Company would not receive securities in Amalco but would receive $2.1916 per Share;

2. The Board of Directors has determined that it would be in the best interests of the Company and its Shareholders to recommend approval of the Amalgamation to the Shareholders, to cooperate with Acquiror and to take all reasonable action to support the Amalgamation; and

3. The Board of Directors has determined that it would be in the best interests of the Company and the Shareholders for the Company to enter into this Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual covenants hereinafter set out, the parties hereto hereby agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions

In this Agreement (including the recitals hereto), unless the context otherwise requires:

"**Acquisition Proposal**" means a proposal or offer in writing or by public announcement by any Person (other than Acquiror or an affiliate of Acquiror), whether or not subject to conditions, to acquire in any manner, directly or indirectly, beneficial ownership of all or a material portion of the assets of the Company or any Subsidiary of the Company or to acquire in any manner, directly or indirectly, beneficial ownership of, or control or direction over, more than 20% of the issued and outstanding Shares, whether by means of an arrangement or amalgamation, a merger, consolidation or other business combination, a sale of shares or assets, a take-over bid, tender offer or exchange offer, or any other transaction involving the Company or any Subsidiary of the Company, including, without limitation, any single or multi-step transaction or series of related transactions structured to permit such Person to acquire beneficial ownership of all or a material portion of the assets of the Company or any Subsidiary of the Company or to acquire in any manner, directly or indirectly, more than 20% of the issued and outstanding Shares (other than the Amalgamation);

"**Act**" means *the Companies Act 1981* (Bermuda);

"**affiliate**", in respect of any Person, means another Person that Controls, is Controlled by or is under common Control with the first-mentioned Person;

"**Agreement**", "**this Agreement**", "**herein**", "**hereto**", and "**hereof**" and similar expressions refer to this Agreement, as the same may be amended or supplemented from time to time and, where applicable, to the appropriate Exhibits to this Agreement;

"**AIF**" means the Company's Annual Information Form for the year ended December 31, 2004 dated March 3, 2005;

"**Amalco**" means the amalgamated company resulting from the Amalgamation and continuing following the Effective Time;

"**Amalgamation**" means the amalgamation of AcquirorSub and the Company under Section 104B of the Act pursuant to the Amalgamation Agreement and the merger of AcquirorSub and the Company pursuant to Section 79 of BVI Act under the Plan of Merger all as contemplated by this Agreement;

"**Amalgamation Agreement**" means the agreement set forth in Exhibit A;

"**Amalgamation Resolution**" means the resolution of the Shareholders approving the Amalgamation in accordance with Section 106 of the Act;

"**arms-length**" means, with respect to a Contract, that pricing is established as if the counter parties were independent parties;

"**Articles of Merger**" means the Articles of Merger required to be filed by the AcquirorSub with the Registrar of Companies (British Virgin Islands) under Section 76 of the BVI Act in the form set forth in Exhibit B;

"**Board of Directors**" means the board of directors of the Company as constituted from time to time;

"**Business Day**" means any day excepting a Saturday, Sunday or statutory holiday in any of Toronto, Ontario, New York, New York, Hamilton, Bermuda or London, United Kingdom;

"**BVI Act**" means the *International Business Companies Act* (British Virgin Islands);

"**Certificate of Merger**" means the certificate issued by the Registrar of Companies in respect of the Amalgamation pursuant to Section 76 of the BVI Act;

"**Commitments**" means, collectively:

(a) the Options and any other options, warrants, convertible securities, exchangeable securities, subscription rights, conversion rights, exchange rights, or other Contracts that could require the Company to issue any of its Equity Interests or to sell any Equity Interests it owns in another Person;

(b) any other securities convertible into, exchangeable or exercisable for, or representing the right to subscribe for any Equity Interest of the Company or owned by the Company;

(c) statutory pre-emptive rights or pre-emptive rights granted under the Company's governing documents; and

(d) share appreciation rights, phantom shares, profit participation, or other similar rights with respect to the Company;

"**Company Reserve Reports**" has the meaning set forth in Section 7.1(k);

"Consents" means all consents, assignments, waivers, authorizations or other certificates or material payments, other than Regulatory Approvals, necessary in connection with the transactions contemplated hereby to provide for the continuation in full force and effect of all of the Material Contracts after the Effective Date; provided that "Consents" shall not include any consents of a Governmental Entity from and after the Control Acquisition Time pursuant to a Proposed Kazakh Law:

"**Contract**" means any binding contract, agreement, arrangement, commitment, letter of intent, memorandum of understanding, heads of agreement, promise, obligation, right, instrument, or other similar document, whether written or oral;

"**Control**" or "**Controlled**" means:

(a) with respect to control of a body corporate by a Person, the holding (other than by way of security) by or for the benefit of that Person of securities of that body corporate to which are attached to 50% or more of the votes that may be cast to elect directors of the body corporate (whether or not securities of any other class or classes shall or might be entitled to vote on the happening of any event or contingency) provided that those votes, if exercised, are sufficient to elect 50% or more of the board of directors of the body corporate; and

(b) with respect to control of any other Person other than a body corporate by a Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of that other Person, whether through the ownership of voting securities, by Contract or otherwise;

"**Control Acquisition Time**" means the time at which Acquiror, alone or together with its affiliates, acquires ownership of or control or direction over a majority of the Shares;

"**Court**" means the Supreme Court of Bermuda;

"**Depositary**" means Computershare Trust Company of Canada or such other Person appointed to act as depositary in connection with the Amalgamation;

"**diluted basis**" means, with respect to the number of issued and outstanding Shares at any time, such number of outstanding Shares calculated assuming that all issued and outstanding in-the-money Options and all other rights to acquire Shares are exercised and that all Options that are not in-the-money are cancelled;

"**Dissent Rights**" means the right of a Shareholder under Section 106 of the Act to apply to the Court in connection with the Amalgamation to appraise the fair value of such Shareholder's Shares;

"**Dissenting Shareholders**" means Shareholders who, being entitled to do so, validly exercise Dissent Rights;

"**Effective Date**" means the date of the Amalgamation as set forth in the Certificate of Amalgamation;

"**Effective Time**" means the time on the Effective Date that the Amalgamation becomes effective pursuant to the Act and the BVI Act;

"**Employee Obligations**" means any Liabilities of the Company or any Subsidiary of the Company to pay (in the past, present or future and whether or not on condition) any amount to, or on behalf of, any officer, director or employee (other than for salary, bonuses under existing bonus arrangements and directors' fees, in each case in the ordinary and regular course of business consistent with past practice and Liabilities in respect of insurance or indemnification contemplated in Article 5); and, without limitation, includes any obligations of the Company or any of its Subsidiaries to officers, directors or employees:

(a) for severance or termination or any other payments on or in connection with a change of control of the Company or any of its Subsidiaries pursuant to any policy of the Company or any of its Subsidiaries or pursuant to any agreement between the Company or any of its Subsidiaries, as applicable, and the applicable officer, director or employee; and

(b) for retention bonus payments pursuant to any retention bonus agreement between the Company or any of its Subsidiaries, as applicable, and the applicable officer, director or employee or pursuant to any policy of the Company or any of its Subsidiaries;

"**Encumbrance**" means, without limitation, any mortgage, pledge, assignment, charge, lien, security interest or trust, royalty, carried, working, participation or net profits interest or other third party interest and any agreement, option, right or privilege (whether by law, Contract or otherwise) capable of becoming any of the foregoing;

"**Environmental Laws**" means all applicable statutes, regulations, ordinances, by-laws, and codes and all international treaties and agreements, now in existence in the Republic of Kazakhstan (whether federal, provincial, territorial, state or municipal) relating to pollution or the protection and preservation of the environment, occupational health and safety, product safety, product liability or Hazardous Substances, including, without limitation, laws relating to Releases or threatened Releases of Hazardous Substances into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater, land, surface and subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Substances and all laws and regulations with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Substances, and all laws relating to endangered or threatened species of fish, wildlife and plants and the management or use of natural resources;

"**Environmental Permits**" includes all orders, permits, certificates, approvals, consents, registrations and licences issued by any Governmental Entity under Environmental Laws;

"**Equity Interest**" means :

(a) with respect to a company, any and all shares of capital stock;

(b) with respect to a partnership, limited liability company, trust, or similar Person, any and all units, interests or other partnership/limited liability company interests; and

(c) any other direct equity ownership or participation in a Person;

"**Exchanges**" means collectively the Toronto Stock Exchange and the Alternative Investment Market of the London Stock Exchange plc;

"**Fee Event**" has the meaning set forth in Section 4.1;

"**Financial Statements**" means the audited consolidated balance sheets and related consolidated statements of operations, consolidated statement of cash flows, consolidated statements of shareholders' equity and consolidated statements of comprehensive income, together with the notes thereto, of the Company for the fiscal years ending December 31, 2004 and 2003 and the unaudited consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows, together with the notes thereto, of the Company for the six-month periods ended June 30, 2005 and 2004, as amended, in each case as set forth in the Public Record;

"**GAAP**" means United States generally accepted accounting principles;

"**governing documents**" means the articles of incorporation, certificate of incorporation, memorandum of association, charter, bylaws, bye-laws, articles of formation, regulations, operating agreement, certificate of limited partnership, partnership agreement, and all other similar documents, instruments or certificates executed, adopted, or filed in connection with the creation, formation, or organization of a Person, including any amendments thereto;

"**Governmental Entity**" means any:

(a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign;

(b) any subdivision or authority of any of the foregoing; or

(c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;

"**Hazardous Substance**" means, collectively, any contaminant, toxic substance, dangerous goods or pollutant or any other substance that when released to the natural environment is reasonably likely to cause, at some immediate or future time, material harm or material degradation to the natural environment or material risk to human health; including, without limitation:

(a) any petrochemical or petroleum products, radioactive materials, asbestos in any form that is or could become friable, transformers or other equipment that contains dielectric fluid containing polychlorinated biphenyls, and radon gas;

(b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "restricted hazardous materials", "extremely hazardous substances", "toxic substances", "contaminants" or "pollutants" or words of similar meaning and regulatory effect; or

(c) any other chemical, material or substance, exposure to which is prohibited, limited, or regulated by any applicable Environmental Law;

"**Hedge**" means a derivative transaction within the coverage of SFAS No. 133, entitled, "Accounting for Derivative Instruments and Hedging Activities," including any swap transaction, option, warrant, forward purchase or sale transaction, futures transaction, cap transaction, floor transaction or collar transaction relating to one or more currencies, commodities, bonds, equity securities, loans, interest rates, credit-related events or conditions or any indexes, or any other similar transaction (including any option with respect to any of these transactions) or combination of any of these transactions, including collateralized mortgage obligations or other similar instruments or any debt or equity instruments evidencing or embedding any such types of transactions, and any related credit support, collateral, transportation or other similar arrangements related to such transactions;

"**Hydrocarbons**" means, with respect to any Person, crude oil, natural gas, casinghead gas, condensate, sulphur, natural gas liquids, plant products and other liquid or gaseous hydrocarbons produced in association therewith (including coalbed gas and carbon dioxide), and all other minerals of every kind and character which may be covered by or included in or attributable to any of the properties of such Person or any of such Person's Subsidiaries;

"**in-the-money**" means, in respect of Options or other rights to acquire Shares, such of them as have an exercise price per Share less than $2.1916;

"**Information Circular**" means the information circular of the Company to be sent to the Shareholders in connection with the Shareholder Meeting (including, without limitation, information incorporated therein by reference);

"**Intellectual Property**" means all registered patents, copyrights, trade-marks, trade-names, service marks, logos, commercial symbols and industrial designs, (including applications for all of the foregoing, and renewals, divisions, extensions and reissues, where applicable, relating thereto) owned by or licensed to the Company or any of its Subsidiaries;

"**Knowledge Individuals**" means the individuals set forth in Exhibit G;

"laws" means all statutes, regulations, statutory rules, orders, judgments, decrees and terms and conditions of any grant of approval, permission, authority, permit or license of any Governmental Entity, statutory body or self-regulatory authority (including the Securities Authorities), including the Securities Laws and the rules and regulations of the Exchanges or any other stock exchange or quotation system on which the securities of the Company are listed;

"**Liability**" means any liability or obligation, whether absolute or contingent, matured or unmatured, conditional or unconditional, accrued or unaccrued, liquidated or unliquidated, or due or to become due;

"**Licenses**" means the oil, gas, hydrocarbon and/or mineral licenses, production payments and net profits interests, mineral interests, royalty interests of the Company and all other interests of the Company in Hydrocarbons;

"**Lock-up Agreements**" means agreements entered into between Acquiror and Central Asian Industrial Holdings N.V., Energy Investments International Ltd., Cott Holdings Group Ltd. and Center Finance Ltd. in relation to Shares owned by such latter parties;

"**Material Adverse Change**" means any change, condition, event or development, in the business, operations, results of operations, assets, capitalization, condition (financial or otherwise), Licenses, permits, concessions, rights, or Liabilities, whether contractual or otherwise, of the Company or any of its Subsidiaries which is materially adverse (individually or in the aggregate) or which would reasonably be expected to be materially adverse (individually or in the aggregate) to the Company and its Subsidiaries considered as a whole; provided that changes resulting from:

(a) conditions affecting the international oil and gas industry as a whole, (including, without limitation, changes in the market price of crude oil or natural gas);

(b) general economic, financial, currency exchange, securities (including changes in the trading price of the Shares) or commodity market conditions (including changes in the market price of crude oil or natural gas);

(c) the announcement of the transaction contemplated by this Agreement or other communication by Acquiror of its plans or intentions with respect to the business of the Company or any of its Subsidiaries (including changes in the trading price of the Shares) ;

(d) the consummation of the transaction contemplated by this Agreement or any actions by Acquiror or the Company pursuant to this Agreement; or

(e) the occurrence, development or coming into effect or existence of any Proposed Kazakh Law after the Control Acquisition Time;

that in the case of subsection (a) and (b) above, do not disproportionately affect the Company and the Company Subsidiaries considered as a single enterprise, shall be deemed not to constitute a "Material Adverse Change" and shall not be considered in determining whether a "Material Adverse Change" has occurred;

"**Material Adverse Effect**" means, with respect to the Company or its Subsidiaries, an event, occurrence, fact, circumstance, or development which individually or in the aggregate with all other events, occurrences, facts, circumstances or developments has or is reasonably expected to:

(a) have a material adverse effect on the business, operations, results of operations, assets, capitalization, condition (financial or otherwise), Licenses, permits, concessions, rights or Liabilities, whether contractual or otherwise, of the Company and its Subsidiaries, considered as a whole, or the market price or value of the Shares;

(b) prevent, materially delay or materially adversely affect the consummation of the Amalgamation and the other transactions contemplated by this Agreement; or

(c) materially adversely affect the ability of the Company to perform its obligations hereunder;

other than any fact or circumstance resulting from:

(a) conditions affecting the international oil and gas industry as a whole, (including, without limitation, changes in the market price of crude oil or natural gas);

(b) general economic, financial, currency exchange, securities (including changes in the trading price of the Shares) or commodity market conditions (including changes in the market price of crude oil or natural gas);

(c) the announcement of the transaction contemplated by this Agreement or other communication by Acquiror of its plans or intentions with respect to the business of the Company or any of its Subsidiaries (including changes in the trading price of the Shares);

(d) the consummation of the transaction contemplated by this Agreement or any actions by Acquiror or the Company pursuant to this Agreement; or

(e) the occurrence, development or coming into effect or existence of any Proposed Kazakh Law after the Control Acquisition Time;

"**Material Contract**" means (a) an agreement or understanding (whether or not in writing) to which the Company or any of its Subsidiaries is a party or by which any thereof is bound pursuant to which the Company or any of its Subsidiaries has or may have an obligation in excess of, or having a value in excess of, $10.0 million annually and which has a term in excess of 90 days without being terminable by the Company or its Subsidiary without penalty; and (b) governing documents, shareholders agreements, joint venture agreements and joint operating agreements in respect of the Oil and Gas Interests;

"**material fact**" means a fact that would reasonably be expected to have a significant effect on the market price or value of the Shares;

"**McDaniel & Associates**" means McDaniel & Associates Consultants Ltd., independent auditors of oil and natural gas reserves;

"**McDaniel Report**" means the Field Reserves report dated February 28, 2005 and effective December 31, 2004 on the Alibekmola, Kozhasai, North Buzachi, and Karakuduk Fields prepared by McDaniel & Associates.

