Cautionary Note For Readers

This Share Purchase Agreement has been filed with certain securities regulatory authorities in Canada pursuant to National Instrument 51-102, which requires MENA Hydrocarbons Inc. (the "**Company**") to file certain material contracts to which it is a party. Unlike certain other documents filed on behalf of the Company, this Share Purchase Agreement has not been prepared as a disclosure document and is not intended to provide factual information about the Company (or any subsidiary) for the benefit of investors or others.

This Share Purchase Agreement contains representations and warranties made by the Company's and/or its subsidiaries, to the other parties thereto for risk allocation purposes, and solely for benefit of the parties to the Share Purchase Agreement.

National Instrument 51-102 allows reporting issuers to omit certain provisions of material contracts and readers are cautioned that statements made by the Company and/or its subsidiaries in this Share Purchase Agreement may be qualified (in whole or in part) by information redacted from the attached copy of the Share Purchase Agreement, which information is not otherwise available to the public or by information that may have been delivered to SacOil Holdings Limited during due diligence or in the course of transaction negotiations. As well, exceptions to representations and warranties made by the Company and/or its subsidiaries in this Share Purchase Agreement may be applicable, and information concerning those exceptions may have been communicated orally to SacOil Holdings Limited or in written materials not otherwise filed by the Company with securities regulatory authorities and, therefore, and such information may not be available to the public.

Accordingly, investors and security holders should not rely on statements set out in this Share Purchase Agreement as accurate statements of fact and all statements in the Share Purchase Agreement are expressly qualified by the cautionary statements in the Company's management information circular dated September 16, 2014 and filed on SEDAR in respect of the transactions contemplated by the Share Purchase Agreement. Moreover, information concerning the Company and/or its subsidiaries or the subject matter of statements made in the Share Purchase Agreement concerning the Company and/or its subsidiaries may change after the date of this Share Purchase Agreement, and subsequent information may or may not be fully reflected in the Company's public disclosures.

Statements in this Share Purchase Agreement are made as of the date stated therein unless stated otherwise and the filing of this Share Purchase Agreement shall not under any circumstances create an implication that the information contained herein is correct as of any time subsequent to the date stated in the Share Purchase Agreement. The Company does not undertake to update any of the information contained in the Share Purchase Agreement except as required by applicable law.

SHARE PURCHASE AGREEMENT

between

MENA INTERNATIONAL PETROLEUM HOLDINGS COMPANY LTD.
(Registration No. HE270431)
(as the Seller)

and
SACOIL HOLDINGS LIMITED
(Registration No. 1993/000460/06)
(as the Purchaser)

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Preamble

WHEREAS the Seller owns all of the issued shares of the Company.

WHEREAS the Seller wishes to sell the Sale Shares to the Purchaser, which wishes to purchase the Sale Shares on the terms and subject to the conditions contained in this Agreement.

1. **Definitions and interpretation**

1.1 In this Agreement, the following words shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings and other words derived from the same origins as such words (that is, cognate words) shall bear corresponding meanings:

1.1.1	**"Accounting Referee"**	means the accounting firm selected in accordance with clause 5.2;
1.1.2	**"Action"**	means any claim, action, charge, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority or before any arbitration tribunal;
1.1.3	**"Affiliate"**	means, in relation to a Party, a company or legal entity which (a) controls either directly or indirectly a Party; or (b) which is controlled directly or indirectly by such Party; or (c) is directly or indirectly controlled by a company or entity which directly or indirectly controls such Party; where "controls" or "controlled" means the right to exercise 50% or more of the voting rights in a general meeting of the members of such company or legal entity;
1.1.4	**"Agreement"**	means the agreement recorded herein, and includes all the Annexes, as amended from time to time;
1.1.5	**"Annexe"**	means an annexe attached to this Agreement;

1.1.6	**"Audit Proceedings"**	means any audit, administrative or judicial proceedings with respect to Taxation;
1.1.7	**"Assurance"**	means any warranty, representation, statement, promise, arrangement, assurance, covenant, agreement, undertaking, indemnity, guarantee or commitment of any nature whatsoever;
1.1.8	**"Auditors"**	means the auditors for the time being of the Company;
1.1.9	**"Books and Records"**	means all notices, correspondence, books of account and other documents and records, whether in paper or electronic form, of the Company or relating to the business of the Company;
1.1.10	**"Business Day"**	means any day other than a Saturday, Sunday or gazetted national public holiday in the Republic of South Africa, the Arab Republic of Egypt or Cyprus;
1.1.11	**"Cash"**	means all cash of the Company and all cash balances in bank accounts of the Company;
1.1.12	**"Company"**	means MENA INTERNATIONAL PETROLEUM COMPANY LTD., a limited liability company incorporated under the Cyprus Companies Law, Cap. 113 under registration number HE 270447;
1.1.13	**"Company Contracts"**	has the meaning set out in Annexe D and includes all of the Petroleum Rights and Interests;
1.1.14	**"Company's Financial Statements"**	means the Company's audited financial statements for the year ended 31 December

		2013;
1.1.15	**"Completion"**	means the delivery by the Seller to the Purchaser of certificates for all of the issued shares of the Company, the delivery by the Purchaser to the Seller of certificates for all of the SacOil Shares issued in accordance with the provisions of this Agreement and the performance of such concomitant acts as are set out in Annexe B;
1.1.16	**"Completion Date"**	means the date on which Completion occurs, which shall not be later than 31 October 2014, or such other date as the Parties may agree in writing;
1.1.17	**"Completion Statement"**	has the meaning specified in clause 5.2;
1.1.18	**"Conditions"**	means the conditions in clause 3 and Annexe A;
1.1.19	**"Concession Area"**	means the area of land granted under the Concession Agreement and existing pursuant to the Development Lease and any Petroleum Rights and Interests;
1.1.20	**"Concession Agreement"**	means the Concession Agreement for petroleum exploration and exploitation between the Arab Republic of Egypt and the Egyptian General Petroleum Corporation and National Exploration Company in the Central Sinai Area, A.R.E made pursuant to Law No.11 of 1997 dated 22 September 1997;
1.1.21	**"Contractor"**	means the Contractor as defined in the Concession Agreement and/or in respect of any Concession Area;

1.1.22	**"Constitutional Documents"**	means the formation documents of a person and all applicable supplements and amendments;
1.1.23	**"Data Room"**	means the virtual data room operated by FirstEnergy Capital LLP. and the data room at the business premises of the Company or the Seller or at other premises;
1.1.24	**"Default Interest Rate"**	means LIBOR plus 3%, where LIBOR means the 6 month London Interbank Offered Rate on the Completion Date;
1.1.25	**"Development Lease"**	means the Lagia Development Lease granted by the EGPC and Minister of Petroleum to Alliance Egyptian National Exploration Company on 12 January 2010;
1.1.26	**"Effective Date"**	means when this Agreement has been signed by each Party (whether or not in counterpart), the latest of the dates on which this Agreement (or any counterpart) was signed by any Party;
1.1.27	**"EGPC"**	means the Egyptian General Petroleum Corporation;
1.1.28	**"Effective Surviving Provisions"**	means the provisions of clauses 1 (*Definitions and interpretation*), 21 (*Confidentiality*), 36 (*Governing Law),* 37 *(Arbitration*) and 18 (*Access to Persons and Records*);
1.1.29	**"Encumbrance"**	means any option, right to acquire, mortgage, charge, pledge, lien or other form of security or encumbrance or equity;

1.1.30 **"Environmental Liabilities"** means any and all environmental damage, contamination or other environmental problem pertaining to the Assets, whether or not caused by a breach of applicable governmental regulations, including, without limitation, any matters related to surface, underground, air, groundwater or surface water contamination, the abandonment or plugging of any wells, the restoration or reclamation of any part of the Assets, or the removal of or failure to remove any foundations, structures or equipment, and any other environmental damage, contamination or other environmental problem regardless of when such damage arose, including any such damage relating to any wells or facilities ever located on the Concession Area, including those which have been abandoned whether or not a reclamation certificate has been issued;

1.1.31 **"Financial Debt"** means, in respect of a person, all indebtedness of such person for borrowed money, all obligations evidenced by a note, bond, debenture or similar instrument; the net present value of all obligations as lessees under all finance leases in accordance with IFRS, all prepayment penalties, breakage and redemption costs and costs triggered by the execution of this Agreement or Completion, in each case regardless of whether payable at Completion or thereafter; all dividends which have been approved before the Effective Date, but are unpaid at the Effective Date; any Transaction costs or bonuses arising as a result of the Transactions set out in this

		Agreement; but does not include any liabilities in respect of any asset retirement liabilities;
1.1.32	**"Governmental Authority"**	means any nation, commonwealth or government, any state, municipality or other political subdivision thereof and any entity, body, agent, commission or court, whether domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any executive official thereof;
1.1.33	**"Governmental Order"**	means any order, writ, judgment, injunction, decree, stipulation, determination, award, approval, consent, authorisation or agreement entered by or with any Governmental Authority or arbitrator;
1.1.34	**"IFRS"**	means the International Financial Reporting Standards applicable from time to time during the applicable reporting period;
1.1.35	**"Interim Period"**	means the period from the Effective Date to the Completion Date;
1.1.36	**"Law"**	means any statute, federal, state, local or foreign law, ordinance, regulation, rule, code, executive order, injunction, judgment, decree, arbitration award, agency requirement, license, permit or other Governmental Order of any Governmental Authority;
1.1.37	**"Letter of Guaranty"**	means the letter of guaranty referred to in the Concession Agreement;
1.1.38	**"Liability"**	means any debt, liability, commitment, obligation, claim or cause of action of any kind

		or nature whatsoever, whether due or to become due, accrued or fixed, absolute or contingent;
1.1.39	**"Management Accounts"**	means the management accounts of the Company;
1.1.40	**"Material Adverse Effect"**	means, in respect of an entity (which shall include any subsidiaries taken as a whole), the result of any act(s), omission(s), conduct, occurrence(s), condition(s) or situation(s), or any combination thereof, if the same (a) have resulted in or could reasonably be expected to result in losses with respect to the condition (financial or otherwise), capital, property, assets, operations, business affairs, profitability, prospects of that entity (and in the case of the Company, including in respect of the Petroleum Rights and Interests of the Company) in excess of US$1,000,000, or (b) if the losses are not quantifiable, have materially impaired or could reasonably be expected to impair the assets of the entity or the prospects of the entity;
1.1.41	**"Orderly Marketing Agreement"**	means the agreement to be executed by the Parties in the form attached as Annexe K;
1.1.42	**"Parties"**	means the parties to this Agreement, being the Seller and the Purchaser;
1.1.43	**"Payables"**	means (i) all trade or other payables, (ii) all Liabilities, and (iii) borrowings under any loan agreements including interest;

1.1.44	**"Permitted Encumbrance"**	means statutory liens for current Taxes not yet due or delinquent (or which may be paid without interest or penalties) or the validity or amount of which is being contested in good faith by appropriate proceedings and for which adequate financial resources have been established in accordance with applicable accounting principles;
1.1.45	**"Petroleum Rights and Interests"**	means in relation to the Contractor (i) the exclusive concession in and to the Concession Area granted pursuant to the Concession Agreement and existing pursuant to the Development Lease, and (iii) all other concessions, leases, reservations, permits, licences or other documents of title by virtue of which the Company as Contractor is entitled to explore for, drill for, win, take or remove the petroleum substances within, upon or under the Concession Area (or any replacement thereof or renewals thereof or concessions derived therefrom) or any lands with which the Concession Area have been pooled or unitized;
1.1.46	**"Plan of Arrangement"**	means the arrangement of MENA Hydrocarbons Inc. pursuant to the Business Corporations Act (Alberta) providing for, *inter alia*, the sale of the Sale Shares and the in specie dividend to the shareholders of MENA Hydrocarbons Inc. of the SacOil Shares issued in satisfaction of the Purchase Consideration;