"**Memorandum**" means the governing documents of Amalco;

"**misrepresentation**" means any untrue statement of a material fact, any omission to state a material fact that is required to be stated and any omission to state a material fact that is necessary to be stated to make a statement not misleading in light of the circumstances in which it was made;

"**Oil and Gas Interests**" means direct and indirect interests of the Company and its Subsidiaries in and their rights with respect to:

(a) oil, gas, mineral, and related properties and assets of any kind and nature, direct or indirect, including working, leasehold and mineral interests and royalties and overriding royalty interests, interests in production payments, net profit interests and other nonworking interests and nonoperating interests;

(b) all Hydrocarbons produced from the rights and interests described in paragraph (a) above and the revenues attributable thereto;

(c) all Contracts with respect to the rights and interests described in paragraphs (a) and (b) above, and all claims thereto including all Licenses, leases, operating agreements, unitization and pooling agreements, joint venture agreements, farm-in and farm-out agreements, participation and subparticipation agreement and all division orders, transfer orders, mineral deeds, royalty deeds, oil and gas sales, exchange and processing Contracts and agreements, and in each case,

(d) interests thereunder, surface interests, fee interests, reversionary interests, reservations, and concessions;

(e) all easements, rights of way, licenses, permits, leases, and other interests associated with, appurtenant to, or necessary for the operation of any of the property referred to in this definition of Oil and Gas Interests; and

(f) all equipment and machinery (including wells, well equipment and machinery), Hydrocarbon production, gathering, transmission, treating, processing, and storage facilities (including tanks, tank batteries, pipelines, and gathering systems), pumps, water plants, electric plants, gasoline and gas processing plants, refineries, and other tangible personal property and fixtures associated with, appurtenant to, or necessary for the operation of any of the foregoing; and

(g) all Contracts with respect to the rights and interests described in paragraph (e) above including all agreements for the construction, ownership and operation of gas plants, batteries, pipelines, gas gathering systems and similar facilities; agreements providing for the gathering, measurement, processing, compression, transportation or sale of Hydrocarbons; common stream agreements; and well operating contracts;

"**Optionholders**" means the holders of Options from time to time;

"**Options**" means the options to acquire Shares outstanding under the Stock Option Plan;

"**Permits**" means all licenses, permits including Environmental Permits, certificates, orders, grants approvals and other authorizations;

"**Person**" includes an individual, partnership, trust, firm, body corporate, government, Governmental Entity, unincorporated body of persons or association;

"**Plan of Merger**" means the Plan of Merger set forth as Exhibit B;

"**Plan of Merger Resolutions**" means the resolutions required by the BVI Act approving the Plan of Merger;

"**Properties**" means, collectively, the Licenses, the wells and associated equipment located thereon, and all related properties, rights, and interests of the Company with respect thereto;

"**Property Records**" means, collectively:

(a) any exploration and/or production license files, title opinions, production records, well files, maps, surveys, electric logs, seismic records, geological and geophysical data, together with all other files, third party Contracts, documents, manuals and records, related to the Properties; and

(b) copies of any accounting and tax records pertaining to the Properties, including computer stored data and records;

"**Proposed Kazakh Law**" means any law, governmental regulation, action or interpretation, application or non-application thereof which comes into effect or existence after the date of this Agreement and which impedes the transfer of corporate or private property or assets or gives to a Person a pre-emptive right or right of first refusal to acquire corporate or private property or assets located in Kazakhstan;

"**Public Record**" means all information and materials filed by, or on behalf of, the Company with any of the Securities Authorities including information and materials available through the SEDAR website;

"**Real Property**" has the meaning set forth in Section 7.1(w);

"**Registrar**" means the Registrar of Companies of Bermuda or such other individual as may be performing his duties under the Act;

"**Registrar of Companies**" means the Registrar of Companies of the British Virgin Islands or such other individual as may be performing his duties under the BVI Act;

"**Regulatory Approvals**" means all approvals, consents and authorizations of all Governmental Entities and other regulators (including the Exchanges) reasonably necessary to complete the Amalgamation and the other transactions contemplated hereby;

"**Release**" means any release, spill, emission, discharge, leaking, pumping, dumping, escape, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater, and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Substances through or in the air, soil, surface water, groundwater or property;

"**Returns**" means all reports, estimates, declarations of estimated tax, information statements and returns filed or required to be filed with any Governmental Entity in connection with, any Taxes;

"**Securities Authorities**" means, collectively, the Exchanges and the appropriate securities commission or similar regulatory authority in each of the provinces and territories of Canada, the Securities Exchange Commission in the United States and the securities regulators in the United Kingdom;

"**Securities Laws**" means, collectively, the Act and all other applicable Bermuda corporate laws, all applicable British Virgin Islands corporate laws, all applicable Canadian provincial and territorial securities laws, applicable United States securities laws, the applicable "blue sky" or securities laws of the states of the United States, applicable securities laws of the United Kingdom and any other applicable corporate or securities laws;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**SFAS**" means Statements of Financial Accounting Standards as prescribed by the Financial Accounting Standards Board;

"**Shareholder Meeting**" means the meeting of the Shareholders, including any adjournments or postponements thereof, to be called and held in accordance with the Act to consider and, if deemed advisable, approve the Amalgamation Resolution;

"**Shareholders**" means the holders of Shares from time to time;

"**Shares**" means the common shares of par value $0.01 each in the Company;

"**Special Committee**" means the special committee of the Board of Directors formed to review the Amalgamation;

"**Stock Option Plan**" means the incentive stock option plan of the Company approved by the Shareholders on June 10, 2005;

"**Subsidiary**" means:

(a) any Person of which 50% or more of the Equity Interest (however designated) entitled (without regard to the occurrence of any contingency) to vote in the election of the directors, governing body, partners, managers or others that will control the management of such entity is owned by the Company directly or through one or more other Subsidiaries of the Company; and

(b) includes, without limitation, Commonwealth & British Services Limited, NRL Acquisition Corp., Nelson Petroleum Buzachi Holdings B.V., Nelson Petroleum Buzachi B.V., Buzachi Operating Limited, Nelson Buzachi Holdings Limited, Nelson Buzachi Limited, Nelson Petroleum (KKM) Holdings Ltd., Nelson Petroleum (KKM) Ltd., NR Exploration Holdings Ltd., NR Exploration Ltd., Kazakhoil Aktobe LLP, Chaparral Resources, Inc., Korporatsiya Mangistau Terra International, Central Asian Petroleum (Guernsey) Limited, Central Asian Petroleum Inc., Chaparral Acquisition Corporation, Road Runner Services Company, JSC Karakudukmunai, Nelson Petroleum (ALKO) Holdings Ltd., Nelson Petroleum (ALKO) Ltd., Nelson Petroleum (Arman) Holdings Ltd., Nelson Petroleum (Arman) Ltd., Arman LLP (AJV) and NTF Entertainment Ltd.;

"**Superior Proposal**" means any *bona fide* written Acquisition Proposal (substituting for the purposes of this definition a threshold of 50% for 20% where used in the definition of Acquisition Proposal and "all or substantially all of the assets (on a consolidated basis)" for "a material portion of the assets of the Company or any Subsidiary" where used therein) by a third party that the Special Committee determines in good faith (after consultation with its outside legal counsel and financial advisors)

(a) is reasonably capable of completion without undue delay, taking into account legal, financial, regulatory and other aspects thereof and of the Person making it; and

(b) would, if consummated in accordance with its terms, result in a transaction more favourable from a financial point of view to the Shareholders than the Amalgamation (including any amendment or proposed amendment of the Amalgamation as contemplated in Section 3.4);

"**Taxes**" means all taxes, however denominated, including any interest, penalties or other additions that are payable in respect thereof, imposed by any federal, provincial, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limitation, all income or profits taxes (including, without limitation, federal income taxes and provincial income taxes), payroll and employee withholding taxes, unemployment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, value added taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which the Company or any of its Subsidiaries is required to pay, withhold or collect; and

"**Third Party Beneficiaries**" has the meaning set forth in Section 5.4.

Section 1.2 Singular, Plural, etc.

Words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

Section 1.3 Deemed Currency

In the absence of a specific designation of any currency, any undescribed dollar amount herein shall be deemed to refer to U.S. dollars.

Section 1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

Section 1.5 Decision by Board of Directors

Any reference herein to a decision or determination, unanimous or otherwise, of the Board of Directors or a committee thereof means a decision or determination by a properly convened meeting of the directors of the Company or such committee, as the case may be ,entitled to vote under the Act and the governing documents of the Company at which a quorum is present or by unanimous written resolution of the Board of Directors or committee, as the case may be.

Section 1.6 Interpretation Not Affected by Party Drafting

The parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

Section 1.7 Statutes

Any reference to a statute herein shall include any and all rules or regulations promulgated thereunder and any and all amendments made to such statute, rules or regulations prior to the date hereof and hereafter from time to time.

Section 1.8 Knowledge

Any reference in this Agreement to “the knowledge” or “of the knowledge” of the Company or a Subsidiary or of which the Company or any Subsidiary is “aware” will be deemed to mean a reference to the actual knowledge of the applicable individuals set forth in Exhibit G after having made reasonable investigations or inquiries in order to make the applicable statement.

Section 1.9 Exhibits

The Exhibits set forth below are attached hereto and form an integral part of this Agreement.

Exhibit A	Amalgamation Agreement	
Exhibit B	Plan of Merger	
Exhibit C	Forms of Press Releases	
Exhibit D	Forms of Legal Opinions	
	Part 1	Bermuda Opinion
	Part 2	BVI Opinion
Exhibit E	Form of Company Officers' Certificate	
Exhibit F	Form of Acquiror Officers' Certificate	
Exhibit G	Knowledge Individuals	

ARTICLE 2
AMALGAMATION

Section 2.1 Amalgamation

The Company and AcquirorSub shall be amalgamated pursuant to Section 104B of the Act, and merged pursuant to Section 79 of the BVI Act and shall continue as one amalgamated company upon the terms and conditions set forth in this Agreement, in the Amalgamation Agreement and in the Plan of Merger.

Section 2.2 Effect of Amalgamation/Merger - Amalco

On the Effective Date, subject to the Act and the BVI Act:

(a) the amalgamation of the Company and AcquirorSub and their continuance as one company, Amalco, under the terms and conditions prescribed in the Amalgamation Agreement and the Plan of Merger shall become effective;

(b) the property of each of the Company and AcquirorSub shall become the property of Amalco;

(c) Amalco shall continue to be liable for the obligations of each of the Company and AcquirorSub;

(d) an existing cause of action, claim or liability to prosecution with respect to the Company or AcquirorSub shall be unaffected;

(e) a civil, criminal or administrative action or proceeding pending by or against the Company or AcquirorSub may be continued to be prosecuted by or against Amalco; and

(f) a conviction against, or ruling, order or judgment in favour of or against, the Company or AcquirorSub may be enforced by or against Amalco.

Section 2.3 Effect of Amalgamation/Merger - Shareholders

On the Effective Date:

(a) the Company will cease to exist as an exempted company registered in Bermuda and the register of members of the Company shall cease to have any effect;

(b) the Shareholders shall cease to be holders of Shares which shall be cancelled and converted into an entitlement to the payment calculated in accordance with the provisions hereof, the Amalgamation Agreement and the Plan of Merger;

(c) the share certificates evidencing Shares shall cease to represent any claim upon or interest in the Company or Amalco other than the right of the Shareholder to receive payment pursuant to the terms hereof or, in the case of Dissenting Shareholders, payment of the fair value of the Shares held by such Shareholders as determined by the Court pursuant to Section 106 of the Act and applicable provisions of the BVI Act; and

(d) each AcquirorSub common share shall convert into one Amalco common share, $1.00 par value.

Section 2.4 Payment

Acquiror and AcquirorSub covenant and agree the sum of $2 billion will, as soon as practicable, but no later than three Business Days following the Effective Date be deposited with the Depositary and a Shareholder will be entitled to receive the payment to which such Shareholder is entitled as a result of the Amalgamation on the later of such date and the date of deposit by or on behalf of the Shareholder with the Depositary of a duly completed letter of transmittal and the certificates representing those Shares, which payment shall be:

(a) forwarded by Amalco to that Shareholder, at the address specified in the letter of transmittal, by first class mail (postage prepaid); or

(b) made available at the Depositary for pick-up by the Shareholder, if requested by such Shareholder in the letter of transmittal.

Section 2.5 Outstanding Rights to Acquire Shares

(a) Subject to applicable laws, the Company shall take all necessary actions to cause the vesting of all outstanding Options and other Commitments prior to the Effective Time to permit holders of Options and other Commitments to exercise all Options and other Commitments prior to the Effective Time and shall make arrangements in order to facilitate the conditional exercise of Options and other Commitments, conditional on the Amalgamation becoming effective, and any Shares issued pursuant to any such conditional exercise shall be accepted as validly subject to the Amalgamation.

(b) In addition prior to the Effective Time, the Company shall use all commercially reasonable efforts to enter into releases, in a form approved by Acquiror, acting reasonably, with each Optionholder pursuant to which the parties thereto shall agree that, on completion and the effectiveness of the Amalgamation, each Optionholder that has unexercised Options, as the case may be, will receive from Amalco, in consideration of the termination of all such Optionholder's unexercised Options the positive difference, if any, between $2.1916 and the exercise price of the Optionholder's Options, as the case may be, per Share, regardless of the vesting of any such Options under the Stock Option Plan and the agreements governing such Options, as applicable, for each Share that is subject to such issuance. Amalco shall make appropriate withholdings of taxes or other applicable source deductions from any such payments made to any Optionholders as required by applicable laws. Acquiror shall pay or cause to be paid to Amalco concurrently with the effectiveness of the Amalgamation an amount equal to all payments to be made by Amalco pursuant to this Section 2.5(b).