1.1.47	**"Promissory Notes"**	means the promissory notes issued with effect from: (a) 18 March 2012; (b) 30 June 2012; (c) 15 September 2012; (d) 29 October 2012; (e) 26 November 2012; (f) 31 January 2013; (g) 31 March 2013; and (h) 28 April 2013.
1.1.48	**"Promissory Notes Settlement Amount"**	means the amount required on the Completion Date and to be used by the Company to discharge all amounts due and payable pursuant to the Promissory Notes;
1.1.49	**"Purchase Consideration"**	means the aggregate of the purchase consideration of the Sale Shares referred to in clause 4.1;
1.1.50	**"Purchaser"**	means SACOIL HOLDINGS LIMITED, registration number 1993/000460/06, a public company incorporated under the South African Companies Act 89 of 1998, as amended;
1.1.51	**"Purchaser Disclosure Documents"**	means all material information, disclosure, forms, reports, schedules, statements, certifications and other documents, including without limitation all press releases, forms, reports, schedules, financial statements and notes and schedules to such financial

		statements, management's discussion and analysis of financial condition and operations, certifications, annual information forms or annual reports, management information circulars, material change reports and other documents required to be public disclosed or filed by the Purchaser with securities regulators and stock exchanges pursuant to applicable securities laws;
1.1.52	**"Purchaser Representations and Warranties"**	has the meaning ascribed thereto in clause 14;
1.1.53	**"Purchaser Undertakings"**	has the meaning ascribed thereto in clause 14;
1.1.54	**"Purchaser's Completion Documents"**	means each document to be entered into by the Purchaser in pursuance of this Agreement;
1.1.55	**"Purchaser's Group"**	means the Purchaser and the Affiliates of the Purchaser, including the Company after Completion;
1.1.56	**"Pre-contractual Statement"**	means any Assurance relating to the subject matter of the Share Purchase Documents or any of them made or given by a party to any of the Share Purchase Documents or any other person at any time prior to the Effective Date.
1.1.57	**"Return"**	means any return, declaration, report, claim for refund, information return or other document (including any related or supporting estimates, elections, statements or

information) filed or required to be filed in connection with the determination, assessment or collection of any Tax or the administration of any Laws relating to any Tax;

1.1.58 **"Revenue Authority"** means any taxing or other authority competent to impose a Liability relating to Tax on the Company or the Parties;

1.1.59 **"SacOil Shares"** means the ordinary shares of the Purchaser;

1.1.60 **"Seller"** means MENA INTERNATIONAL PETROLEUM HOLDINGS COMPANY LTD, registration number HE270431, a limited liability company incorporated under the Cyprus Companies Law, Cap. 113;

1.1.61 **"Seller's Group"** means the Seller and the Affiliates of the Seller, including the Company before Completion;

1.1.62 **"Seller Disclosure Documents"** means all material information, disclosure, forms, reports, schedules, statements, certifications and other documents, including without limitation all press releases, forms, reports, schedules, financial statements and notes and schedules to such financial statements, management's discussion and analysis of financial condition and operations, certifications, annual information forms or annual reports, management information circulars, material change reports and other documents required to be public disclosed or filed by the Seller with securities regulators and stock exchanges pursuant to applicable securities laws;

1.1.63	**"Seller Representations and Warranties"**	has the meaning ascribed thereto in Annexe E;
1.1.64	**"Seller Undertakings"**	means any undertaking or covenant given by the Seller in or pursuant to the Share Purchase Documents;
1.1.65	**"Seller's Completion Documents"**	means those documents to be entered into by the Seller in pursuance of this Agreement including those documents referred to in paragraph 1.1 of Annexe B;
1.1.66	**"Share Purchase Documents"**	means this Agreement, the Purchaser's Completion Documents and the Seller's Completion Documents;
1.1.67	**"Sale Shares"**	means all the ordinary issued shares of the Company;
1.1.68	**"Tax"** or **"Taxation"**	means and includes all forms of royalties, taxation and statutory, governmental, supra-governmental, state, principal, local governmental or municipal impositions, duties, contributions and levies, in each case wherever imposed, and all penalties, charges, costs, fines and interest relating thereto and without limitation all employment taxes and any deductions or withholdings of any sort, stamp duty, value added and sales taxes, capital gains tax and property transaction taxes;
1.1.69	**"Term Sheet"**	means the non-binding Term Sheet signed by the Parties on 30 July 2014;

1.1.70	**"Trade Creditors"**	means the trade creditors of the Company who have advanced credit to the Company in relation to the petroleum operations carried out in accordance with the provisions of the Concession Agreement and/or Development Lease;
1.1.71	**"Transaction"**	means the transactions contemplated by this Agreement; and
1.1.72	**"Transaction Taxes"**	means all Taxes imposed upon or resulting from the sale and transfer of the Sale Shares to the Purchaser; and
1.1.73	**"Working Capital Calculation"**	means the Cash and accounts receivable, less the Payables.

1.2 In this Agreement:

1.2.1 references to a **"company"** shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established and irrespective of the jurisdiction in or under the law of which it was incorporated or exists;

1.2.2 references to a **"person"** shall be construed so as to include any individual, firm, company, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality);

1.2.3 a reference to a statute or statutory provision shall include any subordinate legislation made pursuant to such statute or statutory provision and shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted, except to the extent that any amendment or modification made after the Effective Date would increase or alter the Liability of the Seller under this Agreement;

1.2.4 a **"day"** (including within the expression **"Business Day"**) shall mean a period of 24 hours running from midnight to midnight;

1.2.5 times are references to London, England time;

1.2.6 references to clauses are to clauses of this Agreement and a reference to a paragraph is to a paragraph of the Annex (as the case may be) in which such reference appears;

1.2.7 references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court official, or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English term;

1.2.8 unless otherwise specified, all references to currency herein shall be to US Dollars, and all payments required hereunder, shall be paid in US Dollars. In all cases where it is necessary to determine the amount of a claim or whether a monetary limit or threshold set out herein has been reached or exceeded and the value of the relevant claim or claims or underlying value is expressed in a currency other than US Dollars, the value of each such claim or underlying value shall be converted into US Dollars at the prevailing exchange rate applicable to that amount of that non-US Dollar currency by reference to the relevant spot exchange quote on Bloomberg Page at 11:00 a.m. on the Completion Date for all matters preceding such date, and for all other purposes on the date that the amount of the loss giving rise to such claim can be readily ascertained or, if such day is not a Business Day, on the Business Day immediately preceding such day; and

1.2.9 headings are for convenience only and do not affect the interpretation of this Agreement.

1.3 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement which are expressly provided to operate after any such expiration or termination, or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the relevant provisions themselves do not provide for this.

1.4 Each of the provisions of this Agreement has been negotiated by the Parties and drafted for the benefit of the Parties, and accordingly this Agreement shall not be interpreted against or to the disadvantage of the Party responsible for the drafting or preparation of the agreement.

2. **Sale and Purchase**

2.1 On the terms and subject to the conditions of this Agreement, at Completion the Seller shall sell the Sale Shares with full title and guarantee thereto and the Purchaser shall purchase the Sale Shares free from Encumbrances with all rights attached or accruing to them.

2.2 The Purchaser shall be entitled to exercise all rights attached or accruing to the Sale Shares including, without limitation, the right to receive:

2.2.1 all dividends declared by the Company on the Sale Shares after the Effective Date, and

2.2.2 all other distributions or any return of capital paid or made by the Company after the Effective Date on the Sale Shares.

3. **Conditions and Termination**

3.1 Completion, including the sale and purchase of the Sale Shares and the obligations of the Parties pursuant to this Agreement (with the exception of this clause 3 and the Effective Surviving Provisions) are conditional upon the satisfaction or waiver of the Conditions.

3.2 The Purchaser shall use its reasonable endeavours, at its own cost, to procure the fulfilment of the Conditions set out in paragraph of 2 of Annexe A before the Completion Date, and the Seller shall use its reasonable endeavours, at its own cost, to procure the fulfilment of the Conditions set out in the remaining paragraphs of Annexe A excluding paragraph 3.1 before the Completion Date, and each Party will provide the other with such assistance as may be reasonably requested for this purpose.

3.3 The Conditions in paragraph 1 of Annexe A have been inserted for the benefit of the Purchaser and the Purchaser may waive any one or more of such Conditions upon written notice (which shall require signature by a director of the Purchaser to be effective) to that effect to the Seller.

3.4 The Conditions in paragraph 2 of Annexe A have been inserted for the benefit of the Seller and the Seller may waive any one or more of such Conditions upon written notice (which shall require signature by a director of the Seller to be effective) to that effect to the Purchaser.

3.5 The Conditions in paragraph 3 of Annexe A have been inserted for the benefit of both parties and such Conditions shall only be waived if waived by both parties upon written notice (which shall require signature by a director of the waiving Party) to that effect to the other Party.

3.6 If, on or before the Completion Date, the Conditions shall not have been satisfied or waived by the Party or parties entitled to waive them, this Agreement will terminate at 11:59 p.m. on the Completion Date.

3.7 If this Agreement terminates in accordance with clauses 3.6, 9.4 or 20, all obligations of the Parties under this Agreement shall end except for those set out in this clause and the Effective Surviving Provisions (other than clause 18 (Access to Persons and Records)) and all rights and liabilities of the parties which have accrued before termination shall continue to exist. Without limiting the generality of the aforegoing, in the event of such termination, the loan contemplated in clause 6.2 shall be immediately due and payable.

4. **Purchase consideration**

4.1 The Purchase Consideration of the Sale Shares is:

4.1.1 US$10,000,000, which amount shall be satisfied by the Purchaser's issuance of the equivalent value of SacOil Shares, trading as depositary interests on the London AIM Market, which SacOil Shares shall be valued based on the Purchaser's volume weighted average ordinary share price on the JSE for the 30 day period prior to the Effective Date, which SacOil Shares shall be issued to the Seller or such other nominee as the Seller may elect;

4.1.2 plus the Promissory Notes Settlement Amount of no more than US$1,857,319 in cash;

4.1.3 plus no more than US$2,242,681 (which amount shall include the Trade Creditors recorded in clause 6.1) which shall be used by the Company to pay all current and non-current Liabilities post Completion (including without double counting all Payables and Adjustments other than the Promissory Note Settlement Amount).

4.2 The exchange rate used to determine the number of SacOil Shares to be issued in accordance with clause 4.1.1 shall be determined with reference to the average of the South African Reserve Bank's published average 10:30 rate for the 30 Business Day(s) immediately prior to Effective Date.

4.3 For greater certainty, in the event that the Purchaser effects a consolidation, split, share dividend or other reorganization in respect of its outstanding ordinary shares subsequent to the Effective Date, the number of SacOil Shares issuable in partial satisfaction of the Purchase Consideration shall be subject to such consolidation, split, share dividend or other reorganization on the same terms as applicable to the outstanding common shares of the Purchaser.

4.4 The Seller's shareholders shall not trade any of the newly issued SacOil Shares for a consecutive period of 4 months from Completion ("**Lock-in Period**") and shall enter into an Orderly Market Agreement. Upon the expiration of the Lock-in Period the Seller, or its nominee as contemplated in clause 4.1.1, may dispose of the SacOil Shares subject to the terms and conditions of the Orderly Marketing Agreement. Notwithstanding the foregoing, MENA Hydrocarbons Inc. may issue an in specie dividend of the SacOil Shares provided that it has procured that the Lock-in Period shall remain in effect for any subsequent trades.

4.5 The Purchaser shall not be liable for any broker's fees or commissions relating to the Transaction except for fees payable to FirstEnergy Capital LLP.

5. Completion Adjustments

5.1 The value of the SacOil Shares issuable pursuant to clause 4.1.1 assumes a net Working Capital Calculation at Completion showing a deficiency of no greater than US$4,100,000 in the aggregate.

5.2 At least 10 days prior to the Completion Date, Seller shall prepare or cause to be prepared and shall deliver or cause to be delivered to Purchaser a statement (the

"**Completion Statement**") setting forth the Seller's good faith estimate of the Working Capital Calculation, together with all documentation reasonably necessary to support such calculations. Each of the Parties shall use its reasonable efforts and act in good faith in order to resolve any disagreements regarding Seller's estimate of the Working Capital Calculation, at least 5 Business Days prior to the Completion Date. If the Parties are unable to resolve any such disagreement respecting the Working Capital Calculation by the last Business Day prior to the Completion Date, Completion shall occur on the basis of amounts in the Completion Statement that have been confirmed and accepted by Purchaser, and the dispute over amounts that are not accepted by Purchaser shall be resolved by negotiation or failing that, by the Accounting Referee, provided that Seller gives written notice of its exception to Purchaser's position to Purchaser within 30 calendar days of the Completion Date, in which case, such objection shall be resolved by the Accounting Referee. The Parties shall share the cost of the engagement of the Accounting Referee. However, in the event the Accounting Referee determines that the Purchaser erred in not accepting such amounts and such amounts in error are greater than US$10,000 in the aggregate, the Purchaser shall bear the cost of engagement of the Accounting Referee. In the event that the Accounting Referee determines that the Purchaser did not err in not accepting such amounts and such amounts not in error are greater than US$10,000 in the aggregate, the Seller shall bear the cost of engagement of the Accounting Referee. The Parties shall in good faith mutually select the Accounting Referee who shall be an internationally recognized public accounting firm with offices in both South Africa and Canada.

5.3 The Purchase Consideration payable at Completion shall be reduced by the amount that the net Working Capital Calculation deficiency is greater than the amount contemplated in clause 5.1. Such reduction shall be effected by reducing the number of SacOil Shares issuable pursuant to clause 4.1.1.

6. Trade creditors

6.1 The Purchaser may from the Effective Date elect to pay directly to Trade Creditors amounts due in connection with current and non-current liabilities as at the Effective Date and in respect of petroleum operations properly carried out in accordance with the Concession Agreement and/or Development Lease. The total amount of payments made under this clause 6 shall not exceed US$250,000.