ARTICLE 3
COVENANTS OF THE COMPANY

Section 3.1 Implementation Steps by the Company

The Company agrees that it shall use its commercially reasonable efforts to:

(a) as promptly as reasonably practicable, prepare the Information Circular setting forth *inter alia* the recommendation of the Board of Directors set forth in Section 7.1(d) and the opinion of the Company's financial advisors referred to in Section 7.1(e) and reflecting the Lock-up Agreements and the intention of the senior officers and directors to support the Amalgamation referred to in Section 7.1(f), together with any other documents required by Securities Laws or other applicable laws in connection with the approval of the Amalgamation Resolution by the Shareholders; and the Company shall:

(i) on a confidential basis, provide Acquiror timely opportunity to review and a reasonable period of time in the circumstances to comment on all that documentation; and

(ii) incorporate any reasonable comments and changes provided by Acquiror with respect to that documentation subject to the Company's obligation to comply with applicable laws in preparing that documentation;

(b) as promptly as reasonably practicable and in any event on or before November 4, 2005, cause the Information Circular and other documentation required in connection with the Shareholder Meeting to be sent to each Shareholder and filed as required by applicable laws;

(c) solicit from the Shareholders proxies in favour of approval of the Amalgamation Resolution;

(d) not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the Shareholder Meeting without Acquiror's prior written consent, not to be unreasonably withheld or delayed, except as required by applicable laws, or in the case of adjournment, as may be required by Shareholders in accordance with the Bye-Laws of the Company;

(e) lawfully convene and hold the Shareholder Meeting as soon as reasonably practicable and, in any event, on or before December 7, 2005;

(f) subject to obtaining the satisfaction or waiver of the other conditions herein contained in favour of each party, send to the Registrar of Companies for filing under the BVI Act, the application for the registration of Amalco, the Memorandum and such other documents as may be required in connection therewith under the BVI Act to give effect to the Amalgamation;

(g) subject to and immediately following the making of the filing under Section 3.1(f), on the Effective Date file with the Registrar the documents required under Section 104C of the Act; and

(h) otherwise cooperate with Acquiror in connection therewith, and do all such other acts and things as may be necessary in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement.

Section 3.2 Information Circular

The Company covenants and agrees to ensure that the Information Circular complies with all applicable laws and, without limiting the generality of the foregoing, that the Information Circular does not contain any misrepresentation (other than with respect to any information relating to and provided by Acquiror). Without limiting the generality of the foregoing, the Company covenants and agrees to ensure that the Information Circular complies with National Instrument 51-102 of the Canadian Securities Administrators.

Section 3.3 Ordinary Course of Business

The Company covenants and agrees that, prior to the earlier of the Effective Time or the date this Agreement is terminated pursuant to Section 10.1, unless Acquiror otherwise consents in writing, such consents not to be unreasonably withheld, or as otherwise expressly contemplated or permitted by this Agreement:

(a) the Company shall, and shall cause each of its Subsidiaries to, conduct its and their respective business only in, and not take action except in, the usual, ordinary and regular course of business and consistent with past practice;

(b) the Company shall not directly or indirectly:

(i) issue, sell, pledge, lease, dispose of, encumber or agree to issue, sell, pledge, lease, dispose of or encumber:

(A) any additional shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of the Company or any of its Subsidiaries (other than pursuant to the exercise of Options currently outstanding); or

(B) except in the ordinary and regular course of business, consistent with past practice and not, in the aggregate, exceeding $10 million, any assets of the Company or any of its Subsidiaries;

(ii) amend or propose to amend its governing documents;

(iii) subdivide, consolidate or reclassify any outstanding Shares, or declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to the Shares, other than dividends paid from a Subsidiary to a wholly owned Subsidiary or to the Company;

(iv) except as set forth in Section 2.5, redeem, purchase or offer to purchase any Shares, Options or other securities of the Company or any of its Subsidiaries;

(v) reorganize, amalgamate or merge the Company with any other Person;

(vi) acquire or agree to acquire (by merger, amalgamation, acquisition of stock or assets or otherwise) any Person or acquire or agree to acquire, any assets except in the ordinary and regular course of business, consistent with past practice and not, in the aggregate, exceeding $10 million;

(vii) except in the ordinary and regular course of business, consistent with past practice:

(A) pay, discharge or satisfy any material claims or Liabilities; or

(B) except such as have been reserved against in the Company's financial statements delivered to Acquiror, relinquish any material contractual rights;

(viii) enter into any Hedge;

(ix) waive, release, grant or transfer any rights of material value or modify or change in any material respect any existing material Oil and Gas Interest or other related document, other than in the ordinary and regular course of business, consistent with past practice;

(x) authorize, recommend or propose any release or relinquishment of any Material Contract right other than in the ordinary and regular course of business, consistent with past practice;

(xi) incur or commit to incur any material indebtedness for borrowed money or any other material Liability or issue any debt securities except for the borrowing of working capital in the ordinary and regular course of business, consistent with past practice, or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other Person, or make loans or advances, except in the ordinary and regular course of business, consistent with past practice and not in any case, in the aggregate, in excess of $10 million; or

(xii) authorize or propose any of the foregoing, or enter into or modify any Contract to do any of the foregoing;

or permit any of its Subsidiaries to do any of the foregoing or to otherwise permit any of the foregoing to occur;

(c) the Company shall not, and shall cause each of its Subsidiaries to not:

(i) enter into, assume or modify any employment, severance, retention, collective bargaining or similar agreements, policies or arrangements with, or grant any bonuses, salary increases, severance or termination pay to, any officers or directors of the Company or any of its Subsidiaries other than pursuant to agreements in effect on the date hereof; or

(ii) in the case of employees who are not officers or directors of the Company or any of its Subsidiaries, take any action other than in the ordinary, regular and usual course of business and consistent with past practice (none of which actions shall be unreasonable or unusual) with respect to the entering into, assuming or modifying of any employment, severance, retention, collective bargaining or similar agreements, policies or arrangements with respect to the grant of any bonuses, salary increases, stock options, pension benefits, retirement allowances, deferred compensation, severance or termination pay or any other form of compensation or profit sharing or with respect to any increase of benefits payable otherwise than pursuant to agreements, policies or arrangements in effect on the date hereof; or

(iii) without limiting the foregoing, create, enter into, assume or modify any Employee Obligations;

other than to the extent that the total amount payable by the Company and its Subsidiaries pursuant to any of the foregoing (together with the amounts contemplated in Sections 7.1(m)(i)(G) and 7.1(q)(i)) does not exceed $10 million in the aggregate;

(d) the Company shall use its commercially reasonable efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such cancellation, termination or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated, or lapsed policies for substantially similar premiums are in full force and effect;

(e) the Company shall:

(i) use its commercially reasonable efforts, and cause each of its Subsidiaries to use its commercially reasonable efforts, to preserve intact their respective business organizations and goodwill, to keep available the services of its officers and employees as a group and to maintain satisfactory relationships with suppliers, agents, distributors, customers and others having business relationships with it or its Subsidiaries; and

(ii) not take any action, or permit any of its Subsidiaries to take any action, that would render, or that reasonably may be expected to render, any representation or warranty made by it in, this Agreement untrue in any material respect at any time prior to the Effective Time if then made (excepting representations and warranties made as of a specified date);

(f) the Company shall not settle or compromise any claim brought by any present, former or purported holder of any securities of the Company in connection with the Amalgamation and the other transactions contemplated by this Agreement prior to the Effective Time;

(g) (other than as contemplated in Section 2.5 or permitted elsewhere in this Agreement) none of the Company or its Subsidiaries shall enter into or modify any Contract with respect to any of the matters set forth in this Section 3.3; and

(h) the Company shall use all commercially reasonable efforts to obtain receipt of the Consents including the consents of any and all lenders to the Company or any of its Subsidiaries to the Amalgamation or the other transactions contemplated herein whose consents are required to prevent a default or any event that with the passage of time may constitute an event of default under any credit facility between the Company and/or any of its Subsidiaries and such lenders.

Notwithstanding any other provision of this Agreement, Acquiror and the Company acknowledge that the Company and its Subsidiaries shall be permitted to:

(A) negotiate (but not enter into) refinancing of the Company's debt; or seek (but not enter into) new financing for the Company for up to an aggregate of $350 million for the purpose of meeting the Company's capital budget requirements for 2006;

(B) incur expenses not to exceed in the aggregate $500,000 for work fees and legal fees (but not commitment fees or similar fees) charged by lenders in connection with the foregoing paragraph (A); and

(C) enter into financing arrangements to fund cash calls in the ordinary course of business consistent with past practice.

Notwithstanding paragraph (B) above if the Amalgamation has not occurred by December 31, 2005 and this Agreement has not been terminated the maximum limit of the expenses referred to in paragraph (B) shall be increased to $750,000 from $500,000 from and after January 1, 2006.

Section 3.4 Non-Solicitation

(a) The Company shall not, directly or indirectly, through any officer, director, employee, representative or agent of the Company or any of its Subsidiaries:

(i) solicit, initiate or knowingly encourage (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries, discussions, negotiations, proposals or offers from any Person (other than Acquiror) in respect of any matter or thing inconsistent with the successful completion of the Amalgamation, including, without limitation, any Acquisition Proposal;

(ii) provide any non-public information to, participate in any discussions or negotiations relating to any such matter or thing with, or otherwise cooperate with or assist or participate in any effort to take such action by, any Person; or

(iii) accept, recommend, approve or enter into any agreement to implement an Acquisition Proposal.

(b) Nothing contained in Section 3.4(a) shall prevent the Board of Directors or the Special Committee from:

(i) considering, discussing, negotiating or providing information in connection with, or otherwise (except as provided for in (iii) below) responding to, any *bona fide* written Acquisition Proposal in respect of which the Special Committee has determined in good faith (after receiving the advice of its financial advisors that is reflected in the minutes of the Special Committee) to be reasonably likely to be a Superior Proposal, provided that the Company has complied with Sections 3.4(d) and (e) in respect of such proposal;

(ii) complying with Securities Laws; and

(iii) accepting, recommending, approving or implementing any Superior Proposal if the Company has complied with Sections 3.4(d) and (e) in respect of the Superior Proposal and prior to such acceptance, recommendation, approval or implementation:

(A) after consultation with its financial advisors, and after receiving advice of outside counsel that is reflected in the minutes of the, Special Committee, the Special Committee has concluded in good faith such action is necessary for the Board of Directors to discharge properly its fiduciary duties under applicable laws; and

(B) in arriving at such conclusion, the Special Committee has given consideration to any amendment proposed by Acquiror in writing in the five day period referred to in Section 3.4(e);

(c) The Company shall, and shall direct and use reasonable efforts to cause its officers, directors, employees, representatives and agents to, immediately cease and cause to be terminated any existing discussions or negotiations with any Persons (other than Acquiror or any affiliate of Acquiror) with respect to any potential Acquisition Proposal. The Company shall immediately close any and all data rooms which may have been opened. The Company agrees not to waive, in whole or in part, or release, in whole or in part, any Person from, or consent to any action pursuant to, any confidentiality or standstill agreement with respect to the Company or any of its Subsidiaries and to which such Person is a party except in respect of a Superior Proposal in accordance with Section 3.4(e). The Company shall immediately request the return or destruction of all information provided to any Persons who have entered into a confidentiality agreement with the Company relating to a potential Acquisition Proposal, and shall immediately advise Acquiror orally and in writing of any responses or actions of which the Company has knowledge (actual, anticipated or threatened) by any recipient of such request which could reasonably be expected to hinder, prevent, delay or otherwise adversely affect the completion of the Amalgamation.

(d) The Company shall immediately notify Acquiror of any existing Acquisition Proposals or of any future Acquisition Proposal (including, without limitation, any amended, supplemented, replaced or renewed Acquisition Proposal previously made) or any request for non-public information relating to the Company or any of its Subsidiaries or for access to the Properties, books or records of the Company or any Subsidiary by any Person. Such notice to Acquiror:

(i) shall be made, from time to time, orally and shall be confirmed in writing;

(ii) shall indicate all relevant details of the proposal, inquiry or contact including, without limitation, the identity of the Person making such proposal, inquiry or contact; and

(iii) shall include a copy of any written form of Acquisition Proposal.

(e) If the Board of Directors determines that an Acquisition Proposal constitutes a Superior Proposal, the Company shall give Acquiror immediate notice of such determination and shall give Acquiror not less than five days advance notice of any action to be taken by the Board of Directors to withdraw, modify or change any recommendation regarding the Amalgamation or to enter into any agreement to implement the Superior Proposal, and provide to Acquiror the right, during such five days, to advise the Board of Directors in writing that Acquiror will, within such period, announce its intention to, and, as soon as practicable in the circumstances, and, in any event, before such action being taken by the Board of Directors, amend the terms of this Agreement, the Amalgamation Agreement or the Plan of Merger to provide that the Shareholders shall, pursuant to the terms of this Agreement, the Amalgamation as amended, receive a value per Share equal to or greater than the value per Share provided in the Superior Proposal or otherwise modify the terms of the Amalgamation to make the Amalgamation a more favourable financial transaction for the Company and its Shareholders than the Superior Proposal. If Acquiror so advises the Board of Directors and the Board of Directors determines that the Superior Proposal no longer constitutes a Superior Proposal, the Board of Directors shall not withdraw, modify or change any recommendation with respect to the Amalgamation, as so amended, and neither the Company nor the Board of Directors shall take any action to accept, recommend, approve or implement such proposal, including, without limitation, any release of the Person making such proposal from any standstill or confidentiality obligation, any further consideration or negotiation of such proposal or entry into of any agreement regarding such proposal and the Company agrees to amend this Agreement to provide for the Amalgamation as so amended.

(f) The Company shall reaffirm its recommendations of the transaction to be effected by the Amalgamation Agreement by press release promptly after:

   (i) any Acquisition Proposal which is publicly announced and determined by the Board of Directors, after consultation with its financial advisors and outside counsel, not reasonably likely to be a Superior Proposal; or

   (ii) the Company and Acquiror enter into an amended Amalgamation Agreement in the circumstances contemplated in Section 3.4(e).

(g) If the Company provides Acquiror with notice under Section 3.4(e) on a date that is less than five Business Days before the date of the Shareholder Meeting, subject to applicable laws, the Company shall postpone or adjourn the Shareholder Meeting to a date that is at least five Business Days but not more than 10 Business Days after the scheduled date of the Shareholder Meeting.

(h) The Company acknowledges and agrees that each successive material modification to the terms of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of Section 3.4(e).

(i) If the Board of Directors receives a request for non-public information from a Person who has made or is considering making an unsolicited *bona fide* Acquisition Proposal and the Special Committee determined that such Acquisition Proposal is reasonably likely to be a Superior Proposal, then, and only in such case, the Company may, subject to the execution of a confidentiality agreement in form substantially similar to the form of confidentiality agreement provided by the Company to Acquiror, provide such Person with access to information regarding the Company provided that the Company complies with its obligations pursuant to Section 3.4(d) and sends a copy of any such confidentiality agreement to Acquiror immediately upon its execution.

(j) The Company shall ensure that the officers, directors and employees of the Company and its Subsidiaries and any of its representatives including any investment bankers retained by the Company are aware of the provisions of this Section 3.4, and the Company shall be responsible for any breach of this Section 3.4 by such investment bankers or other representatives.

Section 3.5 Notice of Material Change

From the date hereof until the earlier of the Effective Time and the date of termination of this Agreement pursuant to Section 10.1, the Company shall promptly notify Acquiror in writing of:

(a) any Material Adverse Change (actual, reasonably anticipated or , to the knowledge of the Company, threatened);

(b) any change in information relating to any representation or warranty of the Company set forth in this Agreement which is of such a nature as to render any such representation or warranty misleading or untrue in a material respect;

(c) any material fact that arises and which would have been required to be stated herein or disclosed to Acquiror had such fact arisen on or prior to the date of this Agreement;

(d) any claim, action, proceeding or investigation pending or, to the knowledge of the Company, threatened referred to in Section 7.1(u) or any reasonable expectation of any such claim, action, proceeding or investigation; and

(e) any claim under policies of insurance referred to in Section 7.1(aa).

The Company shall in good faith discuss with Acquiror any change in circumstances (actual, reasonably anticipated or, to the knowledge of the Company, threatened), financial or otherwise, which is of such a nature that there may be a reasonable question as to whether notice is required to be given pursuant to this Section 3.5.

Section 3.6 Public Filings

The Company shall deliver to Acquiror as soon as they become available true and complete copies of any report or statement required to be filed by it with Securities Authorities or provided to its Shareholders subsequent to the date of this Agreement. As of their respective dates, such reports and statements (excluding any information therein provided by Acquiror, as to which the Company makes no representation) will not contain any misrepresentation and will comply in all material respects with the requirements of applicable laws. The consolidated financial statements of the Company issued by the Company or to be included in such reports and statements (excluding any information therein provided by Acquiror, including any information concerning the Lock-up Agreements, as to which the Company makes no representation) will be prepared in accordance with GAAP (except as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of the auditor), and will present fairly the consolidated financial position, results of operations and changes in financial position of the Company as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments).

ARTICLE 4
FEES AND OTHER ARRANGEMENTS

Section 4.1 Termination Fees

If at any time after the execution of this Agreement and provided that Acquiror has not prior thereto breached in any material respect any of its representations, warranties or covenants made in this Agreement that has not been cured and notwithstanding the provisions of Section 3.4(b) or Section 7.1(d):

(a) the Board of Directors has withdrawn, modified or changed, prior to the Effective Date, any of its recommendations or determinations referred to in Section 7.1(d) in a manner adverse to Acquiror or shall have resolved to do so;

(b) the Board of Directors or the Company accepts, approves or takes any steps to implement any Acquisition Proposal;

(c) the Board of Directors shall have failed to reaffirm its recommendation of the Amalgamation (i) by press statement within five days after the expiry of the period set forth in Section 3.4(e) for Acquiror to advise whether it will amend the terms of the Amalgamation, in the case of a Superior Proposal, or five days after the public announcement or commencement of any Acquisition Proposal; and (ii) in a directors' circular within 10 days after the mailing of any Acquisition Proposal to Shareholders;

(d) the Board of Directors recommends that any of the Shareholders deposit their Shares under, vote in favour of, or otherwise accept, an Acquisition Proposal;

(e) an Acquisition Proposal is publicly announced or made to the Shareholders prior to the earlier of:

    (i) the Shareholder Meeting and the Shareholders do not approve the Amalgamation at the Shareholder Meeting; or

    (ii) any termination of this Agreement pursuant to Section 10.1(b);

    and within 9 months following the Shareholders' Meeting or termination, as the case may be, an Acquisition Proposal is consummated; or

(f) at any time prior to the earlier of the Effective Time and the date this Agreement is terminated pursuant to Section 10.1, the Company breaches this Agreement in any material respect;

(each of the above being a "Fee Event"), then the Company shall pay to Acquiror $60 million in immediately available funds to an account designated by Acquiror within one Business Day after the first to occur of the events described above, provided that the Company shall only be obligated to make one payment pursuant to this Section 4.1.

Except as provided below, Acquiror agrees that the sum paid by the Company to Acquiror on occurrence of a Fee Event is a genuine pre-estimate of damages occasioned by the occurrence of the Fee Event.

Notwithstanding the foregoing, any payment pursuant to Section 4.1(f) shall be without prejudice to the rights or remedies available to Acquiror upon the wilful or intentional breach by the Company of this Agreement in any material respect.

ARTICLE 5
COVENANTS OF ACQUIROR

Section 5.1 Officers' and Directors' Insurance

Acquiror acknowledges that the Company has secured directors' and officers' insurance coverage for the Company's present and former directors and officers on a 6 year "trailing" (or "run-off") basis for an aggregate premium of approximately $1.55 million.

Section 5.2 Indemnities

From and after the Effective Time, Acquiror agrees to cause each of the Company and its Subsidiaries and each of their respective successors to fulfil their obligations pursuant to indemnities provided or available to present and former directors and officers of the Company or any of its Subsidiaries pursuant to the provisions of the articles, bylaws or similar governing documents of the Company and its Subsidiaries, applicable corporate legislation and the written indemnity agreements between the Company or its Subsidiaries and such directors and officers, copies of which will be provided by the Company to Acquirors.

Section 5.3 Employment Agreements

From and after the Effective Time, Acquiror agrees to cause the Company and its Subsidiaries and each of their respective successors to honour and comply with the terms of those existing employment, severance, retention or similar agreements, policies or arrangements of the Company and its Subsidiaries including those referred to in Section 7.1(q)(i) and Section 3.3(c).

Section 5.4 Third Party Beneficiaries

The provisions of Section 5.1, Section 5.2 and Section 5.3:

(a) are intended for the benefit of all present and former directors, officers and employees of the Company and its Subsidiaries, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such individual's and each such individual's heirs, executors, administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and the Company and Amalco shall hold the rights and benefits of Section 5.1, Section 5.2 and Section 5.3 in trust for and on behalf of the Third Party Beneficiaries and the Company and Amalco hereby accept such trust and agree to hold the benefit of, and enforce performance of, such covenants on behalf of the Third Party Beneficiaries;

(b) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by Contract or otherwise; and

(c) shall survive the termination of this Agreement as a result of the occurrence of the Effective Date.

Section 5.5 Availability of Funds

At all times from the date of this Agreement to the Effective Time, Acquiror will not take any action which would or could result in the representation and warranty set out in Section 8.1(e) being untrue or inaccurate in any material respect.

Section 5.6 Acquisition of Locked Up Shares

As soon as practicable after the execution of this Agreement, Acquiror shall use all reasonable commercial efforts to acquire the Shares owned by the Shareholders that are parties to the Lock-up Agreements.

ARTICLE 6
MUTUAL COVENANTS

Section 6.1 Public Disclosure

The parties agree to issue separate press releases in the forms attached as Exhibit C hereto on October 13, 2005 as soon as practicable after the execution of this Agreement and the Company agrees to file a copy of this Agreement as soon as possible with such Securities Authorities as required by applicable laws.

Subject to the foregoing paragraph, Acquiror and the Company agree to consult with each other in issuing any press releases or otherwise making public statements with respect to the Amalgamation or any other Acquisition Proposal and in making any filings with any Governmental Entity or with any securities exchange with respect thereto. Acquiror and the Company shall use commercially reasonable efforts to enable the other party to review and comment on all such press releases prior to release thereof. Nothing in this Agreement shall prevent the Company from complying with its obligations under applicable laws.

Section 6.2 Additional Agreements

Subject to the terms and conditions herein provided, each of the parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate as promptly as practicable the transactions contemplated by this Agreement or the Amalgamation Agreement and to cooperate with each other in connection with the foregoing, including using commercially reasonable efforts to comply promptly with all requirements which applicable laws may impose on it or its Subsidiaries with respect to the transactions contemplated hereby and by the Amalgamation Agreement including, without limitation to:

(a) obtain all Consents;

(b) apply for and obtain all Regulatory Approvals relating to it or its Subsidiaries and to keep the other parties reasonably informed as to the status of the proceedings related to obtaining the Regulatory Approvals including, in the case of the Company, providing Acquiror the opportunity to be present for or participate in all communications with any Governmental Entity in respect of any required Regulatory Approval and providing Acquiror with copies of all related correspondence in order for Acquiror to provide its reasonable comments;

(c) defend all lawsuits or other legal proceedings challenging this Agreement or the Amalgamation Agreement or the consummation of the transactions contemplated hereby or thereby;

(d) cause to be lifted or rescinded any injunction or restraining order or other order adversely affecting the ability of the parties to consummate the transactions contemplated hereby or by the Amalgamation Agreement;

(e) effect all necessary advertisements, registrations and other filings and submissions of information required by Governmental Entities from it or its Subsidiaries; and

(f) satisfy or cause to be satisfied all conditions precedent of this Agreement and the Amalgamation Agreement.

For purposes of the foregoing, the obligation to use “commercially reasonable efforts” to obtain waivers, consents and approvals to Material Contracts shall not include any obligation to agree to a materially adverse modification of the terms of those Material Contracts or to prepay or incur additional material obligations to the other parties those Material Contracts .

Section 6.3 Other Filings

Without limiting the generality of Section 6.2(b), each of Acquiror and the Company shall, as promptly as practicable hereafter, prepare and file any filings required to be made by it under any Securities Laws, the rules of the Exchanges or the laws of the Republic of Kazakhstan, the European Union and any member states thereof or any other applicable laws relating to the transactions contemplated herein.

Section 6.4 Preparation of Filings

(a) Acquiror, AcquirorSub and the Company shall, acting reasonably and promptly in the circumstances, cooperate in:

(i) the preparation of the Information Circular and any application for the orders and the preparation of any other documents reasonably deemed by Acquiror or the Company to be necessary to discharge their respective obligations under applicable laws in connection with the Amalgamation Agreement and the other transactions contemplated hereby; and

(ii) the taking of all such actions as may be required under the Act and the BVI Act in connection with the transactions contemplated by this Agreement , the Amalgamation Agreement and the Plan of Merger.

(b) Each of Acquiror and the Company agree to promptly furnish to the other all information concerning it and the Shareholders as may be required to give effect to the actions described in Sections 3.1 and 3.2 and the foregoing provisions of this Section 6.4, and each covenants that no information furnished by it (to its knowledge in the case of information concerning its shareholders) in connection with such actions or otherwise in connection with the consummation of the Amalgamation and the other transactions contemplated by this Agreement will contain any misrepresentation.

(c) Each of Acquiror and the Company agree to promptly notify the other if at any time before the Effective Time it becomes aware that the Information Circular contains any misrepresentation or that otherwise requires an amendment or supplement to the Information Circular. In any such event, Acquiror and the Company agree to cooperate in the preparation of a supplement or amendment to the Information Circular, as required, and, if required, shall cause the same to be distributed to the Shareholders or filed with the relevant Securities Authorities.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Section 7.1 Representations

The Company hereby represents and warrants to Acquiror (and acknowledges that Acquiror is relying upon such representations warranties in connection with entering into this Agreement):

(a) **Organization**

The Company and each of its Subsidiaries:

(i) has been duly incorporated or formed under applicable law, is validly existing and has full corporate or legal power and authority to own its properties and conduct its business as presently owned and conducted; and

(ii) is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect.

All of the issued and outstanding shares of capital stock and other ownership interests of the Company's Subsidiaries are validly issued, fully paid and non-assessable and all such shares and other ownership interests owned directly or indirectly by the Company are owned free and clear of all material claims or Encumbrances, and except as disclosed in the Public Record, there are no outstanding Commitments relating to shares of capital stock or other ownership interests in any of its Subsidiaries. Except as set forth in the Public Record, the Company does not have any Material Subsidiaries.

(b) **Capitalization**

The Company's authorized Equity Interests consist of (i) 1,500,000,000 Shares, of which 871,943,094 are issued and outstanding; and (ii) 50,000,000 preferred shares at par value $0.01 each, none of which have been issued. All of the issued and outstanding Shares: (A) have been duly authorized and are validly issued, fully paid, and nonassessable, (B) were issued in compliance with all applicable laws, and (C) were not issued in breach of any Commitments. No additional Commitments will arise in connection with the Transactions. Other than the Material Contracts, there are no Contracts with respect to the voting or transfer of the Equity Interests owned by the Company or its wholly-owned Subsidiaries. The Company is not obligated to redeem or otherwise acquire any of its outstanding Equity Interests.

(c) **Authority**

The Company has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated by this Agreement have been duly authorized by the Board of Directors and, other than approval of the Amalgamation Resolution and the Plan of Merger Resolutions, no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity. On or before the Effective Date, the Company will have complied with all applicable requirements of the

Act and the BVI Act to enable it to complete the Amalgamation in accordance with the Act and the BVI Act. The execution and delivery by the Company of this Agreement and, provided that the Amalgamation Resolution and the Plan of Merger Resolutions are passed and all Consents are obtained, performance by it of its obligations hereunder and the completion of the Amalgamation and the other transactions contemplated by this Agreement, will not:

(i) result in a violation or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of:

(A) its or any or its Subsidiaries' governing documents, including any shareholder agreement or any other agreement with any Person holding an ownership interest in any Subsidiary of the Company;

(B) any law, regulation, order, judgment or decree; or

(C) any Material Contract, license, franchise or permit to which the Company or any Subsidiary of the Company is bound or is subject or is the beneficiary;

except in respect of paragraphs (B) and (C) above, where such violation, breach or failure to obtain consent would not have a Material Adverse Effect;

(ii) give rise to any right of termination or acceleration of material indebtedness, or cause any material indebtedness to come due before its stated maturity or cause any available credit to cease to be available;

(iii) result in the imposition of any encumbrance, charge or lien upon any of its material assets or the material assets of any Subsidiary of the Company, or restrict, hinder, impair or limit the ability of the Company or any Subsidiary of the Company to carry on the business of the Company or any Subsidiary of the Company in a material respect as and where it is now being carried on or as and where it may be carried on in the future;

(iv) trigger any rights of first refusal, preferential purchase, or similar rights under any Material Contract or in respect of any material Oil and Gas Interest or any other material property or assets of the Company or any of the Subsidiaries, individually or taken as a whole;

(v) other than the Regulatory Approvals (including filings and registrations to be made under the Act and the BVI Act to be made in connection with the Amalgamation), require any filing or registration by the Company with, or authorization, consent or approval of, any domestic or foreign public body or authority, except for such filings or registrations which, if not made, or such authorizations, consents or approvals, which, if not received, would not have a Material Adverse Effect;

(vi) require any material consent other than the Consents and the Regulatory Approvals;

(vii) cause the recognition of chargeable material gain or any material gain or material loss for Tax purposes or subject the Company or any of its Subsidiaries to any material Tax; or

(viii) result in a Material Adverse Change.

(d) **Board Approval**

The Board of Directors, upon consultation with its advisors, has determined that:

(i) the Amalgamation is fair from a financial point of view to the Shareholders and is in the best interests of the Company and the Shareholders; and

(ii) the Board of Directors will recommend that Shareholders vote in favour of the Amalgamation, which recommendation may not be withdrawn, modified or changed in any manner except:

(A) pursuant to the exercise by the Board of Directors of their fiduciary duties; or

(B) in the event of the termination of this Agreement pursuant to Section 10.1.

(e) **Fairness Opinion**

The Board of Directors has received an oral opinion from the Company's financial advisor, BMO Nesbitt Burns, that the consideration under the Amalgamation is fair from a financial point of view to the Company and the Shareholders and that such financial advisor has advised it that it will provide a written opinion to such effect on or before the mailing of the Information Circular to be included as part of that Information Circular.

(f) **Intended Voting**

Its senior officers and directors have advised the Company that, at the date hereof, they intend to vote any Shares held by them in favour of the Amalgamation Resolution and will so represent in the Information Circular.