6.2 In the event that the Purchaser provides the Company with funds to facilitate the payments referred to in clause 6.1, such advance of funds shall constitute a loan from the Purchaser to the Seller and a definitive agreement, customary for a loan of this nature, shall be executed between the Parties immediately after the Effective Date. The Seller shall provide a general security agreement to the Purchaser in a form mutually agreeable to the Parties, acting reasonably, to secure repayment of such loan. The Parties agree that such loan shall be immediately due and payable at the earlier to occur of (i) termination for whatsoever reason; or (ii) rescission, of this Agreement.

6.3 Prior to the aforesaid payments being made, the Seller shall provide the Purchaser with written confirmation from each of the Trade Creditors of the amounts that are due, owing and payable by the Company and/or the Seller in connection with the Concession Agreement and/or Development Lease and confirming that following receipt of such amounts, the debt owing to such Trade Creditor is fully discharged.

7. Company employees

After Completion, the Purchaser undertakes and shall cause the Company to undertake to retain where reasonable the status quo in respect of existing Company employees and office arrangements.

8. Directorship

Subject to and upon Completion, the Seller shall have the right to nominate a person for the appointment as director of the Purchaser and such appointment shall be at the Purchaser's sole and exclusive discretion.

9. Completion

9.1 Completion shall take place at Cape Town, South Africa at 4 pm as soon as practicable after the fulfilment of the Conditions (and no later than the 20^{th} Business Day after such fulfilment), or at such other place or time as the Parties may agree.

9.2 At or prior to Completion the Seller and the Purchaser shall do those things listed under their respective obligations in Annexe B.

9.3 If the respective obligations of the Seller or the Purchaser under clause 9.2 and Annexe B are not complied with on the date set for Completion clause 9.1, the non-defaulting Party may:

9.3.1 defer Completion (in which case this clause 9 and Annexe B shall apply to Completion as so deferred); or

9.3.2 waive all or any such requirements of and proceed to Completion as far as practicable (without limiting its rights under this Agreement); or

9.3.3 terminate this Agreement by notice in writing to the other, provided that where either the Seller or the Purchaser is the defaulting Party, such termination notice may only be given in circumstances where that Party has materially failed to comply with the requirements of Annexe B and has not remedied that failure within 5 Business Days after being notified of such failure; or

9.3.4 claim specific performance under this Agreement by, and damages from, the defaulting Party.

9.4 If this Agreement is terminated in accordance with clause 9.3.3, all obligations of the Parties under this Agreement shall end in accordance with clause 3.7.

10. **Conduct of business during the interim period**

10.1 During the Interim Period and subject to the following sentence the Seller shall cause the Company not to do the matters set out in Annexe C, except with the express prior written consent of the Purchaser (which consent shall not be unreasonably withheld or delayed). Where the Seller makes a written request (in the same manner as a notice is served under clause 29) to the Purchaser for consent to a matter under this clause 10.1 accompanied by such information as is sufficiently detailed for the Purchaser to evaluate the matter, then the Purchaser shall be deemed to have consented to the matter in question if a written refusal of such consent, accompanied by a detailed explanation, has not been received by the Seller within 5 Business Days after the date of service of such request.

10.2 Following the Effective Date, the Seller shall cause the Company not to:

10.2.1 pay any dividends; or

10.2.2 make any payments other than in respect of its obligations under the Company contracts listed in Annexe D and other than payments made in the ordinary course of business, based upon past practice of the Company.

11. **Payment obligations**

11.1 If any payment due to either Party under this Agreement is not made on its due date for payment it shall be made together with interest thereon at the Default Interest Rate in respect of the period from (and including) the due date for payment to (but excluding) the date of payment and both before and after judgment (on the basis of a 360 day year and calculated on a day to day basis).

11.2 Any payment under this Agreement shall be made in US Dollars in immediately available funds to such account (in the case of the Seller, a bank account in the name of the Seller at a reputable bank reasonably acceptable to the Purchaser) as the recipient shall specify.

12. **Exclusivity and Non-solicitation**

12.1 The Parties undertake, from the signature date of the Term Sheet until Completion:

12.1.1 not to enter into any agreements (other than with each other) similar to this Agreement or in relation to any matter which is similar to the Transaction; and

12.1.2 to terminate all discussions and/or negotiations with any person (other than with each other) in relation to the Transaction.

12.2 The Seller agrees not to, directly or indirectly, solicit, initiate or encourage proposals or offers from, or negotiations with any other party, regarding any other potential acquisition of all or a material part of the Company or any of the Sale Shares.

13. Seller representations and warranties

13.1 The Seller acknowledges that the Purchaser is entering into this Agreement on the basis of, and in reliance on, the Seller Representations and Warranties (the "**Seller Representations and Warranties**") and the Seller's undertakings (the "**Seller Undertakings**") listed in the Agreement and more particularly Annexe E.

13.2 The Seller represents and warrants to the Purchaser that each Seller Representation and Warranty is true, accurate and not misleading.

13.3 Each of the Seller Representations and Warranties shall be construed as a separate and independent representation and warranty and shall not be limited or restricted by reference to or inference from the terms of any other Seller Representation and Warranty.

13.4 The Purchaser hereby acknowledges and agrees that, other than the Seller Representations and Warranties, the Seller does not make any representation or warranty to the Purchaser under this Agreement and the Purchaser is not relying on, and has not entered or been induced to enter into this Agreement or any documents to be entered into at Completion in accordance with this Agreement in reliance on any other Assurance (express or implied, by statute or otherwise).

13.5 All of the Seller Representations and Warranties are binding on the Seller on the Effective Date (except for representations and warranties made as of a specific date, which shall be correct as of such specific date), and will be binding and remain true and correct on the Completion Date and at all times during the Interim Period (except for representations and warranties made as of a specific date, which shall be correct as of such specific date).

14. Purchaser representations and warranties

14.1 The Purchaser acknowledges that the Seller is entering into this Agreement on the basis of, and in reliance on, the Purchaser's representations and warranties (the "**Purchaser Representations and Warranties**") and the Purchaser's undertakings (the "**Purchaser's Undertakings**") listed in the Agreement, including Annexe I.

14.2 The Purchaser represents and warrants to the Seller that each Purchaser Representation and Warranty is true, accurate and not misleading.

14.3 Each of the Purchaser Representations and Warranties shall be construed as a separate and independent representation and warranty and shall not be limited or restricted by reference to or inference from the terms of any other Purchaser Representation and Warranty.

14.4 The Seller hereby acknowledges and agrees that, other than the Purchaser Representations and Warranties, the Purchaser makes no does not make any representation or warranty to the Seller under this Agreement and the Seller is not relying on, and has not entered or been induced to enter into this Agreement or any documents to be entered into at Completion in accordance with this Agreement in reliance on any other Assurance (express or implied, by statute or otherwise).

14.5 All of the Purchaser Representations and Warranties are binding on the Purchaser on the Effective Date (except for representations and warranties made as of a specific date, which shall be correct as of such specific date), and will be binding and remain true and correct on the Completion Date and at all times during the Interim Period (except for representations and warranties made as of a specific date, which shall be correct as of such specific date).

15. **Tax**

15.1 Notwithstanding anything to the contrary in this Agreement, Transaction Taxes shall be borne by the Seller, including any applicable stamp duty. The Seller shall promptly prepare and make all Tax Returns to the relevant Revenue Authorities as may be required to comply with applicable Law in connection with the payment of any Transaction Taxes and deliver copies of such Tax Returns and evidence of payment of any Transaction Taxes to the Purchaser.

15.2 The Purchaser shall, with regard to any taxable period ending prior to the Completion Date:

15.2.1 promptly provide the Seller with notice of any communication with any Revenue Authority relating to the Transaction;

15.2.2 subject to the provisions of clause 15.3, the Seller shall at any time, directly or through its representatives, exercise control (which shall be sole control, unless the matter relates to the Interim Period, in which event the control shall be joint), over all stages of an Audit Proceeding, provided the Seller keeps the Purchaser fully informed regarding such proceedings; and

15.2.3 provide, at the Seller's cost and expense, full and accurate Tax information reasonably requested by the Seller and such co-operation as the Seller may reasonably request in regard to any Audit Proceedings, including access to Books and Records under clause 18.

15.3 The Seller shall be obliged, from the Effective Date, to obtain the Purchaser's prior written consent, which shall not be withheld unreasonably, before settling any proposed Tax adjustment or deficiency with any Revenue Authority.

15.4 The Seller shall contest any proposed Tax adjustment or deficiency with any Revenue Authority, provided the Seller keeps the Purchaser fully informed regarding such contest.

15.5 The Seller shall keep the Purchaser fully and timely informed of the progress of the Audit Proceedings relating to any amount of Taxes before any resolution is reached with the relevant Revenue Authority. The Seller shall not propose any settlement or other resolution to any such Audit Proceedings without the Purchaser's prior consent and shall not settle any such Audit Proceedings without the Purchaser's prior written consent, such consent not to be unreasonably withheld or delayed. The Purchaser will have the right to control all Audit Proceedings with respect to a taxable period after the Completion Date.

15.6 The Seller shall be solely responsible for the preparation and timely filing of any Return and Tax audits with respect to any taxable period of the Company that ends on or before the Completion Date. The Purchaser shall be solely responsible for the preparation and timely filing of any Return and Tax audits with respect to any taxable period of the Company that ends after the Completion Date.

15.7 Notwithstanding anything to the contrary in this Agreement, other than as contained in the Working Capital Calculation, the Seller shall be solely responsible for all Taxes incurred or payable by the Company in any fiscal or other jurisdiction, including, but not limited to, the Arab Republic of Egypt and/or Cyprus and/or the place of its management and control, for periods up to the Effective Date.

15.8 The Seller shall indemnify, keep whole and hold the Purchaser harmless for any actions, liabilities, loss, claims, damages, fines, penalties, expenses (including costs of investigation and defence and attorneys' fees and court costs) incurred prior to the Effective Date and arising from or pursuant to this clause 15, other than as contained in the Working Capital Calculation or as specified in clause 15.11.

15.9 The Purchaser shall be solely responsible for Taxes incurred or payable by the Company for all periods after the Effective Date, other than any additional assessment and/or penalty and/or interest incurred or payable after the Effective Date but which relates to a year of assessment prior to the Effective Date or that part year of assessment prior to the Effective Date interrupted by the Effective Date.

15.10 All Tax refunds received by the Purchaser or the Company from the Egyptian Revenue Authorities or any other Tax authorities or Revenue Authority relating to the Company for taxable periods (or portions thereof) ending on or prior to the Effective Date shall inure to the benefit of the Seller, and the Purchaser shall pay or shall cause amounts equal to such Tax refunds received by the Company to be paid, within 10 Business Days after receipt of such Tax refunds, to the Seller in accordance with this clause 15.10. All Tax refunds relating to the Company for the taxable periods (or portion thereof) after the Effective Date shall inure to the benefit of the Purchaser.

15.11 The Purchaser and the Seller shall:

15.11.1 provide each other, upon request, with any assistance that may reasonably be requested by either of them (at the cost and expense of the requesting Party) in connection with the preparation of any Return, Tax audit or other examination or Audit Proceeding by any taxing authority or judicial or administrative proceedings relating to the Company's Liability for Taxes;

15.11.2 provide each other, upon reasonable request, with any records or other information in their respective possession that may be relevant to such Return, Tax audit, examination, proceeding or Audit Proceeding relating to the Company's Liability for Taxes;

15.11.3 provide each other with any final determination of any such audit, examination, proceeding or Audit Proceeding that affects any amount required to be shown on any Return of the Company for any period;

15.11.4 use their reasonable efforts, upon request, to obtain any certificate or other document from any Revenue Authority or any other person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed on either Party or the Company in connection with the Transaction. Without limiting the generality of the foregoing, the Purchaser and the Seller shall retain, until either the later to occur of such minimum period under the applicable statutes of limitations (including any extensions) or the Preservation Period (as defined in clause 18.1), copies of all records or information that may be relevant to Returns filed by the other Party in respect of the Company for all Tax periods or portions thereof ending before or including the Completion, provided that the Seller shall not be required to maintain any such records or information if it has delivered such records or information to the Purchaser pursuant to clause 18.1.

15.12 The Seller represents and warrants that the Company has not, since its date of incorporation, been managed and controlled outside of Cyprus and it does not have a permanent establishment in another jurisdiction, other than Egypt. If such representation and warranty shall be breached, the remedy for the Purchaser shall be that all Taxes arising in any jurisdiction due to the existence of a place of management or control not being, at any time, in Cyprus, shall be borne by the Seller.

15.13 The Seller represents and warrants that the Company has made claims for all Tax allowances (including relevant capital allowances), and the Tax loss position of the Company has been properly assessed or claimed with any Revenue Authority.