(g) **Financial Statements**

The Financial Statements were prepared in accordance with GAAP consistently applied, and fairly present the consolidated financial condition of the Company at the respective dates indicated and the results of operations of the Company (on a consolidated basis) for the periods covered. Since the Balance Sheet Date none of the Company or any of its Subsidiaries has effected any change in any method of accounting or accounting practice, except for any such change required because of a concurrent change in GAAP or to conform a Subsidiary's accounting policies and practices to the Company's. Except as reflected in the Financial Statements and, after the date hereof, as permitted pursuant to this Agreement from and after the date hereof, neither the Company nor any of the Company's Subsidiaries has any Liabilities, other than any Liabilities incurred since December 31, 2004 which, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect. Since January 1, 2002, the Company's independent public accounting firm has not informed the Company that it has any material questions, challenges or disagreements regarding or pertaining to the Company's accounting policies or practices. Since January 1, 2002, to the knowledge of the Company, no officer or director of the Company has received, or is entitled to receive, any material compensation from any entity that has engaged in or is engaging in any material transaction with the Company or any of the Company's Subsidiaries. The Company has no off-balance sheet special purpose entities.

(h) **Financial Fees**

The Company has not retained nor will it retain any financial advisor, broker, agent or finder or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated involving or payable as a result of a change of control of the Company, except that BMO Nesbitt Burns has been retained as the Company's financial advisor in connection with certain matters including the transactions contemplated hereby. The fees payable to all of the Company's advisors respecting the Amalgamation and related transactions contemplated by this Agreement, including such financial advisor, will not exceed $5 million.

(i) **Public Record; Exchange Compliance**

The Company has filed with the applicable Securities Authorities all documents and materials required under Securities Laws to be so filed and, as of their respective dates, the documents and materials comprising the Public Record (including all Exhibits and schedules thereto and documents incorporated by reference therein) did not contain any misrepresentation, and complied in all material respects with all requirements of applicable laws including requirements of the Exchanges. Other than Chaparral Resources, Inc., none of the Company's Subsidiaries is required to file any forms, reports or other documents with a Securities Authority. Except in connection with the restatement of certain financial statements as disclosed in the Public Record, since January 1, 2001, the Company has not received written notice from a Securities Authority or any other Governmental Entity that any of its accounting policies or practices or practices regarding the reporting of its Hydrocarbon production and reserves are or may be the subject of any review, inquiry, investigation or challenge by such Securities Authority or other Governmental

Entity. The Company is in compliance in all material respects with all current listing and corporate governance requirements of the Exchanges.

(j) **Books and Records**

The governing documents of the Company and its Subsidiaries are accurate and complete and reflect all amendments made through the date hereof. The minute books and other records of the Company and its Subsidiaries are correct and complete, no further entries have been made through the date of this Agreement, such minute books and records contain the true signatures of the persons purporting to have signed them, and such minute books and records contain an accurate record of all actions of the stockholders, directors, members, managers, or other such representatives of the Company and its Subsidiaries taken by written consent, at a meeting, or otherwise since formation. The Property Records are accurate and complete in all material respects and have been maintained in accordance with prudent industry standards. All financial transactions of the Company and its Subsidiaries have been recorded in the financial books and records of the Company and each Subsidiary, as applicable, in accordance with good business practice, and such financial books and records accurately reflect in all material respects the basis for the financial condition and the revenues, expenses and results of operations of the Company and its Subsidiaries shown in the Financial Statements. For the periods covered by the Financial Statements, the Company and its Subsidiaries have not entered into and are not parties to any material financial transactions for such periods which are not reflected in the Financial Statements. No information, records or systems pertaining to the operation or administration of the business of the Company and its Subsidiaries are in the possession of, recorded, stored, maintained by or otherwise dependent upon any Person other than the Company and its Subsidiaries. All of the representations in this paragraph with respect to any Subsidiary relate to the period since the acquisition, directly or indirectly, of such Subsidiary by the Company.

(k) **Reserve Reports**

Except as disclosed in the Public Record, the statement of reserves data and other oil and gas information contained in the AIF is true and correct and complies with the requirements of the Canadian Securities Administrators National Instrument 51-101. As of July 28, 2005, 100% of the net present value of the Hydrocarbon reserves attributable to the Oil and Gas Properties have been determined by McDaniel & Associates in the McDaniel Report as supplemented by their update dated July 28, 2005 (the McDaniel Report as so updated being herein called the "**Company Reserve Reports**"). To the Company's knowledge, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the factual, non-interpretive data on which the Company Reserve Reports were based for purposes of estimating the Hydrocarbon reserves set forth in the Company Reserve Reports was accurate. The estimates of proved reserves used by the Company in connection with the preparation of the Company Reserve Report and provided by the Company to McDaniel & Associates in connection with its review of the Company Reserve Reports are in accordance with definitions contained in applicable Securities Laws.

(l) **Prepayments; Hedging**

Except as disclosed in the Public Record, neither the Company nor any of the Company's Subsidiaries has any outstanding obligations for the delivery of Hydrocarbons attributable to any of the Oil and Gas Interests of the Company or any of its Subsidiaries in the future on account of prepayment, advance payment, take-or-pay or similar obligations without then or thereafter being entitled to receive full value therefor. The Public Record accurately summarizes in all material respects the outstanding Hydrocarbon and financial Hedge positions attributable to the production of the Company and the Company's Subsidiaries as of the date reflected therein, and there have been no changes since the date thereof.

(m) **Absence of Changes**

Since December 31, 2004, and except as set forth in the Public Record:

(i) the Company and its Subsidiaries have conducted their respective businesses only in the ordinary and regular course of business and consistent with past practice, and without limiting the foregoing:

(A) no Liability material to the Company (on a consolidated basis) has been suffered or incurred;

(B) except pursuant to any credit facility between the Company and/or any of its Subsidiaries and lenders to the Company or any of its Subsidiaries, no Encumbrance has been imposed upon any material asset of the Company or any of its Subsidiaries;

(C) except as contemplated by this Agreement, there has been no change made or authorized to be made to the governing documents of the Company or any of its Subsidiaries;

(D) neither the Company nor any of its Subsidiaries has issued, sold, or otherwise disposed of any of its Equity Interests;

(E) neither the Company nor any of its Subsidiaries has declared, set aside, or paid any dividend or made any distribution with respect to its Equity Interests (whether in cash or in kind) or redeemed, purchased, or otherwise acquired any of its Equity Interests, other than dividends paid from a Subsidiary to a wholly owned Subsidiary or to the Company;

(F) neither the Company nor any of its Subsidiaries has experienced any material damage, destruction, or loss (whether or not covered by insurance) to its properties; and

(G) neither the Company nor any of its Subsidiaries has committed to pay any bonus or granted any bonus or increase in the base compensation of any director or officer, or an employee who is also a Shareholder other than such payments, grants and increases since December 31, 2004 as, together with the amounts contemplated in Sections 7.1(q)(i) and 3.3(c), do not aggregate to more than $10 million;

(ii) neither the Company nor any of its Subsidiaries has committed to any of the foregoing; and

(iii) there has not been any Material Adverse Change.

(n) **Working Capital**

The Company reasonably believes that it and its Subsidiaries have sufficient working capital to operate before and three months after the Effective Date, subject to completing the financing arrangements referred to in Section 3.3.

(o) **Material Contracts**

Each of the Company and its Subsidiaries has not received notice that it has not in the last two years from the date of this Agreement performed in all material respects the obligations required to be performed by it and is entitled to all benefits under the Material Contracts. None of the Company or its Subsidiaries has received written notice in the last two years that it has violated or breached, in any material respect, any of the terms or conditions of the Material Contracts and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default by the Company, any of its Subsidiaries or, to the knowledge of the Company, any other party, under any of the Material Contracts which would have a Material Adverse Effect. Except for customary provisions contained in credit agreements that the Company and/or its Subsidiaries are party to, none of the Company or its Subsidiaries is a party to or bound by any agreement containing any standstill, restrictive covenant or similar provision that would materially restrict or limit its right to acquire or hold any asset, carry on any business or activity, solicit business from any Person or in any geographical area, or otherwise to conduct its business as it may determine. Other than the Consents, no consents, assignments, waivers, authorizations or other certificates or payments are necessary in connection with the transactions contemplated hereby to provide for the continuation in full force and effect of all of the Material Contracts after the Effective Date, except to the extent the failure to obtain any such consent, assignment, waiver, authorization or other certificate, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect.

(p) **Labour**

To the Company's knowledge as of the date of this Agreement, no executive, key employee, or group of employees has any plans to terminate employment with the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries is a party to or bound by any collective bargaining Contract, nor in the past year has any of them experienced any strikes, grievances, claims of unfair labour practices, or other collective bargaining disputes. To the knowledge of the Company, neither the Company nor any of its Subsidiaries has committed any unfair labour practice (as determined under any applicable laws) in the past year. To the Company's knowledge, there is no organizational effort currently being made or threatened by or on behalf of any labour union with respect to the Company or any of its Subsidiaries to unionize any of the employees of the Company.

(q) **Employment Agreements and Benefit Plans**

(i) None of the Company and its Subsidiaries is a party to any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to, or any employment agreement or, without limitation, any Employee Obligation, with, any Person that, together with all other such agreements, obligations or understandings, including Liabilities that would arise in a change of Control of the Company, (together with the amounts contemplated in Sections 3.3(c) and 7.1(m)(i)(G)) aggregate to more than $10 million.

(ii) The Company has provided adequate accruals in its Financial Statements as at December 31, 2004 and June 30, 2005, as the case may be, (or such amounts are fully funded) for any payment required to be made by the Company or any of its Subsidiaries in connection with the termination of employment or retirement of any employee of the Company or any of its Subsidiaries; and any amounts payable under any benefit plan covering active, former or retired employees, officers or directors of the Company or any of its Subsidiaries.

(iii) Each such plan referred to in paragraph (ii) above has been maintained and administered in material compliance with its terms and is, to the extent required by applicable laws or the applicable Contract, fully funded without any deficit or unfunded actuarial liability or adequate provision therefor having been made.

(iv) All required employer contributions in respect of such plans have been made.

(v) All such plans are in compliance with applicable laws in all material respects (including those as to registration or other qualification).

(vi) To the knowledge of the Company there are no pending, anticipated or threatened claims against or involving any of the plans.

(vii) All contributions, reserves or premium payments required or provided for have been made.

(r) **Compliance with Laws**

Each of the Company and its Subsidiaries has complied with and is in compliance with all applicable laws, including those laws applicable to the operation of its business, except where such non-compliance, considered individually or in the aggregate, would not have a Material Adverse Effect.

(s) **Reporting Issuer Status and Listings**

The Company is a reporting issuer or the equivalent in each of the provinces of British Columbia, Ontario and New Brunswick and is in material compliance with all applicable Securities Laws. The Shares are only listed on, and the Company is in material compliance with the rules and policies of, each of the Exchanges.

(t) **Shareholder Rights Plan**

There is not in effect with respect to the Company, and prior to the Effective Time the Company will not implement, any shareholder rights plan or any other form of plan, or Contract that will trigger any rights to acquire Shares or other securities of the Company or any of its Subsidiaries or rights, entitlements or privileges in favour of any Person upon entering into of this Agreement or upon the Amalgamation.

(u) **Litigation, etc.**

Except as set forth in the Public Record, there is no claim, action, proceeding or investigation pending or, to the knowledge of the Company, threatened against or relating to the Company or any of its Subsidiaries or affecting any of their properties or assets before any court or Governmental Entity that, if adversely determined, would have a Material Adverse Effect, nor does the Company have any reasonable expectation of any such claim, action, proceeding or investigation. Neither the Company nor any of its Subsidiaries is subject to any outstanding order, writ, injunction or decree that would have a Material Adverse Effect.

(v) **Permits**

The Company and each of its Subsidiaries owns, possesses or has obtained and is in compliance in all material respects with, all Permits of or from any Governmental Entity necessary to conduct its business as now conducted or as proposed to be conducted, other than those the failure to own, possess, obtain or be in compliance with would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No suspension or cancellation of any of such Permits is pending, or to the knowledge of the Company, threatened except where the suspension or cancellation of any of such Permits have not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. The Permits and other Contracts pursuant to which the Company or any of the Company's Subsidiaries acquires or obtains exploration, production or operating rights affecting any real or personal property given value in the Company Reserve Reports are in good standing, valid and effective, and all obligations of the Company or any of its Subsidiaries under any such Permit or Contract, including, without limitation, any royalty, rental and other payment obligations, have been properly paid or satisfied, except in each case as would not reasonably be expected to have a Material Adverse Effect. To the knowledge of the Company, there have been no material changes proposed in the production allowables for any wells included in the Oil and Gas Interests of the Company and its Subsidiaries.

(w) **Property**

Except such real property as is described in the Public Record (the "**Real Property**") the Company and its Subsidiaries do not own or lease and have not agreed to acquire or lease any real property or interest in real property. The Company and its Subsidiaries have the exclusive right to possess, use and occupy, and as applicable, have good and marketable title in fee simple to, all the Real Property, free and clear of all Encumbrances, easements or other restrictions of any kind other than as set forth in the Public Record or as would not have a Material Adverse Effect. All buildings, structures, improvements and appurtenances situated on the Real Property are in good operating condition and in a state of good maintenance and repair, except as would not have a Material Adverse Effect, are adequate and suitable for the purposes for which they are currently being used and the Company and its Subsidiaries have adequate rights of ingress and egress for the operation of its business in the ordinary course with such exceptions as would not have a Material Adverse Effect. None of the buildings, structures, improvements or appurtenances located on the Real Property (or any equipment therein), nor the operation or maintenance thereof, violates any restrictive covenant or any provision of any federal, provincial or municipal law, ordinance, rule or regulation, or encroaches on any property owned by others, other than violations or encroachments that do not, individually or in the aggregate, have a material adverse effect on the current use of such property or a Material Adverse Effect. The Company and the Company's Subsidiaries have good and defensible title to all Oil and Gas Interests forming the basis for the reserves reflected in the Company Reserve Reports as attributable to interests owned by the Company and the Company's Subsidiaries, and to all other Oil and Gas Interests and any other properties and assets, real and personal, used in the operation of the Company's business or reflected in the Public Record filed prior to the date of this Agreement as owned by the Company and the Company's Subsidiaries, is owned free and clear of all Encumbrances, easements or other restrictions of any kind other than customary provisions contained in credit agreements that the Company and/or its Subsidiaries are party to or as would not, in the aggregate, have a Material Adverse Effect. The Real Property, the Oil and Gas Interests and the Company's Intellectual Property constitute all the principal assets necessary for the conduct of the business of the Company and its Subsidiaries as presently conducted and as presently proposed to be conducted as disclosed in the Public Record.

(x) **Operations**

Except as otherwise set forth in this Section 7.1(x):

(i) all wells included in the Oil and Gas Interests of the Company and its Subsidiaries have been drilled and (if completed) completed, operated and produced in accordance with good oil and gas field practices and in compliance in all respects with applicable oil and gas leases and applicable laws, except where any failure or violation has not had, and would not reasonably be expected to have, a Material Adverse Effect; and

(ii) to the knowledge of the Company, all plant, equipment and machinery currently in use and material to the operation of the Oil and Gas Interests of the Company and of its Subsidiaries as conducted prior to the date hereof are in reasonable working condition, ordinary wear and tear excepted.

(y) **Environmental**

(i) Except as disclosed in the Public Record, the operation of the business of each of the Company and its Subsidiaries, the property and assets owned or used by the Company and its Subsidiaries and the use, maintenance and operation thereof have been and are in compliance with all Environmental Laws (except where non-compliance would not have a Material Adverse Effect). Each of the Company and its Subsidiaries have complied with all reporting and monitoring requirements under all Environmental Laws (except where non-compliance would not have a Material Adverse Effect). None of the Company and its Subsidiaries has received any notice of any non-compliance with any Environmental Laws or Environmental Permits, and none of the Company and its Subsidiaries have ever been convicted of an offence for non-compliance with any Environmental Laws or Environmental Permits or been fined or otherwise sentenced or settled such prosecution short of conviction, (except where such non-compliance would not have a Material Adverse Effect).

(ii) Each of the Company and its Subsidiaries has obtained all Environmental Permits necessary to conduct its business and to own, use and operate its properties and assets (except where the failure to obtain any such permit would not have a Material Adverse Effect) and the operation of the business of each of the Company and its Subsidiaries, the property and assets owned by each the Company and its Subsidiaries and the use, maintenance and operation thereof have been and are in compliance with all Environmental Permits (except where such non-compliance would not have a Material Adverse Effect).

(iii) Each of the Company and its Subsidiaries has, at all times, used, generated, treated, stored, transported, disposed of or otherwise handled its Hazardous Substances in compliance with all Environmental Laws and Environmental Permits (except where such non-compliance would not have a Material Adverse Effect).

(iv) None of the Company and its Subsidiaries is, and, to the knowledge of the Company, there is no reasonable basis upon which the Company or any of its Subsidiaries could become, responsible for any material clean-up or corrective action under any Environmental Laws.

(z) **Patent, Trademark and Related Matters**

All of the Intellectual Property owned or used by the Company or any of its Subsidiaries at the date of this Agreement are in good standing, valid and adequate to permit the Company and its Subsidiaries to conduct its business as presently conducted (except, in any event, where it would not have a Material Adverse Effect in respect of the Company). To the knowledge of the Company, neither the Company nor any of its Subsidiaries is infringing or is alleged to be infringing on the Intellectual Property of any Person where the infringement or alleged infringement could reasonably be expected to have a Material Adverse Effect.

(aa) **Insurance**

Policies of insurance in force as of the date hereof naming the Company or any of its Subsidiaries as an insured adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of the Company and its Subsidiaries as would be customary in respect of the businesses carried on by the Company and its Subsidiaries. All such policies of insurance shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the Amalgamation and the other transactions contemplated by this Agreement. There are no material outstanding claims under any such policies of insurance.

(bb) **Tax Matters**

(i) All Returns required to be filed prior to the date hereof by or on behalf of the Company or any of its Subsidiaries have been duly filed on a timely basis and such Returns are true, complete and correct. All Taxes shown to be payable on the Returns or on subsequent assessments or re-assessments with respect thereto have been paid in full or objected to on a timely basis, and no other Taxes are payable by the Company or any of its Subsidiaries with respect to items or periods covered by such Returns.

(ii) The Company has paid, or provided adequate accruals in its financial statements for, Taxes, including income taxes and related deferred taxes, in conformity with GAAP.

(iii) Except as disclosed in writing to Acquiror, no deficiencies exist, nor have any deficiencies or penalties been asserted with respect to Taxes of the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against the Company or any of its Subsidiaries or any of their respective assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns of the Company or any Subsidiary. Except as has been disclosed in writing to Acquiror, the Returns of the Company and any material Subsidiary have never been audited by a Governmental Entity, including any taxing authority, nor, to the knowledge of the Company, is any such audit in process, pending or threatened.

(cc) **Pension and Termination Benefits**

The Company has provided adequate accruals in its Financial Statements (or such amounts are fully funded) for all pension or other employee benefit obligations of the Company and the Subsidiaries arising under or relating to each of the pension or retirement income plans or other employee benefit plans or agreements or policies maintained by or binding on the Company or any of its Subsidiaries (including without limitation the Company's "Matching Savings Plan") as well as for any other payment required to be made by the Company or its Subsidiaries in connection with the termination or employment or retirement of any employee of the Company or any of its Subsidiaries.

(dd) **Certain Business Relationships with the Company**

Except as disclosed in the Public Record, no Shareholder or, to the knowledge of the Company, such Shareholder's affiliates has been involved in any material business arrangement or relationship with the Company or any of its Subsidiaries within the past 12 months, and no Shareholder or to the knowledge of the Company, any of its affiliates owns any asset that is used in the business of the Company or any of its Subsidiaries. To the knowledge of the Company and except as disclosed in the Public Record, neither the Company nor any of its Subsidiaries has entered into a Contract other than an arms-length Contract.

(ee) **Competition Act and Investment Canada Act**

(i) The Amalgamation and other transactions contemplated hereby do not constitute the acquisition of a "Canadian business" within the meaning of the *Investment Canada Act* (Canada);

(ii) Neither the book value of the assets of the Company located in Canada nor the gross revenues from sales in or from Canada generated by those assets exceed CDN$50 million, in either case when calculated in accordance with Part IX of the *Competition Act* (Canada) and the *Notifiable Transactions Regulations* thereunder.

(ff) Aggregate Breaches

Breach of the representations and warranties contained in this Section 7.1 (when read as though none of them contained any Material Adverse Effect or Material Adverse Change or other materiality qualification) do not, in the aggregate, have a Material Adverse Effect.

Section 7.2 Investigation

Any investigation by Acquiror and its advisors shall not mitigate, diminish or affect the representations and warranties of the Company provided pursuant to this Agreement; provided, however, that if the Acquiror has actual knowledge prior to the date hereof of a breach of a representation or warranty of the Company, Acquiror will not be entitled to take any action, including termination of this Agreement resulting from breach. Where the provisions of Section 7.1 refer to disclosure in writing, such disclosure shall be made expressly in response to the applicable provision.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES OF ACQUIROR

Section 8.1 Representations

Acquiror hereby represents and warrants to the Company (and acknowledges that the Company is relying upon such representations and warranties in connection with entering into this Agreement):

(a) **Organization**

Each of Acquiror and AcquirorSub has been duly incorporated and organized and is validly existing, as a company under the laws of the British Virgin Islands and has the requisite corporate power and authority to carry on its business as it is now being conducted and as contemplated by the Agreement.

(b) **Authority**

Each of Acquiror and AcquirorSub has the requisite corporate power and authority to enter into this Agreement and to carry out its respective obligations hereunder. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, by each of Acquiror and AcquirorSub have been duly authorized and no other corporate proceedings on the part of Acquiror or AcquirorSub are necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by each of Acquiror and AcquirorSub and constitutes a valid and binding obligation of each of Acquiror and AcquirorSub, enforceable by the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity. On or before the Effective Date, Acquiror and AcquirorSub will have complied with all applicable requirements of the Act and the BVI Act to enable them to complete the Amalgamation in accordance with the Act and the BVI Act.

(c) **Impediments**

Other than in connection with or in compliance with the provisions of the Act and the BVI Act, Securities Laws and the rules of the Exchanges:

(i) there is no legal restriction to the consummation by Acquiror of the transactions contemplated by this Agreement or the performance by Acquiror of its obligations hereunder; and

(ii) no filing or registration by Acquiror with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary in connection with the consummation of the Amalgamation and the other transactions contemplated hereby, except for such filings or registrations which, if not made, or such authorizations, consents or approvals, which, if not received, would not have a material adverse effect on the ability of Acquiror to perform its obligations hereunder.

(d) **AcquirorSub**

All of the issued and outstanding shares of AcquirorSub are owned beneficially and of record by Acquiror, there are no other issued or outstanding securities of AcquirorSub, and there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments obligating AcquirorSub to issue or sell any shares of AcquirorSub or securities or obligations of any kind convertible into or exchangeable for any shares of AcquirorSub.

(e) **Financing**

The Acquiror has made adequate financial arrangements to ensure that required funds are available to effect payment in full of the amounts to which the Shareholders will be entitled as contemplated by Section 2.3(b).

(f) **Information**

All information provided by Acquiror for inclusion in the Information Circular (including with respect to the Lock-up Agreements) will be true and complete in all material respects and not contain a misrepresentation.

(g) **Business**

AcquirorSub has not carried on any active business other than in connection with the transactions contemplated by this Agreement.

(h) **Lock-up Agreements**

Other than the benefit of Acquiror's representations and warranties in, the conditions of and the put under the Lock-up Agreements, as of the date hereof there is no agreement or other commitment of Acquiror to pay or otherwise provide to any of the Shareholders who are parties to the Lock-up Agreements any consideration, and the put price payable under the Lock-up Agreements is not, in excess of the amount per Share to which Shareholders will be entitled pursuant to the Amalgamation.

Section 8.2 Investigation

Any investigation by the Company and its advisors shall not mitigate, diminish or affect the representations and warranties of the Acquiror provided pursuant to this Agreement; provided, however, that if the Company or any of its Subsidiaries has actual knowledge prior to the date hereof of a breach of a representation or warranty of the Acquiror, the Company will not be entitled to take any action, including termination of this Agreement, resulting from such breaches. Where the provisions of Section 8.1 refer to disclosure in writing, such disclosure shall be made expressly in response to the applicable provision and shall be signed by a senior officer of Acquiror.

ARTICLE 9
CONDITIONS

Section 9.1 Conditions Precedent to Obligations of Each Party

The obligations of the parties hereto to consummate and effect the transactions contemplated hereunder shall be subject to the satisfaction or waiver by both parties on or before the Effective Date of the following conditions:

(a) the Amalgamation Resolution and the Plan of Merger Resolutions shall have been approved and adopted by the Shareholders by December 7, 2005 in accordance with applicable law and the Company's governing documents;

(b) the Parties shall have executed and delivered the Amalgamation Agreement, the Plan of Merger and the Articles of Merger, as applicable, substantially as respectively set forth in Exhibits A and B;

(c) all Regulatory Approvals shall have been obtained on reasonably satisfactory terms and conditions and shall be in full force and effect and all applicable statutory or regulatory waiting periods shall have expired or been terminated and no objection or opposition shall have been filed, initiated or made during any applicable statutory or regulatory waiting period which would adversely affect Acquiror's ability to consummate the Amalgamation or the transactions contemplated hereby or which is or would be materially adverse to the business of the Company and its Subsidiaries considered on a consolidated basis or to the value of the Shares or the shares of Amalco to Acquiror; and

(d) there shall not exist any prohibition at law against the consummation of the Amalgamation or the transactions contemplated hereby.

Section 9.2 Acquiror Conditions

The obligations of Acquiror to consummate and effect the transactions contemplated hereunder shall be subject to the following conditions:

(a) the Company shall have performed or complied with, in all material respects, each of its covenants hereunder to be performed and complied with by it on or before the Effective Time;

(b) each of the representations and warranties of the Company in this Agreement shall be true and correct in all material respects on the date of this Agreement and as of the Effective Date as if made on and as of such date (except for (i) such representations and warranties made as of a specified date, which shall be true and correct as of such specified date and (ii) such representations and warranties that are qualified by reference to materiality, Material Adverse Effect or Material Adverse Change, which shall be true and correct in all respects);

(c) there shall not have occurred, developed or come into effect or existence any acts of God, acts of public enemy, terrorism, wars, riots and civil disturbances, explosions, national strikes, epidemics, natural disasters, fires, vandalism or any law, regulation, action, governmental regulation, (other than a Proposed Kazakh Law after the Control Acquisition Time) inquiry or of any nature whatsoever which, in the sole, reasonable judgment of Acquiror, materially adversely affects or involves, or may materially adversely affect or involve, the general economic, financial, currency exchange, securities or commodity market (including without limitation oil and gas market) conditions in Canada, the United States, the Republic of Kazakhstan or internationally or the financial condition, business, operations, assets, affairs or prospects of Acquiror, the Company or any of its Subsidiaries;

(d) no act, action, suit or proceeding shall have been taken before or by any federal, provincial, state or foreign court or other tribunal or Governmental Entity (other than, after the Control Acquisition Time, an act, action, suit or proceeding taken pursuant to a Proposed Kazakh Law) or by any elected or appointed public official in Canada, the United States, the Republic of Kazakhstan or elsewhere (other than, after the Control Acquisition Time, pursuant to a Proposed Kazakh Law), and no law, regulation or policy (other than, after the Control Acquisition Time, a Proposed Kazakh Law) have been proposed, enacted, promulgated or applied, which could reasonably be expected to have the effect of:

(i) prohibiting or materially limiting the ownership or operation by the Company or any of its Subsidiaries, or by Acquiror, directly or indirectly, of all or any material portion of the business or assets of the Company or Amalco, on a consolidated basis, or Acquiror, directly or indirectly, or compelling Acquiror, directly or indirectly, to dispose of all or any material portion of the business or assets of the Company or Amalco, on a consolidated basis, as a result of the Amalgamation or other transactions contemplated by this Agreement;

(ii) imposing limitations on the ability of Acquiror, directly or indirectly, effectively to acquire or hold or to exercise full rights of ownership of shares in Amalco, including without limitation the right to vote any shares of Amalco acquired or owned by Acquiror, directly or indirectly, on all matters properly presented to the shareholders of Amalco under applicable laws, including without limitation the right to vote any shares of capital stock of any Subsidiary (other than immaterial Subsidiaries) directly or indirectly owned by the Company or Amalco materially adversely affecting the business, financial condition or results of operations of the Company or Amalco and its Subsidiaries taken as a whole or the value of the shares of Amalco to Acquiror;

(iii) requiring divestiture by Acquiror and its affiliates of any shares of Amalco; or

(iv) materially adversely affecting the business, financial condition or results of operations of the Company and its Subsidiaries, considered as a whole, or the value of the Shares or the shares of Amalco;

(e) all outstanding Commitments shall have been exercised, cancelled or otherwise terminated in a manner satisfactory to Acquiror in its sole judgment, acting reasonably;

(f) the Company shall not have received on or prior to the Effective Time notices by the holders of more than 5% of the issued and outstanding Shares entitled to vote at the Shareholder Meeting of their intention to exercise Dissent Rights;

(g) the Company shall have received all Consents;

(h) Acquiror shall have received opinions of Bermuda and British Virgin Islands outside counsel, in form and substance as set forth in Part 1 and Part 2 of Exhibit D, addressed to Acquiror and dated as of the Effective Date;

(i) Acquiror shall have received an officers' certificate, substantially in the form of Exhibit E, duly executed on the Company's behalf, confirming, among other things, that each condition specified in Sections 9.2(a)-(g) (excluding Section 9.2(d)) has been satisfied in all respects; and

(j) Acquiror shall have received the resignation, effective as of the Effective Time, of each director and officer of the Company;

which conditions are for the exclusive benefit of Acquiror and may be waived by Acquiror in whole or in part at any time and from time to time, before the Effective Time.