15.14 The Parties agree that the provisions of clauses 15.12 and 15.13 shall be deemed to be repeated in Annexe E.

16. **Liabilities and Indemnities**

16.1 Neither Party shall be liable in an action initiated by one against the other for special, indirect exemplary, punitive or consequential damages resulting from this agreement including, without limitation, loss of value, loss of production, loss of financial advantage, loss of profit or business interruptions, however the same may be caused.

16.2 It is expressly recorded and agreed that the rights, duties, obligations and liabilities of Company and the Seller shall be joint and several.

16.3 Subject to Completion, the Seller will procure the release of the Company and its Affiliate, Alliance Egyptian National Exploration Company, from any Liability owing from the Company and its Affiliate, Alliance Egyptian National Exploration Company, to the Seller Group and incurred in connection with the Petroleum Rights and Interests.

17. **External claims**

17.1 Upon the Purchaser becoming aware after Completion of any claim, action or demand against it or the Company or matter likely to give rise to any of these, in each case in respect of the Seller Representations and Warranties or Seller Undertakings, the Purchaser shall:

17.1.1 notify the Seller within 5 Business Days after it appears to the Purchaser that the Seller is or may become liable under the Seller Representations and Warranties or Seller Undertakings;

17.1.2 take such action and give such information and access to personnel, premises, documents and records to the Seller and its professional advisers as the Seller may reasonably request, at the cost and expense of the Seller and the Seller shall be entitled to require the Purchaser to take such action and give such information and assistance, also at the cost and expense of the Seller, in order to avoid, dispute, resist, mitigate, settle, compromise, defend or appeal any claim in respect thereof or adjudication with respect thereto;

17.1.3 at the request of the Seller, allow the Seller, at the cost and expense of the Seller, to take the sole conduct of such actions with the Purchaser in connection with any such assessment or claim in the name of the Purchaser or the Company and in that connection the Purchaser shall reasonably give or cause to be given to the Seller all such assistance as the Seller may reasonably require in avoiding, disputing, resisting, settling, compromising, defending or appealing any such claim and shall instruct such solicitors or other professional advisers at the cost and expense of the Seller as the Seller may nominate to act on behalf of the Purchaser, but to act in accordance with the Seller's sole instructions at the cost and expense of the Seller;

17.1.4 make no admission of Liability, agreement, settlement or compromise with any third party in relation to any such claim or adjudication without the prior written consent of the Seller, such consent not to be unreasonably withheld or delayed; and

17.1.5 take all reasonable action to mitigate, at the direction, cost and expense of the Seller, any loss suffered by the Company in respect of which a claim could be made under the Seller Representations and Warranties or the Seller Undertakings.

18. **Access to persons and records**

18.1 The Purchaser shall procure that the Company shall preserve until the 7th anniversary of Completion ("**Preservation Period**") all Books and Records, which are at Completion handed over to the Purchaser by the Seller, or which are in the possession or under the control of the Company.

18.2 The Purchaser shall make available to the Seller, at the cost and expense of the Seller, any Books and Records and the management and employees of the Purchaser and its Affiliates for the purposes of dealing with Tax affairs relating to the Seller or the Company or implementing or enforcing its rights or fulfilling its obligations under the Share Purchase Documents (including, without limitation, in relation to any claim howsoever arising). The Purchaser shall, upon being given reasonable notice by the Seller, procure that such Books and Records and management and employees are made available to the Seller for inspection or discussion (during normal business hours) and copying (at the Seller's expense) for a period of 2 years from Completion, or in the event of any claim being made by the Purchaser under the Seller Representations and Warranties or Seller Undertakings until such later time as the same is determined. Access shall also be granted to the respective agents, accountants, solicitors and other professional advisers of the Seller, at the cost and expense of the Seller.

18.3 Each Party shall, and the Purchaser shall procure that the Company shall, use its reasonable endeavours to procure that its accountants, Auditors, directors and officers shall, at the cost and expense of the requesting Party, make themselves available for discussion at any reasonable time during the Preservation Period in relation to any matter or issue pertaining to or concerning the Company's Tax affairs.

18.4 Each Party shall, and the Purchaser shall procure that the Company shall, preserve all documents, records, correspondence, accounts and other information whatsoever relevant which may give rise to a claim under the Warranties or Sellers Undertakings, until either the later to occur of such minimum period under the applicable statutes of limitations (including any extensions) or the Preservation Period (as defined in clause 18.1).

19. Protective covenants

19.1 Except as permitted pursuant to this Agreement or otherwise agreed to in writing by the Parties, for a period of 24 months from the Completion Date, no member of the Seller's Group shall:

19.1.1 solicit for hire any employee or officer of the Company.

19.1.2 conduct business or operations which competes with or endeavours to compete with the business of Company.

19.2 Each of the Parties covenants in favour of the other (on behalf of itself and on trust for each member of their respective Group) that it will not make or offer, with respect to the matters which are the subject of this Agreement or in relation to the

Sale Shares or Petroleum Rights and Interests, any payment, gift, promise or other advantage, whether directly or through any other person, to or for the use or benefit of any public official or any political party or political party official or candidate for office, where such payment, gift, promise or advantage would violate (i) the applicable laws of the Arab Republic of Egypt or the Republic of South Africa; (ii) the laws of the country of incorporation or principal place of business of the Seller; (iii) the U.S. Foreign Corrupt Practices Act 1977; (iv) the U.K. Bribery Act 2010 or (v) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997.

20. Breach, termination and consequences of termination

20.1 Notwithstanding and in addition to any other provision contained in this Agreement, this Agreement may be terminated at any time prior to the Completion Date by:

20.1.1 either Party, if that Party is or becomes aware that any of the representations and warranties made by the other Party under this Agreement are not true and correct in all material respects and any such misrepresentation or breach of warranty remains uncured for 7 Business Days (or any lesser period if the Completion Date occurs less than 7 Business Days after such awareness occurs) after notice thereof is given to the misrepresenting or breaching Party;

20.1.2 either Party if the other Party has not, in all material respects, performed or complied with all its obligations and covenants required by this Agreement to be performed or complied with by that Party before the Completion Date;

20.1.3 the Purchaser, in the event the Company has suffered a Material Adverse Effect;

20.1.4 the Seller, in the event the Purchaser has suffered a Material Adverse Effect;

20.1.5 either Party, if the Arab Republic of Egypt and/or EGPC notifies the Seller or the Company that it is or would be opposed to or reject(s):

20.1.5.1 the Transaction;

20.1.5.2 the change in control of the Contractor resulting from the Transaction;

20.1.5.3 the Purchaser having a Petroleum Right or Interest, whether directly or indirectly;

20.1.5.4 the validity of the granting of the Development Lease; and

20.1.5.5 any historical costs recovery approvals due to the Company pursuant to any exploration and/or development expenditure under the Concession Agreement.

20.2 After the termination of this Agreement pursuant to clause 20.1 there shall be no further rights, duties or obligations of, or between, the Parties under this Agreement, except as specified in clause 3.7.

20.3 Notwithstanding any provision to the contrary in this Agreement other than clause 23, the Purchaser shall be entitled to sue for rescission of this Agreement after Completion as a result of a breach of Seller's Representations and Warranties, which directly results in a Material Adverse Effect, subject always to applicable law. In such instance the Seller shall refund the Purchaser (i) the Purchase Consideration provided for in clause 4.1; and (ii) all costs incurred pursuant to the Transaction prior to Completion, including but not limited to all professional advisory fees and related expenses.

20.4 Nothing in this Agreement is intended to preclude the Purchaser from claiming damages from the Seller as a remedy for any breach under this Agreement. For greater certainty, this clause does not and is not intended to modify or extend any limitation on liability or limitation period in this Agreement.

21. Confidentiality

21.1 Subject to clauses 21.2 and 22, the Purchaser undertakes to the Seller and the Seller undertakes to the Purchaser to treat as confidential, the provisions of this Agreement, all information (including all commercial and technical data and information) received or obtained as a result of entering into or performing this Agreement and all copies and derivations thereof which relates to the negotiation of, or the provisions or subject matter of, any of the Share Purchase Documents and the other Party and its Affiliates ("**Confidential Information**"). The Purchaser undertakes to cause its Affiliates and the Seller undertakes to cause its Affiliates and all of the shareholders of the Seller and in each case its and their respective directors, employees and advisers ("**Permitted Recipients**") to comply with this clause 21.1 as if they were a party to this Agreement.

21.2 Either Party may disclose Confidential Information:

21.2.1 if such disclosure is required by Law or for the purpose of any judicial proceedings;

21.2.2 if such disclosure is required by any securities exchange or regulatory body or Governmental Authority having jurisdiction over it and whether or not the requirement for information has the force of Law;

21.2.3 on a strictly confidential basis to its professional advisers, auditors and bankers or to its Permitted Recipients which have a legitimate need to know the same and which are aware of and accept the restrictions in the terms of this clause 21 (and in relation to whom the disclosing Party shall be liable for any breach of those terms);

21.2.4 if the Confidential Information concerned was lawfully in its possession prior to its being obtained or received;

21.2.5 to the extent the information has come into the public domain through no fault of that Party or any person to whom such Confidential Information has been disclosed;

21.2.6 if the other Party has given prior written approval to the disclosure; or

21.2.7 in connection with the matters contemplated in paragraph 3.2 of Annexe A.

21.3 The restrictions contained in this clause 21 shall continue to apply for 12 months after the earlier to occur of the Completion Date and the termination of this Agreement. Upon the termination of this Agreement, the Purchaser shall promptly return to the Seller all Confidential Information in its possession or control relating to the Seller or the Company.

22. Announcements

22.1 Subject to clause 22.2, no announcement concerning this Agreement or the Transaction or any ancillary matter shall be made or sent by either Party without the prior written approval of the other Party.

22.2 Clause 22.1 shall not apply to the extent that such announcement is required by:

22.2.1 the Law of any relevant jurisdiction; or

22.2.2 any securities exchange or regulatory body or Governmental Authority having jurisdiction over it whether or not the requirement has the force of law.

23. Effect of completion

Except as otherwise provided herein, any provision of the Share Purchase Documents which is capable of being performed after but which has not been performed at or before Completion and all Assurances contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding Completion for a period of 3 years.

24. Remedies and waivers

24.1 Except as otherwise provided in this Agreement, no delay or omission by either Party in exercising any right, power or remedy provided by Law or under this Agreement shall affect that right, power or remedy or operate as a waiver of it.

24.2 The single or partial exercise of any right, power or remedy provided by Law or under this Agreement shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.

24.3 No waiver of any right, power or remedy provided by Law or under this Agreement shall take effect unless it is in writing and signed by authorised representatives of the Party giving the waiver.

24.4 Except as otherwise provided in this Agreement, the rights, powers and remedies contained in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by Law.

25. Assignment

Neither rights nor obligations under this Agreement shall be assignable, except with the prior written approval of the other Party.

26. No joint venture

No joint venture, partnership or agency shall come into force between the Company and the Purchaser concerning the Petroleum Rights and Interests as a result of this Agreement and the Company shall not be deemed, during the Interim Period, to be conducting its business as an agent of the Purchaser.

27. Entire agreement

27.1 The Share Purchase Documents constitute the whole and only agreement between the Parties relating to the Transaction and accordingly, save in the cases of fraud and/or fraudulent misrepresentation and to the extent permitted by Law, all other Assurances made or given by either Party, its Affiliates, or any of their respective employees, agents or representatives is expressly excluded.

27.2 Except to the extent repeated in any of the Share Purchase Documents, the Share Purchase Documents supersede and extinguish any Pre-contractual Statement.

27.3 Each Party agrees that in entering into the Share Purchase Documents it is not relying upon, and has not been induced to enter into the Share Purchase Documents by any Pre-contractual Statement which is not expressly set out in the Share Purchase Documents.

27.4 Neither Party shall have any right of action (except in cases of fraud and/or fraudulent misrepresentation) against the other Party arising out of or in connection with any Pre-contractual Statement except to the extent that such Pre-contractual Statement is expressly repeated by the latter Party in the Share Purchase Documents.

28. Invalidity

If at any time any provision of this Agreement, other than the provisions of this clause 28, is or becomes illegal, invalid or unenforceable in any respect under the Law of any relevant jurisdiction that shall not affect or impair:

28.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

28.2 the legality, validity or enforceability under the Law of any other jurisdiction of that or any other provision of this Agreement.

29. Notices

29.1 Any notice given under or in connection with this Agreement shall only be effective if given in writing in English by one of the methods specified in clause 29.2. Service of notice by other means shall not be effective.

29.2 A notice shall be addressed as provided in clause 29.4 and shall be:

29.2.1 personally delivered, in which case it shall be deemed to have been given upon delivery at the relevant address;

29.2.2 if within the same jurisdiction, sent by first class pre-paid post, in which case it shall be deemed to have been given 5 Business Days after the date of posting;

29.2.3 if from one jurisdiction to another jurisdiction, sent by courier in which case it shall be deemed to have been given 7 Business Days after delivery to the courier unless it is proved that delivery has not occurred, provided that proof of signature by any director, officer, employee or agent of the recipient shall be conclusive proof of delivery; or

29.2.4 sent by email (with a copy sent on the same Business Day in accordance with clauses 29.2.1, 29.2.2 or 29.2.3), in which case it shall be deemed to have been given when a receipt notice shall have been given by the recipient.