Section 9.3 Company Conditions

The obligations of the Company to consummate and effect the transactions contemplated hereunder shall be subject to the following conditions:

(a) Acquiror shall have performed or complied with, in all material respects, each of its covenants hereunder to be performed and complied with by it on or before the Effective Time;

(b) each of the representations and warranties of Acquiror in this Agreement shall be true and correct in all material respects on the date of this Agreement and as of the Effective Date as if made on and as of such date (except for (i) such representations and warranties made as of a specified date, which shall be true and correct as of such specified date and (ii) such representations and warranties that are qualified by reference to materiality, Material Adverse Effect or Material Adverse Change, which shall be true and correct in all respects); provided, however, that representations and warranties that may reasonably be expected, in the aggregate, to result in a Material Adverse Effect (when read as though none of them contained any Material Adverse Effect or Material Adverse Change or other materiality qualification), shall not be deemed for purposes of this Section 9.3, to be true and correct in all respects or in all material respects;

(c) no act, action, suit or proceeding shall have been taken before or by any federal, provincial, state or foreign court or other tribunal or governmental agency or other regulatory or administrative agency or commission or by any elected or appointed public official in Canada, the United States, the Republic of Kazakhstan or elsewhere, whether or not having the force of law, and no law, regulation or policy have been proposed, enacted, promulgated or applied, whether or not having the force of law, which could reasonably be expected to have the effect of making illegal, or otherwise directly or indirectly restraining or prohibiting the Amalgamation, acceptance for payment of the amounts to which the Shareholders will be entitled as contemplated by Section 2.3(b), payment for the Amalgamation, or ownership, directly or indirectly, of some or all of the shares of Amalco by Acquiror, or the consummation of the Amalgamation or the other transactions contemplated by this Agreement;

(d) Company shall have received an officers' certificate, substantially in the form of Exhibit F, duly executed on Acquiror's behalf, confirming, among other things, that each condition specified in Sections 9.3(a) and (b) has been satisfied in all respects;

(e) Company shall have received evidence satisfactory to the Company, acting reasonably, that Acquiror has sufficient funds to satisfy its obligations under this Agreement;

(f) each director and officer of the Company who has resigned as contemplated by Section 9.2(j) shall have received a release from the Company in form satisfactory to the Company and Acquiror, acting reasonably; and

(g) Company shall have received an opinion of British Virgin Islands outside counsel in respect of Acquiror and AcquirorSub addressing substantially the same subject matter as set forth in Part 2 of Exhibit D;

which conditions are for the exclusive benefit of the Company and may be waived by the Company in whole or in part at any time and from time to time, before the Effective Time.

ARTICLE 10
TERMINATION

Section 10.1 Termination

This Agreement may be terminated at any time prior to the Effective Time:

(a) by mutual written consent of Acquiror and the Company;

(b) by either Acquiror or the Company, if the Shareholders do not approve the Amalgamation Resolution and the Plan of Merger Resolutions at the Shareholder Meeting or, in any event, on or before December 7, 2005 (or such later date to which the Shareholder Meeting is adjourned or postponed pursuant to Section 3.4(g));

(c) by Acquiror, if a Fee Event has occurred;

(d) by either Acquiror or the Company, if the Effective Date does not occur on or before December 14, 2005 (or such later date that is seven days following any date to which the Shareholder Meeting is adjourned or postponed pursuant to Section 3.4(g)) provided that the failure is not due to the party seeking to terminate this Agreement to perform the obligations required to be performed by it under this Agreement;

(e) by Acquiror, if the Company has breached any of its representations, warranties or covenants herein, which breach would result in the failure to satisfy one or more conditions set forth in Section 9.2(a) or Section 9.1(c); provided, however, that such breach has not been cured within 30 days of receipt by the Company of notice of such breach; or

(f) by the Company, if Acquiror has breached any of its representations, warranties or covenants herein which breach would result in the failure to satisfy one or more conditions set forth in Section 9.3(a) or Section 9.3(b); provided, however, that such breach has not been cured within 30 days of receipt by the Company of notice of such breach;

except that the obligations set forth in Section 4.1 (in respect of any Fee Event occurring prior to the termination) shall survive any termination of this Agreement.

Section 10.2 Acquiror Breach

Acquiror shall pay to the Company $60 million in immediately available funds to an account designated by the Company within one Business Day if Acquiror has wilfully breached a material covenant hereunder to be performed and complied with by it as the full and complete remedy of the Company in respect of any and all breaches by Acquiror of its representations, warranties or covenants herein; it being agreed by the Company and Acquiror that such sum is a genuine pre-estimate of the damages occasioned by the loss of the transaction to the Company and the Shareholders.

ARTICLE 11
MISCELLANEOUS

Section 11.1 Fiduciary Duties of Directors

The Company and Acquiror acknowledge that each director of the Company owes a fiduciary duty as a director of the Company which is not superseded by the provisions of this Agreement. Further, the Company and Acquiror acknowledge that a modification, change or withdrawal by the Board of Directors of its recommendation of the Amalgamation Resolution after the date hereof in the proper exercise of such fiduciary duty shall not result in the representations in Section 7.1 of this Agreement being considered to be untrue or incorrect. The foregoing shall not be interpreted to diminish, limit, restrict or otherwise affect in any way any covenant or agreement of the Company under this Agreement, including, without limitation, the obligations to pay the fee described in Section 4.1, or be construed as a forgiveness or waiver of any breach.

Section 11.2 Amendment or Waiver

This Agreement, may be amended, modified or superseded, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, but only by written instrument executed by Acquiror and the Company; provided, however, that either Acquiror or the Company may in its discretion waive a condition herein which is solely for its benefit without the consent of the other. No waiver of any nature, in any one or more instances, shall be deemed or construed as a further or continued waiver of any condition or any breach of any other term, representation or warranty in this Agreement.

Section 11.3 Entire Agreement

This Agreement, the Amalgamation Agreement and the other documents referred to herein constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, arrangement or understandings with respect thereto.

Section 11.4 Headings

The division of the Agreement into Articles, sections and other partitions and the insertion of headings are for convenience of reference only and shall not control or affect the meaning or construction of any provisions of this Agreement.

Section 11.5 Notices

All notices or other communication which are required or permitted hereunder shall be communicated confidentially and in writing and shall be sufficient if delivered personally, or sent by confidential telecopier addressed as follows:

To Acquiror or AcquirorSub:

Lukoil Overseas Holding Ltd.
1 Bolshaya Ordynka, Moscow 115035
Russian Federation,

Attention: Andrei Kuzyaev, President
Telephone: 7-095-933-1800

with a copy to:

Akin Gump Strauss Hauer & Feld LLP
Gasheka ul., 7
Moscow 123056
Russian Federation

Attention: Richard J. Wilkie
Fax: 7-095-783-7701

To the Company:

c/o 7th Floor, 19 Berkely Street
London W1J 8ED
United Kingdom

Attention: Nick Zana
Facsimile: 44-207-495-8909

with a copy to:

Fasken Martineau DuMoulin LLP
Toronto Dominion Bank Tower
66 Wellington Street West
P.O. Box 20
Toronto-Dominion Centre
Toronto, Ontario
Canada, M5K 1N6

Attention: William K. Orr
Facsimile: 416-364-7813

and to

Gowling Lafleur Henderson LLP
1 First Canadian Place
Suite 1600
100 King Street West
Toronto, ON M5X 1G5

Attention: Paul Fornazzari
Facsimile: 416-862-7661

Section 11.6 Counterparts and Facsimiles

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument but all such counterparts together shall constitute but one Agreement. The parties hereto shall be entitled to rely upon delivery of an executed facsimile copy of the Agreement, and such facsimile copy shall be legally effective to create a valid and binding agreement between the parties hereto.

Section 11.7 Expenses

Each party will pay its own expenses. The Company covenants not to amend the terms of any Contract between the Company and its financial advisors relating to the payment of fees and expenses without the prior written approval of Acquiror.

Section 11.8 Assignment

Acquiror may assign all or any part of its rights or obligations under this Agreement to a direct or indirect affiliate of Acquiror, but, if such assignment takes place, Acquiror shall continue to be liable to the Company for any default in performance by the assignee. This Agreement shall not otherwise be assignable by any party without the prior written consent of the other parties.

Section 11.9 Severability

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify this Agreement to preserve each party's anticipated benefits under this Agreement.

Section 11.10 Choice of Law

This Agreement shall be governed by, construed and interpreted in accordance with the laws of Ontario, Canada.

Section 11.11 Attornment

The parties hereto irrevocably and unconditionally consent to and submit non-exclusively to the High Court of England and Wales for any actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agree not to commence any action, suit or proceeding relating thereto except in such courts) and further agree that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against either party in such court. The parties hereto irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the High Court of England and Wales and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum. Process in any such action, suit or proceeding may be served on any party hereto anywhere in the world, whether within or without the jurisdiction of any such court.

Section 11.12 Remedies

The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions to remedy or prevent non-compliance with or breaches of the terms of this Agreement and to enforce specifically the terms and provisions hereof in any court of England having jurisdiction; provided that such remedies shall be in addition to, and not in substitution for, any other remedy to which the parties hereto may be entitled at law or in equity.

Section 11.13 Survival of Representations and Warranties

The representations and warranties of the Company and Acquiror contained in this Agreement shall not survive the completion of the Amalgamation and shall expire and be terminated at the earlier of the Effective Time and (except in respect of a termination pursuant to Section 10.1(c) in reliance in whole or in part upon Section 4.1(f) in which respect the representations and warranties of the Company shall survive the termination of this Agreement) the date on which this Agreement is terminated in accordance with its terms.

Section 11.14 Time of Essence

Time shall be of the essence in this Agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed on their behalf by their officers thereunto duly authorized as of the date first written above.

LUKOIL OVERSEAS HOLDING LTD.

By: ______________________________

Andrei Kuzyaev

President

CASPIAN INVESTMENTS RESOURCES LTD.

By: ______________________________

Dmitry Timoshenko

President

NELSON RESOURCES LIMITED

By: ______________________________

Nick Zana

Chief Executive Officer

By: ______________________________

Gilles Thieffry

Director

EXHIBIT A

AMALGAMATION AGREEMENT

THIS AGREEMENT is made the ● of ● 2005

AMONG

(a) LUKOIL Overseas Holding Ltd., a company incorporated under the laws of the British Virgin Islands whose registered office is located ● ("**Acquiror**");

(b) Caspian Investments Resources Ltd., an international business company incorporated under the laws of the British Virgin Islands, whose registered office is located at P.O. Box 3443 Tropic Isle Building, Road Town, Tortola, British Virgin Islands ("**AcquirorSub**"); and

(c) Nelson Resources Limited, a Bermuda exempted company whose registered office is located at Chancery Hall, No. 52 Reid Street, Hamilton HMIZ, Bermuda (the "**Company**").

W H E R E A S:

The parties hereto have agreed pursuant to the Principal Agreement that AcquirorSub and the Company shall amalgamate (the "Amalgamation") pursuant to the provisions of Section 104B of the *Companies Act 1981* and of the *International Business Companies Act* and continue as an surviving company registered in the British Virgin Islands on the terms hereinafter appearing.

NOW IT IS HEREBY AGREED as follows:-

1. In this Agreement unless the context otherwise requires the following words and expressions shall have the following meanings:

"the AcquirorSub Shares"	means common shares of US$1.00 each of AcquirorSub;
the "Amalgamated Company"	means the amalgamated company registered in the British Virgin Islands continuing as a result of the Amalgamation;
the "Amalgamated Company Shares"	means the common shares of US$1.00 each of the Amalgamated Company;
the "Amalgamation Consideration"	means US$2.1916;
the "Company Shares"	means common shares of US$0.01 each of the Company.

the "Effective Time"	means the time that the Amalgamation becomes effective pursuant to the *Companies Act 1981* and the *International Business Companies Act*;
"Principal Agreement"	means the Agreement to Amalgamate entered into by the parties to this Agreement on October 13, 2005;

2. At the Effective Time, AcquirorSub and the Company shall amalgamate pursuant to the *Companies Act 1981* and the *International Business Companies Act* and continue as an Amalgamated Company.

3. The Memorandum of Association of the Amalgamated Company shall be that of AcquirorSub, and the Amalgamated Company shall be called "**Caspian Investments Resources Ltd.**". The registered offices of the Amalgamated Company will be at P.O. Box 3443, Tropic Isle Building, Road Town, Tortola, British Virgin Islands.

4. The Bye-laws of the Amalgamated Company shall be those of AcquirorSub.

5. The board of directors of the Amalgamated Company shall consist of ● directors, and the directors of the Amalgamated Company immediately following the Amalgamation becoming effective shall be the persons whose names and addresses are set out below. The directors of the Company who are not listed below will, on the Effective Time, cease to hold the office of director: **[Insert list of names and addresses of directors.]**

6. 6.1 The Amalgamated Company shall, upon the Amalgamation becoming effective, have an authorised share capital the same as that of AcquirorSub immediately prior to the Amalgamation and the Amalgamated Company Shares will have the rights, conditions, restrictions and limitations set out in the bye-laws of the Amalgamated Company referred to in Clause 4.

   6.2 Each issued AcquirorSub share prior to the Amalgamation will, upon the Amalgamation becoming effective, be converted into one issued share (of the same class, having the same rights and having the same par value) of the Amalgamated Company.

   6.3 The Company Shares in issue prior to the Amalgamation will not be converted into shares of the Amalgamated Company. In lieu of receiving shares in the Amalgamated Company, the holders of the Company Shares will be paid the Amalgamation Consideration per share by the Amalgamated Company in accordance with the terms of the Principal Agreement.

7. On the Effective Date, by operation of the relevant provisions of the *Companies Act 1981* and *International Business Companies Act*, the Amalgamation of AcquirorSub and the Company and their continuance as one company under the *International Business Companies Act* shall become effective in accordance with Section 109 of the *Companies Act 1981* and in accordance with sections 76-79 of the *International Business Companies Act*.

8. This Agreement shall be governed by and construed in accordance with the laws of British Virgin Islands and the parties hereto submit to the non-exclusive jurisdiction of the courts of the British Virgin Islands.

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.

SIGNED on behalf of the Acquiror in the presence of:

Witness:

LUKOIL OVERSEAS HOLDING LTD.

By: ______________________

Name:

Title:

SIGNED on behalf of AcquirorSub in the presence of:

Witness:

CASPIAN INVESTMENTS RESOURCES LTD.

By: ______________________

Name:

Title:

SIGNED on behalf of the Company in the presence of:

Witness:

NELSON RESOURCES LIMITED

By: ______________________

Name:

Title:

EXHIBIT B

PLAN OF MERGER

This Plan of Merger is made on **[DATE]** by Caspian Investment Resources Ltd., an international business company incorporated under the laws of the British Virgin Islands on **[DATE]**, with its registered office situate at P.O. Box 3443 Tropic Isle Building, Road Town, Tortola, British Virgin Islands (the "**Surviving Company**") in connection with a merger with Nelson Resources Limited, a Bermuda exempted company whose registered office is located at Chancery Hall, No. 52 Reid Street, Hamilton HMIZ Bermuda (the "**Subsumed Company**") pursuant to the provisions of sections 76-79 of the *International Business Companies Act*.

NOW THEREFORE this Plan of Merger witnesseth as follows:

1. The constituent companies to this Plan of Merger are the Surviving Company and the Subsumed Company.

2. The Surviving Company is the surviving company.

3. The authorized capital of the Subsumed Company is $15,500,000 divided into 1.5 billion common shares of $0.01 par value and 50 million preferred shares at $0.01 par value.

4. The authorized capital of the Surviving Company is $50,000 divided into 50,000 common shares at $1.00 par value.

5. Upon the merger, the separate corporate existence of the Subsumed Company shall cease and the Surviving Company shall become the owner, without further action, of all the rights and property of the constituent companies and the Surviving Company shall become subject to all the liabilities, obligations and penalties of the constituent companies.

6. The manner and basis of converting the shares of the constituent companies into shares of the Surviving Company or other property shall be as follows:

   (a) each of the issued and outstanding shares of the Surviving Company shall continue as a share of the surviving company; and

   (b) each issued and outstanding shares of the Subsumed Company shall be cancelled.

7. The Memorandum of Association and Articles of Association of the Surviving Company as in effect on the effective date of the merger shall be the Memorandum of Association and Articles of Association of the Surviving Company until the same shall be altered or amended or until a new Memorandum of Association or Articles of Association are adopted as provided therein.