29.3 Any notice given or deemed to have been given after 17.00 at the originating country on any Business Day or at any time on a day which is not a Business Day shall be deemed to have been given at 09.00 at the originating country on the next Business Day.

29.4 The addresses and other details of the parties referred to in clause 29.2 are, subject to clause 29.5:

For the Seller:

For the attention of: Dr. Magdy Bassaly

Address: MENA Hydrocarbons Inc.

5 Hassan Hafez Street

Saraia Elqoba, Cairo Egypt

Email: mbassaly@hotmail.com

With a copy to (which shall not serve as notice):

For the attention of : Trevor Wong-Chor

Address: Davis LLP

Suite 1000 – 250 2nd Street West

Calgary, Alberta T2P 0C1

Email: twong-chor@davis.ca

For the Purchaser:

For the attention of: Dr Thabo Kgogo

Address: 2nd Floor, The Gabba
Dimension Data Campus
57 Sloane Street
Bryanston

2021
South Africa

Email: thabo.kgogo@sacoilholdings.com

29.5 A Party may notify the other Party of a change to the address or any of the other details specified in clause 29.4. Such notification shall only be effective on the later of the date specified in such notice or 5 Business Days after the notice is given.

29.6 The provisions of this clause 29 shall not apply in relation to the service of any document in connection with litigation proceedings, claims, suits or actions.

30. Further assurance

Each Party shall (at its expense) promptly execute and deliver all such documents, and do all such things, as the other Party may from time to time reasonably require for the purpose of giving full effect to the provisions of this Agreement.

31. Costs and expenses

Except as otherwise stated in any provision of this Agreement, each Party shall bear its own costs arising out of or in connection with the preparation, negotiation and implementation of this Agreement and all other documents referred to in it.

32. Counterparts

This Agreement may be executed in any number of counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement but all counterparts shall together constitute one and the same instrument.

33. Contracts (Rights of Third Parties) Act 1999

The Parties to this Agreement do not intend that any term of this Agreement should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

34. Language

Each notice or other communication under or in connection with this Agreement shall be in the English language.

35. Amendments and variation

This Agreement may not be amended or modified orally and no amendment or variation shall be effective unless it is in writing and signed by the authorised representatives of each of the Parties.

36. Governing law

This Agreement shall be governed by and construed in accordance with English Law.

37. Arbitration

37.1 Any dispute, controversy or claim arising out of or in connection with this Agreement (whether in tort, contract, under statute or otherwise) including any question regarding its existence, validity, interpretation, breach or termination (a "**Dispute**") shall be finally and exclusively resolved by arbitration under the LCIA Arbitration Rules in force as at the Effective Date (the "**Rules**"), which Rules are deemed to be incorporated by reference into this Agreement.

37.2 The arbitral tribunal (the "**Tribunal**") shall consist of three arbitrators, to be appointed in accordance with the Rules.

37.3 If there is more than one claimant party and/or more than one respondent party, the claimant parties shall together appoint one arbitrator and/or the respondent parties shall together appoint one arbitrator and such parties shall be treated as a single claimant or a single respondent (as the case may be) for purposes of articles 7 and 8 of the Rules.

37.4 The appointing authority shall be the London Court of International Arbitration, which shall also administer any arbitration commenced under this Agreement.

37.5 Should a vacancy arise because any arbitrator dies, resigns, refuses to act or becomes incapable of performing his functions, the vacancy shall be filled by the method by which the arbitrator was originally appointed. When a vacancy is filled, the newly established Tribunal shall have sole discretion to determine whether any hearings shall be repeated, save that if the chairman is replaced, any hearings held previously shall be repeated. This clause 37.5 is in substitution for articles 13 and 14 of the Rules.

37.6 The seat of the arbitration shall be London, England. The language of the arbitration shall be English.

37.7 Nothing in this clause 37 shall be construed as preventing either Party from seeking conservatory or similar interim relief from any court of competent jurisdiction.

37.8 Any award of the Tribunal shall be made in writing and shall be final and binding on the Parties. The Parties undertake to carry out the award without delay.

37.9 The Parties hereby waive any right to apply to any court of law and/or other judicial authority to determine any preliminary point of law and/or review any question of law and/or the merits, insofar as such waiver may validly be made. The Parties shall not be deemed, however, to have waived any right to challenge any award on the ground that the Tribunal lacked substantive jurisdiction or the ground of serious irregularity affecting the Tribunal, the proceedings or award.

Signed at Calgary Alberta on September 9, 2014 2014

Witness

for **MENA INTERNATIONAL PETROLEUM HOLDINGS COMPANY LTD.**

(signed) "Magdy Bassaly"

....

....
duly authorised and warranting such authority

Signed at Johannesburg on September 9 2014

Witness	for **SACOIL HOLDINGS LIMITED**
	(signed) "Thabo Kgogo"
....	....
	duly authorised and warranting such authority

Annexe A

Conditions to Completion

1. Conditions that the Purchaser can waive

1.1 The completion of the financial due diligence investigations into the affairs of the Company, the outcome of which due diligence shall not have shown the occurrence of an event or circumstance resulting in a Material Adverse Effect with respect to the Company which the Seller or the Company cannot cure prior to Completion or which cannot be adjusted for by clause 5.3.

1.2 EGPC shall have in writing confirmed and accepted any historical costs recovery approvals due to the Company pursuant to any exploration and/or development expenditure under the Concession Agreement and the Development Lease; and the Seller shall have delivered such written confirmation to the Purchaser.

1.3 Seller shall deliver in writing confirmation from the Cyprus Registrar of Companies condoning the Company's failure to:

1.3.1 submit financial statements for the fiscal periods ended 31 December 2011 and 2012;

1.3.2 hold its annual general meetings for the calendar years 2011 and 2012; and

1.3.3 file its annual returns for the calendar years 2012 and 2013.

1.4 Seller shall deliver in writing confirmation from the Cyprus Inland Revenue condoning the Company's failure to submit requisite tax filings for the fiscal years 2011 to 2014.

1.5 The Seller shall deliver written confirmation by EGPC condoning that the petroleum operations performed under the Concession Agreement and Development Lease were duly carried out by the Company and not by the operating company, as required in the Concession Agreement.

1.6 The Seller shall have delivered an incumbency certificate in respect of the Seller from the registered agent of the Seller in Cyprus in the form attached as Annexe I.

1.7 The Seller shall have delivered a completion certificate of good standing in respect of the Company from the Registrar of Companies in Cyprus, the contents of which are not materially different (other than its date) from the incumbency certificate

1.8 The Purchaser shall have received, from an internationally reputable auditing firm, unqualified audited financial statements relating to the Company on a consolidated basis for the period ended 31 December 2013 prepared in accordance with applicable law and IFRS and management accounts for the period ended 31 August 2014.

1.9 The Seller shall have delivered an official commercial register for the Company issued by the relevant Egyptian commercial registry department.

1.10 The Seller shall have delivered the by-laws of Company issued and signed by all Company shareholders.

1.11 The shareholders of the Company shall have resolved to approve the sale of the Sale Shares, in accordance with Cypriot law.

1.12 The Seller shall have delivered originals of the resolutions of the directors of the Company, ratifying all and any previous resolutions passed by the directors of the Company prior to the Effective Date.

1.13 The Seller shall have delivered an original of the resolution of the directors of the board of Mena Hydrocarbons Inc. in accordance with applicable Law, resolving that:

1.13.1 Company does not owe any money or have any other debts, obligations or liabilities to Mena Hydrocarbons Inc. or to its Affiliate, the Seller;

1.13.2 Mena Hydrocarbons Inc. or to its Affiliate, the Seller does not owe any money or have any other debts, obligations or liabilities to the Company; and

1.13.3 Alliance Egyptian National Exploration Company ceases to exist as an entity and has no debts, obligations or liabilities to any person or entity, including Mena Hydrocarbons Inc., the Seller or the Company.

1.14 The Seller shall have delivered originals of the resolutions of the shareholder of the Company ratifying all previous resolutions passed by the directors (including those referred to in paragraph 1.12 above) and those passed by the shareholders of the Company prior to the Effective Date.

1.15 The Seller shall have delivered certified copies of the resolutions of the shareholders of Mena Hydrocarbons Inc. ratifying the resolution passed by the directors referred to in paragraph 1.13 above.

1.16 The Seller shall have delivered originals of a letter from the Seller's corporate service provider confirming the shareholders of the Seller as at the date of the resolutions referred to in paragraph 1.14 above.

1.17 The Seller shall have secured, in the form described in clause 6.2, the loan from the Purchaser to the Seller provided to facilitate the payments to Trade Creditors as contemplated in clause 6 of the Agreement, for repayment by the Seller to the Purchaser in the event that the Transaction or this Agreement is terminated for whatever reason before Completion.

1.18 The execution of the Orderly Marketing Agreement in a form substantially as attached as Annexe K or as the Parties may mutually agree, acting reasonably.

2. **Conditions that the Seller can waive**

2.1 If applicable, the Purchaser shall have caused the Seller to be released from its obligations under the Letter of Guaranty, in respect of the Company's obligations under the Concession Agreement.

2.2 The Seller or its applicable Affiliate shall have received all requisite approvals of the shareholders of MENA Hydrocarbons Inc., including in respect of the transactions contemplated by this Agreement and the Plan of Arrangement.

2.3 Holders of no more than 5% of the MENA Hydrocarbons Inc. common shares shall have exercised, and at the date of the MENA Hydrocarbons Inc.

shareholder meeting, have not withdrawn, the dissent rights granted to them under the *Business Corporations Act* (Alberta).

2.4 The Purchaser shall have placed the Promissory Notes Settlement Amount in escrow releasable to the Seller upon Completion on such terms and conditions satisfactory to both Parties.

2.5 The SacOil Shares to be issued in satisfaction of the portion of the Purchase Consideration shall be approved for listing on the AIM and JSE.

3. **Conditions that can only be waived by both parties**

3.1 No Law or Governmental Order shall have been enacted, entered, promulgated or enforced by any Governmental Authority that prohibits, restrains or enjoins the consummation of the Transaction.

3.2 Notification to the Arab Republic of Egypt and EGPC of the transfer of the Sale Shares to the Purchaser and the change in control resulting from the Transaction shall have been given, and written confirmation from the Arab Republic of Egypt and EGPC of their acceptance of such change in control shall have been received.

3.3 A letter from the holders of the Promissory Notes advising the Company and the Purchaser of the anticipated Promissory Note Settlement Amount as at the Completion Date and confirming that following receipt of such amount all security over the Sale Shares shall be released.

3.4 The Parties shall be in receipt of all applicable conditional and/or final approvals of the TSX Venture Exchange, AIM, the Johannesburg Stock Exchange, and any other relevant securities commissions, and all such consents and approvals to be on terms and conditions acceptable to the Parties, each acting reasonably.

Annexe B

Completion arrangements

1. At Completion, the Seller shall deliver, or cause to be delivered, to the Purchaser:

1.1 with respect to the Company:

1.1.1 the share certificates representing all of the Sale Shares;

1.1.2 the original certificate of incorporation and memorandum and articles of association and any amendments thereto;

1.1.3 a certificate of incumbency in the form of Annexe I;

1.1.4 a certified copy of the bank accounts of the Company showing the movements on these accounts between the Effective Date and the close of business on the Business Day immediately prior to Completion;

1.1.5 resolutions of the board of directors of the Company to approve the transfer of the Sale Shares to the Purchaser;

1.1.6 subject to clause 7, duly executed resolutions of the board of directors of the Company accepting the resignations of all officers, revoking any powers of attorney, and appointing such new officers and granting such new powers of attorney as the Purchaser may designate in writing at least 5 Business Days prior to Completion;

1.1.7 written resignations of all officers and/or directors of the Company, including an acknowledgment by such officers and/or directors that they have no claim outstanding for compensation for loss of office or otherwise;

1.1.8 written confirmation from the Cyprus Registrar of Companies condoning the Company's failure to:

1.1.8.1 submit financial statements for the fiscal periods ended 31 December 2011 and 2012;

1.1.8.2 hold its annual general meetings for the calendar years 2011 and 2012; and

1.1.8.3 file its annual returns for the calendar years 2012 and 2013;

1.1.9 written confirmation from the Cyprus Inland Revenue condoning the Company's failure to submit requisite tax filings for the fiscal years 2011 to 2014; and

1.1.10 duly executed written resignation of the Auditor; and

1.2 with respect to the Seller:

1.2.1 a copy of the written resolutions of the board of directors of the Seller approving the sale of the Sale Shares on the terms of this Agreement and authorising the execution on behalf of the Seller of this Agreement and all other documents contemplated hereby or necessary to give effect to this Agreement; and

1.2.2 a certificate signed by an authorised director or officer of the Seller certifying that (i) the representations and warranties of the Seller contained in this Agreement shall be true and correct in all material respects as of the Completion, as if remade on the date thereof (except for representations and warranties made as of a specific date, which shall be correct as of such specific date), and (ii) the Seller shall have performed in all material respects all of its obligations hereunder.

2. At the Completion, the Purchaser shall deliver, or cause to be delivered to the Seller:

2.1 a copy of any power of attorney or a written resolution of the board of directors of the Purchaser under which this Agreement and any document referred to in this Agreement is executed on behalf of the Purchaser, certified as a true copy by a director or officer of the Purchaser;

2.2 a certificate of the secretary of the Purchaser attached to which are (i) true and correct copies of the Constitutional Documents of the Purchaser and any amendments thereto; and (ii) a copy of the written resolutions of the board of directors of the Purchaser approving the execution and performance of this Agreement;

2.3 a certificate or other evidence of issuance of the applicable SacOil Shares to the Seller or the Seller's nominee as directed by the Seller;

2.4 a certificate signed by an authorised director or officer of the Purchaser certifying that (i) the representations and warranties of the Purchaser contained in this Agreement are true and correct in all material respects as of the Completion, as if remade on the date thereof (except for representations and warranties made as of a specific date, which shall be correct as of such specific date), and (ii) the Purchaser has performed in all material respects all of its obligations hereunder;

2.5 confirmation from the AIM and JSE that the Purchaser is in compliance with all applicable stock exchange regulations and confirming the listing of the SacOil Shares.

3. In addition to the requirements in paragraph 1.1 of this Annexe B, at Completion the Seller shall deliver to the Purchaser:

3.1 a duly executed transfer instrument in respect of the Sale Shares in the name of the Purchaser;

3.2 duly executed resolutions of the Seller accepting the resignations of all directors and appointing such new directors as the Purchaser may designate in writing at least 5 Business Days prior to Completion;

3.3 a duly executed certificate of a director of the Seller certifying that (i) there are no applicable preferential rights or rights of first refusal that may be exercised in respect of any asset or contract that Company owns or is a party to (or is in the process of acquiring or becoming a party to) by virtue of the transactions contemplated by this Agreement or (ii) that waivers have been granted by any and all third parties of any such applicable preferential rights or rights of first refusal rights;

3.4 a certified copy of the compliance notice from the requisite security regulators and stock exchanges pursuant to applicable securities law with respect to the sale of the Sale Shares;

3.5 the minute books (which shall be written up to but not including, the date of Completion) and the shareholders register of the Company duly reflecting the Seller as the holder of the Sale Shares (together with all unused share certificate forms); and

3.6 a duly executed receipt and irrevocable release signed by each holder of the Promissory Notes in respect of the full and final satisfaction of all amounts owing pursuant to the Promissory Notes.

Annexe C

Conduct of business during the Interim Period

1. During the Interim Period, the Seller shall cause the Company not to:

1.1 incur, assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for any additional Financial Debt (other than interest accruing on Financial Debt that exists as at the Effective Date or as contemplated by this Agreement);

1.2 grant or permit to be created any Encumbrance on any of its assets and/or Petroleum Rights and Interest, other than Permitted Encumbrances;

1.3 except as consistent with past practices and in consultation with the Purchaser, enter into any agreement or arrangement with any Governmental Authority providing for the payment or imposition of amounts payable in respect of any Taxes;

1.4 (A) make or change any Tax election; (B) agree to an extension or waiver regarding the application of the statute of limitation in respect of any Tax claim or assessment; (C) grant any power of attorney with respect to Taxes; (D) enter into Tax sharing agreements; (E) change its fiscal year; (F) change any method of accounting; or (G) amend any Return; in each case, if any of the actions set out in clauses (A) through (G) above would have the effect of increasing, in any material respect, the Tax Liability of the Company for any Tax period ending after the Completion Date.

1.5 authorise, propose or announce an intention to authorise or propose, or enter into agreements with a person with respect to, any mergers, consolidations or business combinations or acquisitions of securities or assets;

1.6 change the composition or terms of the Company's shares or the terms of its Constitutional Documents;

1.7 issue or allot, or agree to allot or issue, any shares of the Company or any securities convertible into or exchangeable for any such shares, or any rights, warrants or options to acquire or with respect to any such shares or securities; or modify any rights attaching to the Shares or any of the issued share capital of the Company;

1.8 reorganise the share capital of the Company, whether by the redemption of any of the issued shares of the Company, the cancellation of any of the issued shares of the Company, or the allotment or issue of any shares in the share capital of the Company;

1.9 pay, discharge, settle or satisfy any claims, liabilities, obligations or litigation, other than (a) in the ordinary course of business, (b) any payment, discharge, settlement or satisfaction as may be dictated by business expediency, or (c) in accordance with the terms of any contract to which the Company is a party or this Agreement;

1.10 enter into, amend or terminate any Company Contract;

1.11 fail to maintain insurance coverage substantially similar to that in effect on the Effective Date;

1.12 sell, transfer, lease, license or otherwise dispose of any material assets or Petroleum Rights and Interests;

1.13 transfer or assign any of the Company's rights, privileges, duties or obligations under the Petroleum Rights and Interests;

1.14 hire any employees;

1.15 institute, settle or agree to settle any material legal proceedings relating to its business;

1.16 enter into any agreements or arrangements other than on arm's length terms.

2. During the Interim Period, the Seller shall cause the Company to operate its business in the ordinary course and cause the Company to:

2.1 comply in all material respects with all of the applicable laws;

2.2 maintain all licences, consents, permits and/or approvals required to carry on and conduct its business;

2.3 perform its obligations and exercise its rights, whether under the Petroleum Rights and Interests or otherwise, in accordance with the terms and conditions of the Petroleum Rights and Interests and other agreements, commitments and provisions to which it is legally or lawfully bound or entitled to do;

2.4 provide the Purchaser with copies of operating committee minutes and any work programme, budget and other key or material information relating to work programmes and budgets in the Company possession;

2.5 subject to Completion, the Parties agree that from the Effective Date any interim net income shall be deemed to accrue to the Purchaser and any such amounts received by the Seller will be deemed to have been received on behalf of and for the benefit of the Purchaser; and

2.6 take any action or omit any action which had the result of altering, prejudicing or in any way disturbing any arrangement or agreement which it has previously negotiated or enjoyed with one or more of the Revenue Authorities.

3. During the Interim Period, the Seller shall cause the Company not to, except as required by law:

3.1 grant to any employee, officer or director any increase in compensation or pay any bonus, or grant any additional labour benefit;

3.2 grant to any employee, officer or director any increase in severance, change of control or termination pay;

3.3 except as required by generally accepted accounting principles in accordance with IFRS or otherwise undertaken in the ordinary course of business, make any material change in the Company's method of accounting or principles or practices relating thereto, including, but not limited to, the reporting of assets, liabilities or results of its operations;

3.4 discontinue, cause to discontinue, or cease to operate, all or any part of the Company's business;

3.5 cancel any debt owed to or liability owed to the Seller or waive any claim or right against the Seller;

3.6 purchase the securities of any person;

3.7 declare or pay any dividends or make any distributions (whether in cash, equity or property) in respect of any of its share capital, other than such that is made prior to the Effective Date;

3.8 acquire all or substantially all of the business or assets of any person; and

3.9 enter into any futures contract, hedge, swap, option or other similar contract, except as and to the extent provided in any contract already concluded as of the Effective Date.

4. During the Interim Period, the Purchaser and its representatives shall be granted reasonable access during normal office hours to all the premises, assets, books of account, records and documents of the Seller and to such information from the employees, officers and auditors of the Seller with respect to its assets, liabilities, business and affairs, as the Purchaser may reasonably require having regard to the provisions of this Agreement.

Annexe D

List of Company Contracts

As contained and indexed in the data room maintained by the Seller and Company, as at the Effective Date:

Firmex

SacOil Holdings-MENA

SacOil Holdings-MENA

III. Legal

III.A. Contracts

- III.A.1 Arows offer for oil trucking services.pdf
- III.A.2 Contract # 1434-2011-OB for Rental Generator Services.pdf
- III.A.3 Addendum 2.pdf
- III.A.4 Addendum 3.pdf
- III.A.5 Addendum 4 QARUN-Hydraulic Fractruing.pdf
- III.A.6 Addendum 5 QARUN-Hydraulic Fracturing.pdf
- III.A.7 Addendum 6.pdf
- III.A.8 Addendum 7 QARUN-Hydraulic Fracturing 2012.pdf
- III.A.9 Addendum 8 2012 QARUN-Hydraulic Fracturing.pdf
- III.A.10 Adendum 10.pdf
- III.A.11 Contract # QPC-17 B (03).pdf
- III.A.12 EGPC approval for fracc Lagia 7-10.pdf
- III.A.13 1 Ext. fax till 15.09.2013 For Petroservies.pdf
- III.A.14 2 Ext. fax till 15.03.2014 for Petroservices.pdf
- III.A.15 3- Ext. fax till 15.04.2014 for Petroservies.pdf
- III.A.16 4- Ext. Fax Tll 16.10.2014 for Petroservies.pdf
- III.A.17 Conferrmation fax from Petroservice 16.03.2014 - 15.04.2014.pdf
- III.A.18 Conferrmation fax from Petroservice 16.04.2014- 15.10.2014.pdf
- III.A.19 Conferrmation fax from Petroservice-16.09.2013- 15.03.2014.pdf
- III.A.20 Drilling Rig Contract # 01-2012 from 16-02-2012 till 15.03.2013.pdf
- III.A.21 EGPC Approval Letter for renting Rig.pdf
- III.A.22 Spud date Report DDR 16.03.2012.pdf
- III.A.23 Contract of Ras Sudr Chalet.pdf
- III.A.24 Petrosinai Office contract.pdf
- III.A.25 Power house contract for generators.pdf
- III.A.26 Letter_Pricing & buying Contractors share of crude oil producing from Central Sinai Concession_07022013.pdf
- III.A.27 Contract for top management.pdf
- III.A.28 Contract for employees in the location.pdf
- III.A.29 Contract for Employees in the head office.pdf

- III.A.30 Contract for consultant.pdf

- III.B. Minutes
  - III.B.1 Minute Book_Directors_PART 2_MIPCL_01-09-2014_opt.pdf
  - III.B.2 Minute Book_Directors_PART 1_MIPCL_01-09-2014_opt.pdf
  - III.B.3 Minute Book_Members_MIPCL_01.09.2014_opt.pdf

- III.1 25% from GHP to Mena .pdf
- III.2 75% from Alliance to Mena .pdf
- III.3 Concession Agreement Central Sinai.pdf
- III.4 Deed of Assignement .pdf
- III.5 Development area .pdf
- III.6 Development lease Lagia .pdf
- III.7 Letter Granting Development Lease.pdf
- III.8 Mena Valid contrats List.xls
- III.9 قرار وزارى بأنشاء شركه بتروسيناء.pdf
- III.10 1-100% from NAGECO to Alliance.pdf
- III.11 3-From Alliance to GHP 25%.pdf
- III.12 Gharib Awad Case (2).pdf
- III.13 Promissory notes.pdf
- III.14 Receiving &treating crude oil between Mena & GPC.pdf
- III.15 The joint company in charge of operations in Lagia.pdf
- III.16 Concession of Agreement for Petroleum E & E Between The Arab Republic Of Egypt and EGPC and National Exploration Company in Central Sinai Area.pdf
- III.17 Resolution of the state council.pdf
- III.18 Resolution of the state council Arabic.pdf
- III.19 Power of Attorney by Mena to appoint Magdy.pdf
- III.20 Alliance.pdf

Annexe E

Seller Representations and Warranties

1. **Organisation and qualification**

1.1 The Seller is a company duly organised and validly existing under the Laws of Cyprus and has all necessary company power and authority to own, lease and operate its assets and to carry on its business as it is now being conducted.

1.2 The Company (i) is duly incorporated and validly existing under the Laws of Cyprus, and has all necessary corporate power and authority to own, lease and operate its assets and to carry on its business as it is now being conducted, and (ii) is duly qualified or licensed as a foreign corporation to do business in each jurisdiction where the nature of its business makes such qualification or licensing necessary.

2. **Company authority; consents; no violation**

2.1 The Seller has full company power and authority to execute and deliver this Agreement and each of the Share Purchase Documents to which it will be a party, to perform its obligations hereunder and thereunder and to consummate the Transaction. The execution, delivery and performance by the Seller of this Agreement and each of the Share Purchase Documents to which it will be a party and the consummation by the Seller of the Transaction have been duly and validly authorised by all necessary company action and no other company proceedings on the part of the Seller are necessary to authorise the consummation of the Transaction. This Agreement has been, and upon its execution each of the Share Purchase Documents to which the Seller will be a party will have been, duly executed and delivered by the Seller. This Agreement constitutes, and upon its execution each of the Share Purchase Documents to which the Seller will be a party will constitute, the legal, valid and binding obligations of the Seller, enforceable against the Seller in accordance with its and their respective terms, except as enforcement may be limited by applicable Law, including bankruptcy, insolvency, reorganisation, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

2.2 No consent is required to be obtained by the Seller in connection with the execution or delivery by the Seller of, or the performance by the Seller of its obligations under, this Agreement or the Share Purchase Documents, except as contemplated in this Agreement or where the failure to obtain any such consent would not, individually or in the aggregate, have a Material Adverse Effect on the Transaction.