8. The merger shall be effective on **[DATE], 2005**.

IN WITNESS WHEREOF the Surviving Company and the Subsumed Company have caused this Plan of Merger to be executed on the date first written above.

CASPIAN INVESTMENTS RESOURCES LTD.

Per: ______________________________
Authorised Signatory

NELSON RESOURCES LIMITED

Per: ______________________________
Authorised Signatory

ARTICLES OF MERGER

These Articles of Merger made by Caspian Investments Resources Ltd., (the "**Surviving Company**") in connection with a merger with Nelson Resources Limited, (the "**Subsumed Company**") pursuant to the provisions of section 76(3) of the *International Business Companies Act*.

WITNESSETH as follows:

1. The Surviving Company and the Subsumed Company HEREBY ADOPT the Plan of Merger, a copy of which is annexed hereto.

2. The Surviving Company was incorporated under the laws of the British Virgin Islands on **[DATE]** with number **[NO]**.

3. The Subsumed Company was incorporated under the laws of Bermuda on **[DATE]** with number **[NO]**.

4. The Memorandum of Association and Articles of Association of Caspian Investment Resources Ltd. shall be the Memorandum of Association and Articles of Association of the Surviving Company.

5. The Plan of Merger was approved by the directors of the Surviving Company on **[DATE]** and was authorised by the members of the Surviving Company on **[DATE]**.

6. The Plan of Merger was approved by the directors of the Subsumed Company on **[DATE]** and authorised by the members of the Subsumed Company on **[DATE]**.

7. This merger is to be effective on **[DATE], 2005**.

IN WITNESS WHEREOF the Surviving Company and the Subsumed Company have caused these Articles of Merger to be executed on **[DATE], 2005**.

CASPIAN INVESTMENTS RESOURCES LTD.

Per: ______________________________

Authorised Signatory

NELSON RESOURCES LIMITED

Per: ______________________________

Authorised Signatory

EXHIBIT C

FORMS OF PRESS RELEASES

EXHIBIT D

FORMS OF LEGAL OPINIONS

PART 1 BERMUDA OPINION

Bermuda counsel satisfactory to Acquiror shall deliver to Acquiror an opinion dated the Effective Date as to the following:

1. The Company is duly incorporated and existing under the laws of Bermuda in good standing.

2. The Company has the necessary corporate power and authority to enter into and perform its obligations under the Documents [**Definition of Documents to include Agreement to Amalgamate, Amalgamation Agreement, the Article of Merger and the Plan of Merger]**. The execution and delivery of the Documents by the Company and the performance by the Company of its obligations thereunder will not violate the memorandum of association or bye laws of the Company nor any applicable law, regulation, order or decree in Bermuda.

3. The Company has taken all corporate action required to authorise its execution, delivery and performance of the Documents. The Documents have been duly executed and delivered by or on behalf of the Company, and constitute the valid and binding obligations of the Company enforceable in accordance with the terms thereof.

4. No order, consent, approval, licence, authorisation or validation of or exemption by any government or public body or authority of Bermuda or any sub division thereof is required to authorise or is required in connection with the execution, delivery, performance and enforcement of the Documents.

5. It is not necessary or desirable to ensure the enforceability in Bermuda of the Documents that they be registered in any register kept by, or filed with, any governmental authority or regulatory body in Bermuda.

6. The Documents will not be subject to ad valorem stamp duty in Bermuda and no registration, documentary, recording, transfer or other similar tax, fee or charge is payable in Bermuda in connection with the execution, delivery, filing, registration or performance of the Documents.

7. The choice of the laws of the Province of Ontario, Canada (the "**Foreign Laws**") as the governing law of the Agreement to Amalgamate is a valid choice of law and would be recognised and given effect to in any action brought before a court of competent jurisdiction in Bermuda, provided that submission is legal, valid and binding under the Foreign Laws and provided that recognition would not be inconsistent with public policy, as such term is interpreted under the laws of Bermuda. The submission in the Agreement to Amalgamate to the non-exclusive jurisdiction of the High Court of England and Wales (the "**Foreign Courts**") is valid and binding upon the Company,

provided that submission is accepted by Foreign Courts and is legal, valid and binding under the Foreign Laws.

8. The courts of Bermuda would recognise as a valid judgment, a final and conclusive judgment in personam obtained in the Foreign Courts against the Company based upon the Documents under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that (a) such Foreign Courts had proper jurisdiction over the parties subject to such judgment; (b) such Foreign Courts did not contravene the rules of natural justice of Bermuda; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of Bermuda; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of Bermuda; and (f) there is due compliance with the correct procedures under the laws of Bermuda.

9. Upon the effectiveness of the Amalgamation, as a matter of Bermuda laws, the Amalgamated Company will continue as a British Virgin Islands company and all property of the Company and AcquirorSub shall become property of the Amalgamated Company.

EXHIBIT D

FORMS OF LEGAL OPINIONS

PART 2 BVI OPINION

British Virgin Islands counsel satisfactory to Acquiror shall deliver to Acquiror an opinion dated the Effective Date as to the following:

On the basis of and subject to the foregoing, we are of the opinion that:

1. AcquirorSub is duly incorporated and existing under the laws of the British Virgin Islands.

2. AcquirorSub has the necessary corporate power and authority to enter into and perform its obligations under the Documents **[Definition to include Agreement to Amalgamate, Amalgamation Agreement, the Articles of Merger and the Plan of Merger]**. The execution and delivery of the Documents by AcquirorSub and the performance by AcquirorSub of its obligations thereunder will not violate the memorandum of association or articles of association of AcquirorSub nor any applicable law, regulation, order or decree in the British Virgin Islands.

3. AcquirorSub has taken all corporate action required to authorise its execution, delivery and performance of the Documents. The Documents have been duly executed and delivered by or on behalf of AcquirorSub and constitute the valid and binding obligations of AcquirorSub in accordance with the terms thereof.

4. No order, consent, approval, licence, authorisation or validation of or exemption by any government or public body or authority of the British Virgin Islands or any sub division thereof is required to authorise or is required in connection with the execution, delivery, performance and enforcement of the Documents.

5. It is not necessary or desirable to ensure the enforceability in the British Virgin Islands of the Documents that they be registered in any register kept by, or filed with, any governmental authority or regulatory body in the British Virgin Islands.

6. The Documents will not be subject to ad valorem stamp duty in the British Virgin Islands and no registration, documentary, recording, transfer or other similar tax, fee or charge is payable in the British Virgin Islands in connection with the execution, delivery, filing, registration or performance of the Documents.

7. The choice of the laws of the Province of Ontario as the governing law of the Agreement to Amalgamate is a valid choice of law and would be recognised and given effect to in any action brought before a court of competent jurisdiction in the British Virgin Islands, except for those laws (a) which such court considers to be procedural in nature: (b) which are revenue or penal laws; or (c) the application of which would be inconsistent with public policy, as such term is interpreted under the laws of the British Virgin Islands.

8. The courts of the British Virgin Islands would recognise as a valid judgment, a final and conclusive judgment in personam obtained in the High Court of England and Wales (the "**Foreign Courts**") against AcquirorSub based upon the Agreement to Amalgamate under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that (a) such Courts had proper jurisdiction over the parties subject to such judgment; (b) such Courts did not contravene the rules of natural justice of the British Virgin Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the British Virgin Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the British Virgin Islands; and (f) there is due compliance with the correct procedures under the laws of the British Virgin Islands.

9. Upon the effectiveness of the Plan of Merger AcquirorSub as Surviving Company will continue as a British Virgin Islands company and all property of the Company and AcquirorSub shall become property of the AcquirorSub as Surviving Company.

EXHIBIT E

FORM OF COMPANY

OFFICERS' CERTIFICATE

TO: LUKOIL OVERSEAS HOLDING LTD.

AND TO: **[BERMUDA COUNSEL]**

The undersigned refers to Agreement to Amalgamate dated October 13, 2005 (the "**Agreement**"), entered into by Lukoil Overseas Holding Ltd. ("**Acquiror**"), Caspian Investments Resources Ltd. ("**AcquirorSub**") and Nelson Resources Limited (the "**Company**"). Terms which are capitalized herein and not otherwise defined shall have the same meanings as in the Agreement.

The undersigned, being the duly appointed **[Senior Officer]** of the Company hereby certifies to the addressees hereof, for and on behalf of the Company, and not in my individual capacity and without personal liability in respect thereof that, to my knowledge after reasonable enquiry:

1. This Officer's Certificate is given pursuant to Section 9.2(i) of the Agreement and in order to enable **[Bermuda Counsel]** to deliver their opinion pursuant to Section 9.2(h) of the Agreement.

2. The Company is a Bermuda exempt company incorporated and existing under the laws of Bermuda and in good standing. The chief executive office of the Company is located in Izmir, Turkey. The Company carries on business solely in Kazakstan.

3. Attached hereto as Schedule A are true, correct and complete copies of the governing documents of the Company, all of which are in full force and effect as of the date hereof.

4. No proceedings have been taken or are pending to amend, supplement, surrender or cancel any of the governing documents referred to in Section 3 above as of the date hereof nor are there any defaults thereunder.

5. Each person listed on the attached Schedule B is either a duly elected director of the Company or has been duly appointed to the office of the Company set forth opposite his name and is duly qualified and acting as a director or as an officer of the Company on the date hereof; the signatures set forth opposite each applicable person's name in Schedule B is that person's true signature; and each such person on Schedule B is duly authorized to execute and deliver on behalf of the Company the Agreement, the Amalgamation Agreement, the Plan of Merger and the Articles of Merger and the other documents referred to in the Agreement or required by the transactions contemplated thereby and to which the Company is a party.

6. The Board of Directors has authorized the execution, delivery and performance of the Agreement, the Amalgamation Agreement, the Articles of Merger and the Plan of

Merger and any other documents required to be provided by the Company in respect of the transactions contemplated by the Agreement pursuant to the resolutions attached hereto as Schedule C; and all those resolutions are in full force and effect and have not been cancelled, rescinded, amended, repealed or supplemented as of the date hereof. The Agreement, the Amalgamation Agreement, the Articles of Merger and the Plan of Merger and the other documents referred to above have been duly executed and delivered by the Company.

7. No shareholder of the Company nor the Board of Directors has taken any action to propose, recommend or approve the dissolution or winding up of the Company.

8. Each condition precedent specified in Section 9.2(a) through to and including Section 9.2(g) of the Agreement (excluding Section 9.2(d)) has been satisfied in all respects.

IN WITNESS WHEREOF, the undersigned has caused this Officer's Certificate to be executed and delivered as of ●, 2005.

By: ______________________________

EXHIBIT F

FORM OF ACQUIROR OFFICERS' CERTIFICATE

TO: NELSON RESOURCES LIMITED

AND TO: **[BVI COUNSEL]**

The undersigned refers to Agreement to Amalgamate dated October 13, 2005 (the "**Agreement**"), entered into by Lukoil Overseas Holding Ltd. ("**Acquiror**"), Caspian Investments Resources Ltd. ("**AcquirorSub**") and Nelson Resources Limited (the "**Company**"). Terms which are capitalized herein and not otherwise defined shall have the same meanings as in the Agreement.

The undersigned, being the duly appointed **[Senior Officer]** of Acquiror hereby certifies to the addressees hereof, for and on behalf of Acquiror, and not in my individual capacity and without personal liability in respect thereof that, to my knowledge after reasonable enquiry:

1. This Officer's Certificate is given pursuant to Section 9.3(d) of the Agreement and in order to enable **[BVI Counsel]** to deliver their opinion pursuant to Section 9.3(g) of the Agreement.

2. Each of Acquiror and AcquirorSub has been duly incorporated and organized and is validly existing as a company under the laws of the British Virgin Islands. The chief executive office of Acquiror is located in Moscow, Russia. AcquirorSub is a wholly owned subsidiary of Acquiror.

3. Attached hereto as Schedule A and Schedule B are true, correct and complete copies of the governing documents of Acquiror and AcquirorSub, respectively, all of which are in full force and effect as of the date hereof.

4. No proceedings have been taken or are pending to amend, supplement, surrender or cancel any of the governing documents referred to in Section 3 above as of the date hereof nor are there any defaults thereunder.

5. Each person listed on the attached Schedule C is either a duly elected director of Acquiror or has been duly appointed to the office of Acquiror set forth opposite his name and is duly qualified and acting as a director or as an officer of Acquiror on the date hereof; the signatures set forth opposite each applicable person's name in Schedule C is that person's true signature; and each such person on Schedule C is duly authorized to execute and deliver on behalf of Acquiror the Agreement, the Amalgamation Agreement, the Plan of Merger and the Articles of Merger and the other documents referred to in the Agreement or required by the transactions contemplated thereby and to which Acquiror is a party.

6. Each person listed on the attached Schedule D is either a duly elected director of AcquirorSub or has been duly appointed to the office of AcquirorSub set forth opposite his name and is duly qualified and acting as a director or as an officer of AcquirorSub on

the date hereof; the signatures set forth opposite each applicable person's name in Schedule D is that person's true signature; and each such person on Schedule D is duly authorized to execute and deliver on behalf of AcquirorSub the Agreement, the Amalgamation Agreement, the Plan of Merger and the Articles of Merger and the other documents referred to in the Agreement or required by the transactions contemplated thereby and to which AcquirorSub is a party.

7. The board of directors of Acquiror has authorized the execution, delivery and performance of the Agreement, the Amalgamation Agreement, the Articles of Merger and the Plan of Merger and any other documents required to be provided by Acquiror in respect of the transactions contemplated by the Agreement and to which Acquiror is a party, pursuant to the resolutions attached hereto as Schedule E; and all those resolutions are in full force and effect and have not been cancelled, rescinded, amended, repealed or supplemented as of the date hereof. The Agreement, the Amalgamation Agreement, the Articles of Merger and the Plan of Merger and all other documents referred to above have been duly executed and delivered by Acquiror.

8. The board of directors of AcquirorSub has authorized the execution, delivery and performance of the Agreement, the Amalgamation Agreement, the Articles of Merger and the Plan of Merger and any other documents required to be provided by AcquirorSub in respect of the transactions contemplated by the Agreement and to which AcquirorSub is a party, pursuant to the resolutions attached hereto as Schedule F; and all those resolutions are in full force and effect and have not been cancelled, rescinded, amended, repealed or supplemented as of the date hereof. The Agreement, the Amalgamation Agreement, the Articles of Merger and the Plan of Merger and all other documents referred to above have been duly executed and delivered by AcquirorSub.

9. No shareholder of Acquiror nor the board of directors of Acquiror has taken any action to propose, recommend or approve the dissolution or winding up of Acquiror.

10. No shareholder of AcquirorSub nor the board of directors of AcquirorSub has taken any action to propose, recommend or approve the dissolution or winding up of AcquirorSub.

11. Each condition precedent specified in Section 9.2(a) through to and including Section 9.2(g) of the Agreement (excluding Section 9.2(d)) has been satisfied in all respects.

IN WITNESS WHEREOF, the undersigned has caused this Officer's Certificate to be executed and delivered as of ●, 2005.

By: ______________________________

EXHIBIT G

KNOWLEDGE INDIVIDUALS

Nick Zana, Chief Executive Officer and Chairman

Nicholas Greene, Chief Financial Officer

Baltabek Kuandykov, President

Simon Gill, Chief Operating Officer

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