2.3 The execution and delivery by the Seller of this Agreement and the Share Purchase Documents do not, and the performance by the Seller of its obligations hereunder and thereunder will not, (A) conflict with or result in the violation of, or constitute a default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation under, (1) the Constitutional Documents of the Seller or the Company, (2) any Law to which the Seller, the Company or any of their respective assets and/or Petroleum Rights and Interests are subject, or (3) any Company Contract or (B) result in the creation of any Encumbrance upon any of the assets or Petroleum Rights and Interests of the Company.

3. **Sale Shares**

3.1 The Seller is the full legal and beneficial owner of the Sale Shares, free and clear of any Encumbrance (except in respect of the Promissory Notes). The Sale Shares constitute all of the shares of the Company. The Seller has the right, authority and power to sell the Sale Shares to the Purchaser. Upon delivery to the Purchaser of certificates for the Sale Shares at Completion, and registration of the Sale Shares in the name of the Purchaser in the share records of the Company, the Purchaser shall acquire good, valid and marketable title to the Sale Shares, free and clear of any Encumbrance other than Encumbrances created by the Purchaser and no claim in respect of the Sale Shares or with regards to security over the Sale Shares has, so far as the Seller is aware, been made by any person in respect of the Promissory Notes.

3.2 All of the issued shares of the Company are validly issued. There are no outstanding obligations, subscriptions, options, warrants, calls, convertible securities or other rights, agreements, arrangements or commitments of any kind relating to the share capital of the Company that obligate the Company to issue or sell any shares of the Company. There are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any shares of the Company or to provide funds to, or make any investment in, any other person. The Company owns no equity interests in any person.

4. **Petroleum rights and interests**

4.1 The Petroleum Rights and Interests are in full force and effect without any material amendments from the form of such documents set out in Annexe F and Annexe G has been ratified by the Arab Republic of Egypt and EGPC as being in full force and effect;

4.2 The Company has not received any notice of claim by the Arab Republic of Egypt or EGPC that it will or may terminate the Concession Agreement or the Development Lease and it has no knowledge of any cause for such termination;

4.3 The Company owns 100% of the rights, privileges, duties or obligations under the Petroleum Rights and Interests and has been formally recognised by the Arab Republic of Egypt as owning a 100% of the rights, privileges, duties or obligations under the Petroleum Rights and Interests;

4.4 There has been strict compliance with the Concession Agreement and Development Lease, and all applicable laws and all Taxes, rentals, charges and other payments due and payable in connection with the Concession Agreement and Development Lease have been fully paid;

4.5 The Company has done no act or thing and the Company is not aware of any circumstance, matter or thing whereby any of the Petroleum Rights and Interests may be suspended or cancelled;

4.6 The Company has not assigned, conditionally or otherwise, or in any way alienated its interest in the Petroleum Rights and Interests, and there are no Encumbrances in relation to the Petroleum Rights and Interests, other than Permitted Encumbrances;

4.7 Save for the power of attorney granted powers of attorney to Mr Magdy Latif Bassaly in connection with the assignment from GHP Exploration (Egypt) Ltd to the Company, the Company has not entered into, concluded and/or granted any powers of attorney to any person that are still outstanding and has not granted any such powers of attorney that are not still outstanding.

4.8 None of the petroleum and natural gas rights are subject to reduction or conversion by reference to pay-out of any well or otherwise, except as may be required under the documents governing the Petroleum Rights and Interests.

4.9 The Petroleum Rights and Interests are not subject to or bound by (i) any agreement that requires or could require the delivery of hydrocarbons produced from the Petroleum Rights and Interests or proceeds thereof at some future time without then or thereafter receiving full payment for the production at less than the prevailing market price, and (ii) any (A) prepayment arrangement under any contract for the sale of hydrocarbons and containing a "take or pay" or similar provision, (B) production payment, (C) any gas imbalances or pipeline imbalances.

4.10 All costs incurred in connection with the operation and maintenance of the Petroleum Rights and Interests that have been billed to the Company through the Effective Date have been fully paid and discharged by the Company or will be paid in the ordinary course of the Company's business.

4.11 The Company has not elected not to participate in any operation or activity proposed with respect to the Petroleum Rights and Interests which could result in any of the Company's interest in any Petroleum Rights and Interests becoming subject to a penalty or forfeiture as a result of such election not to participate in such operation or activity.

4.12 All operations carried out by the Company relating to the Petroleum Rights and Interests have been conducted in accordance with good oilfield practice and all then existing laws, regulations and directives and the Company has not received any notice of the occurrence of a material violation thereunder, and the Company is not aware that any such material violation is occurring or has occurred, in respect of operations relating to the Petroleum Rights and Interests.

4.13 The Seller warrants that the Company has claimed all historical costs recovery for any exploration and development expenditure under the Concession Agreement.

5. **Financial and related matters**

5.1 **Auditing and returns**

5.1.1 Except in the ordinary course of business, no work remains to be performed, and no expense remains to be incurred, by the Company in connection with:

5.1.1.1 the completion of the Company's financial statements; and

5.1.1.2 the completion and submission of any of the income Tax Returns of the Company in respect of any of its financial years ended prior to the Effective Date.

5.1.2 The Company's financial statements reflect a fair and true view of the financial position, the result of operation and the cash flow of the Company in accordance with IFRS and applicable Cypriot and Egyptian laws as at and to the date for which they have been prepared.

5.1.3 The Company had no actual or contingent liabilities as at the date of the Company's financial statements which were not disclosed and properly provided for in such Company's financial statements in accordance with IFRS.

5.1.4 The Management Accounts have been prepared on a basis consistent with that employed in preparing the Company's financial statements and fairly represent the assets and liabilities and profits and losses of the Company as at and to the date for which they have been prepared.

5.1.5 Since the date of the Company's financial statements:

5.1.5.1 the Company has conducted its business in the ordinary course;

5.1.5.2 there has been no change in the turnover, financial position or prospects of the Company that would likely give rise to a Material Adverse Effect;

5.1.5.3 the Company has not issued or agreed to issue any share or loan capital;

5.1.5.4 no dividend or other such distribution of profits or assets has been, or agreed to be, declared, made or paid by the Company;

5.1.5.5 the Company has not borrowed or raised any money or taken any form of financial security and no capital expenditure has been incurred (other than under the terms of the Concession Agreement and Development Lease) on any individual item by the Company;

5.1.5.6 no shareholder resolutions of the Company have been passed other than as routine business;

5.1.5.7 the Company has not instituted, settled or agreed to settle any legal proceedings relating to its business; and

5.1.5.8 the Company has not entered into any agreements or arrangements other than on arm's length terms.

5.2 **Taxes**

5.2.1 The Company has properly paid as they became due all ad valorem, property, production, severance, excise and other similar related Taxes and assessments based on the Company's ownership of the Petroleum Rights and Interests or the receipt of proceeds therefrom.

5.2.2 The Company has filed all required income Tax Returns with the applicable Revenue Authorities.

5.2.3 The Company has paid all Tax for which it is due to account and all Tax has been duly paid insofar as such Tax ought to have been paid.

5.2.4 No Revenue Authority has ever issued any Tax audit or similar reports in relation to and/or in respect of the Company, and the Company has no reason to believe that any such Tax Audit or similar reports is anticipated or expected to be issued in relation to the Company or its affairs before Completion.

5.2.5 The Company has not received any claim for Tax from a Revenue Authority in respect of a failure by an operator to deduct and pay any Taxes.

5.2.6 The Company has only been registered as having a permanent establishment in the Arabic Republic of Egypt (**"ARE"**) for the purposes of Tax and the Company is not similarly registered in any other jurisdiction. The tax reference number for the Company in ARE is 5-413-440.

5.2.7 The Company has filed Tax Returns which it has been due to file and such Tax Returns were materially accurate and correct and in accordance with the applicable Tax Laws and/or practices of the Revenue Authority at the time of filing.

5.2.8 In the case of Tax administration:

5.2.8.1 the Company is not party to any objection or appeal regarding any Tax, nor are any such proceedings threatened against or instituted by the Company;

5.2.8.2 the Tax files and records of the Company contain complete, full and accurate details of all material communications with tax officials and tax advisors, respectively in respect of the all periods up to the Effective Date;

5.2.8.3 the Company has not paid, and is not liable to pay, any material penalty, fine or interest in connection with any Tax;

5.2.8.4 the Company is not subject to any enquiry or discovery process, or to any liability as a result of the re-opening of any Tax assessment of any nature whatsoever, for any period prior to the Effective Date;

5.2.8.5 all necessary information and particulars furnished to one or more of the Revenue Authorities, in connection with the application for any consent, clearance or ruling on behalf of the Company, or affecting the Company, properly disclosed all facts and circumstances required by applicable law and/or practice; any such consent, clearance or ruling is valid and effective; and any transaction, for which such consent, clearance or ruling has been obtained, has been carried into effect (if at all) only in accordance with the terms of the relevant consent, clearance or ruling;

5.2.8.6 to the extent that the Company is liable for withholding Tax, it has withheld such taxes as required by Law which it is liable to withhold and has accounted for (and if applicable, paid) such Taxes to any one or more of the Revenue Authorities;

5.2.8.7 the Company has not disposed of any of its property, assets or rights (whether rights forming part of the Petroleum Rights and Interests or otherwise) by way of gratuitous disposal for purposes of any Tax;

5.2.8.8 the Company is not party to any transactions in respect of which there may be substituted, for purposes of Tax, a different consideration for the actual consideration given or received by the Company;

5.2.8.9 the Company has not at any time taken any action or omitted any action which had the result of altering, prejudicing or in any way disturbing any arrangement or agreement which it has previously negotiated or enjoyed with one or more of the Revenue Authorities;

5.2.8.10 neither the Seller nor the Company has made any elections in respect of any Tax as may be permitted in any of the applicable Tax laws concerning any special rules relating to company formation transactions, amalgamation transactions, intra-group transactions, unbundling transactions and liquidation distributions;

5.2.8.11 the Company does not own any assets and does not hold any rights (including, but not limited to, the Petroleum Rights and Interests) which was acquired from another company which was, at the time, a member of the same group of companies as the Company, and which other company owned that asset or right otherwise than as trading stock in terms of the applicable laws;

5.2.8.12 the Company is not liable to pay, or make reimbursement or indemnify in respect of any Tax, in consequence of the failure by any other person to discharge that Tax within any specified period or otherwise, where such Tax relates to a profit, income or gain, transaction, event, omission or circumstance, arising, occurring or deemed to arise or occur (whether wholly or in part) on or prior to the Effective Date.

5.2.8.13 In the case of interest or other finance costs incurred by the Company such costs have not been disallowed as a deduction wholly or in part from the income of the Company.

5.2.8.14 In the case of stamp duty and securities transfer and/or similar taxes, the Company has paid all Cypriot stamp duties and securities transfer taxes for which it is liable in terms of the applicable Tax Laws and there is no liability for any material penalty, fine or interest in respect of such duties or Taxes.

5.2.9 In the case of Tax avoidance and gratuitous disposals:

5.2.9.1 neither the Company nor the Seller is or was party to, or engaged in, any transaction, operation, scheme, agreement or arrangement of the nature prohibited by any of the applicable Tax Laws;

5.2.9.2 the Company has not made or received any gratuitous disposal on which Tax in the Arab Republic of Egypt or Cyprus can be levied nor has it made any gratuitous disposal at the instance of a third party.

5.3 **Bank accounts**

5.3.1 The banking activities of the Company in relation to the income and expenses of the Company have, since the Effective Date, taken place in the following bank accounts, namely:

Account name: Mena International Petroleum LTD
Account No. : 025-060021-110
Address: 5 Hassan Hafez St. Saray El Koba, Cairo, Egypt.

HSBC Bank Egypt.
90 Bierute St. Al Orouba, Heliopolis, Cairo, Egypt.
Swift Code : EBBKEGCX.

5.4 **Capital commitments**

The only capital commitments of the Company are under the Concession Agreement and Development Lease.

5.5 **Dividends and other payments**

5.5.1 The Company has not on or prior to the Effective Date declared any dividends or other payments to members of the Company in respect of any period of the Company, or as at any date, prior to the Effective Date which have not been paid or distributed in full out of surplus cash of the Company available for this purpose (without the Company incurring any borrowings for purposes of any such payment).

5.5.2 All resolutions which have been proposed (whether passed or failed) in relation to any dividend or other distribution to the Seller have been accurately and fully recorded in the applicable minute book of the Company.

5.5.3 No person is entitled to participate in the profits of the Company except as a member of the Company.

5.6 **Assets**

No person other than the Company has any rights in or to any assets or rights, including, but not limited to, the Petroleum Rights and Interests, used in the conduct of the business of the Company.

5.7 **Liabilities**

5.7.1 The Company has no liabilities of any nature whatsoever or howsoever arising, whether actual, contingent, un-quantified, disputed or prospective, whether known or unknown, other than those reflected in the Company's financial statements or incurred in the normal course of the business of the Company after the date thereof, except any liabilities that would not likely have a Material Adverse Effect.

5.7.2 The Seller is not aware of any creditor of the Company which has requested payment or performance (in whole or in part) of any obligation or liability of the Company that has not been paid or performed except as described in this Agreement.

5.7.3 The Company has no off-balance sheet liabilities, including commitments or future commitments, obligations under leases of movables or foreign exchange liabilities or losses.

5.7.4 The Company has not undertaken any financing through the medium of derivative instruments.

5.7.5 The Company is not factoring or discounting any invoices of the Company and/or any payments due by any person to the Company and has not factored or invoice discounted any of its debts.

5.7.6 The Company is not engaged in financing of a type which was not required to be shown or reflected in the Company's financial statements.

5.7.7 The Company has not received notice (whether formal or informal) from any person requiring repayment of any money lent to the Company or intimating the enforcement of any security that person may hold over any of the Company's assets, and, so far as the Seller is aware, there are no facts or circumstances which might give rise to any such notice except as described in this Agreement.

5.7.8 The Company has not applied for or received any grant, subsidy or financial assistance from any Governmental Authority.

5.8 **Subordination agreements**

5.8.1 The Company is not bound by any subordination agreement affecting any claims of the Company against third parties, and is not committed (whether actually or contingently) to entering into any such subordination agreement by which it may be so bound.

5.8.2 The Company has not made any payment to any person in breach of any such subordination agreement by which the Company has been bound.

5.9 **Debtors**

5.9.1 The Company:

5.9.1.1 has not lent any money which has not been repaid to it (excluding for greater certainty accounts receivable);

5.9.1.2 does not own the benefit of any debt (whether or not due for payment) other than debts which have arisen in the normal course of the business of the Company;

5.9.1.3 has not made any loan contrary to any provision of any of the applicable Laws or its Constitutional Documents.

5.10 **Book debts**

5.10.1 No amount of any book debt reflected in the Company's financial statements is overdue by more than 12 weeks, or has been released on terms that any debtor pays less than the full book value of the debt, or has been written off, or has been proved to any extent to be irrecoverable, or is now regarded by the Company as irrecoverable in whole or in part.

5.10.2 None of the book debts in the Company's financial statements is subject to any set-off or deduction.

5.11 **Seller as debtor of the Company and vice versa**

5.11.1 The Seller and/or the Seller's Group (as debtor) has no outstanding indebtedness whatsoever to the Company (as creditor), other than as will be discharged prior to Completion.

5.11.2 The Company (as debtor) has no outstanding indebtedness whatsoever to the Seller and/or the Seller's Group (as creditor), other than the Liability of the Company or its Affiliate, Alliance Egyptian National Exploration Company, to Mena Hydrocarbons Inc. or its Affiliates which will be discharged prior to Completion or as contained in the Working Capital Calculation.

6. Actions, disputes and/or litigation

There are no Actions pending or, so far as the Seller is aware, threatened in writing by or against the Company (i) that have a stated claim amount in excess of US$200,000 or (ii) seek any type of equitable or injunctive relief against the Company which, if granted, would have a Material Adverse Effect on the Company. As of the Effective Date, there is no Law or Governmental Order which has been enacted, entered, promulgated or enforced by any Governmental Authority in Cyprus or any country where the Company has material operations or a material license that prohibits, restrains or enjoins the consummation of the Transaction.

7. Company contracts

7.1 The contracts and agreements listed in Annexe D are the only contracts, written or oral, to which the Company is a party to or by which its assets and Petroleum Rights and Interest are bound other than those that (i) do not have a term greater than one year; or (ii) are otherwise terminable by the Company upon notice no greater than one year; or (iii) represent an obligation of the Company greater than US$20,000 individually or US$40,000 in the aggregate.

7.2 The Company is not in breach of or default under any Company Contract, nor, so far as the Seller is aware, is any other party to any Company Contract in breach of or in default thereunder, except, in each case, for such breaches or defaults that, individually or in the aggregate, have not had and are not likely to have a Material Adverse Effect.

7.3 Each of the Company Contracts is in full force and effect with respect to the Company and, to the Seller's knowledge, the other parties thereto in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganisation, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

8. Compliance with law

8.1 The Company and its Affiliate, Alliance Egyptian National Exploration Company, have complied in every respect with all Laws affecting or relating to its affairs and business, except only to the extent that any non-compliance is not likely to have a Material Adverse Effect.

8.2 The Company has all consents, licences, permits and other authorities necessary for the conduct of its business and affairs, and there is no fact, event or circumstance which might give rise to the cancellation or withdrawal of, or failure to renew or delay renewal of, any such consents, licences, permits or authorities or to their only being renewed subject to the imposition of onerous conditions not presently applicable thereto.

8.3 So far as the Seller is aware, there are not in existence or pending any investigations or enquiries by, or on behalf of, any Governmental Authority or any other body in respect of any of the affairs of the Company.

8.4 Neither the Seller nor the Company has made or offered, with respect to the matters which are the subject of this Agreement or in relation to the Sale Shares and/or Petroleum Rights and Interests, any payment, gift, promise or other advantage, whether directly or through any other person, to or for the use or benefit of any public official or any political party or political party official or candidate for office, where such payment, gift, promise or advantage would violate (i) the applicable laws of the Republic of South Africa; (ii) the laws of the country of incorporation or principal place of business of the Seller and/or Company; (iii) the U.S. Foreign Corrupt Practices Act of 1977; (iv) the U.K. Bribery Act 2010 or (v) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997.

8.5 The Seller has disclosed and otherwise filed with the applicable securities regulatory authorities, stock exchanges and self-regulatory authorities a true and complete copy of all Seller Disclosure Documents. The Seller Disclosure Documents, at the time filed or, if amended, as of the date of such amendment: (a) were true, correct and complete in all material respects and did not contain any misrepresentation (as defined or interpreted by securities regulatory authorities) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (b) complied in all material respects with the requirements of applicable securities legislation and the rules, policies and instruments of all securities regulatory authorities having jurisdiction over the Seller, except where such non-compliance has not had and would not reasonably be expected to have a Material Adverse Effect on the Seller. The Seller has not filed any confidential material change or other report or other document with any securities regulatory authorities or stock exchange or other self-regulatory authority which at the date hereof remains confidential.

9. **Employee matters**

The Company's employees and all the employment tax obligations (including but not limited to pay-as-you-earn (PAYE), social security, National Health, training levy etc. retirement funding and medical aid contributions), severance packages or termination bonus payable have been disclosed in the Data Room.

10. **Related party transactions**

The Company is not a party to any contract with the Seller or with any director or officer of the Seller. Neither the Seller nor any director or officer of the Seller owns or has any rights in or to any of the material assets used by the Company.

11. **Insurance**

Annexe H is a list of all of the insurance policies maintained by the Company. The Company has not received (i) any material refusal of coverage or any notice that a defence will be afforded with reservation of material rights, or (ii) any notice of cancellation or any other indication that any material insurance policy will not be renewed or that the issuer of any policy is not willing or able to perform its obligations thereunder in any material respect.

12. **Encumbrances**

There are no Encumbrances with respect to any of the assets or Petroleum Rights and Interests owned by the Company other than Permitted Encumbrances.

13. **Insolvency proceedings**

No attachments, executions, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or actions pursuant to any other debtor relief Laws or actions by any Governmental Authority are pending, or, so far as the Seller is aware, threatened, against the Company.

14. **Directors**

There is no person who is a shadow director of the Company, or a person in accordance with whose directions or instructions the directors (or any of them) of the Company are accustomed to act (other than persons whose advice is given to the Company or director.

15. **Register of members of the Company**

15.1 The register of members of the Company contains true and accurate records of the members of the Company.

15.2 The Seller knows of no facts or circumstances which may give rise to a rectification of the register of members of the Company.

15.3 No person has any right to obtain an order for the rectification of the register of members of the Company.

16. **Register of members of the Seller**

16.1 The register of members of the Seller contains true and accurate records of the members of the Seller.

16.2 The Seller knows of no facts or circumstances which may give rise to a rectification of the register of members of the Seller.

16.3 No person has any right to obtain an order for the rectification of the register of members of the Seller.

17. **Resolutions and minutes**

17.1 In respect of the Company:

17.1.1 all board and/or shareholder matters; and/or

17.1.2 all decisions (and/or decision-making) by either or both of the board and/or the shareholders of the Company;

in each case, since the date of the formation of the Company, complies with those Seller Representations and Warranties set out in paragraph 17.2;

17.2 In relation to paragraph 17.1:

17.2.1 all such matters have been the subject of properly constituted meetings in accordance with the applicable Laws, including, but not limited to, proper notification, proper agendas and proper quorums;

17.2.2 all meetings have been minuted and recorded;

17.2.3 all resolutions, whether at meetings or by round robin, have been:

17.2.3.1 minuted and recorded;

17.2.3.2 approved by the required number of directors or shareholders as the case may be;

17.2.4 true copies of all minutes and resolutions have been disclosed in the Data Room.

17.3 The Company passed all requisite resolutions in relation to each of the Petroleum Rights and Interests.

17.4 Whenever any directors' or shareholder resolutions were ratified, such ratifications took place in accordance with the Laws.

18. **No other partnership**

Other than the joint venture operating company operating the Development Lease in Egypt, the Company is not a member of any partnership, whether limited liability, silent or otherwise, joint venture, association and/or any other profit-sharing arrangement in terms whereby the Company is bound to share any of the income or capital gains arising from the assets or rights of the Company with any person.

19. **Books of account, registers and minutes**

19.1 In all material respect, the books, registers, accounts, ledgers, financial records and other records of the Company:

19.1.1 are up-to-date;

19.1.2 have been fully and properly kept and maintained according to the applicable Laws; and

19.1.3 accurately and completely reflect all of the transactions entered into by the Company or to which it is a party.

19.2 Other than as described in this Agreement, in the 6 month period prior to the Effective Date, no notice has been received by the Company from any Governmental Authority that any of the books, registers or records is incorrect or should be rectified.

19.3 An executed copy of all the Petroleum Rights and Interests is in the possession of the Company.

19.4 The minute books of the Company contain all of the resolutions passed by the directors and the members of the Company.

20. **Suretyships, guarantees and indemnities**

20.1 The Company has not:

20.1.1 issued guarantees on behalf of any person; or

20.1.2 provided security in respect of any such guarantee or other similar obligation.

20.2 The Company is not bound by any suretyship for the obligations of any person, and is not committed (whether actually or contingently) to entering into any suretyship by which it may be so bound.

20.3 The Company is not bound by any guarantee or indemnity in favour of any person (other than expressly set out in any Company Contract), and is not committed to entering into any guarantee or indemnity by which it may be so bound.

21. **Environmental health and safety**

21.1 The Company has not, in the 6 month period prior to the Effective Date, been issued with any written demands or similar notifications concerning the environmental and corporate social responsibilities of the Company, whether in the Arab Republic of Egypt or elsewhere.

21.2 There is no fact, event or circumstance which is likely to give rise to any breach of any environmental law concerning its business, including, but not limited to, the Petroleum Rights and Interests.

21.3 There are no environmental disputes, claims, investigations or other proceedings under or in terms of any environmental law pending or threatened against either the Company or in respect of the business of the Company.

21.4 Neither the Company nor, so far as the Seller is aware, any director nor senior official of the Company has been convicted of any criminal charge in relation to an environment related matter during the past five (5) years prior to the Effective Date.

22. Data room

Seller and Company warrant and represent that they have provided:

22.1 all material written communications of the Company or Alliance International Petroleum with EGPC or the Arab Republic of Egypt Government since the effective date of the Concession Agreement for disclosure in the Data Room;

22.2 copies of all agreements to which the Company is a party and listed pursuant to clause 7.1 of this Annexe and also copies of all agreements which are of material interest to the Company for disclosure in the Data Room.

Annexe F

Concession agreement

CONCESSION AGREEMENT FOR PETROLEUM EXPLORATION AND EXPLOITATION

BETWEEN

THE ARAB REPUBLIC OF EGYPT

AND

THE EGYPTIAN GENERAL PETROLEUM CORPORATION

AND

NATIONAL EXPLORATION COMPANY

IN

CENTRAL SINAI AREA

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ANNEXES TO THE CONCESSION AGREEMENT

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CONCESSION AGREEMENT FOR PETROLEUM EXPLORATION AND EXPLOITATION BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE EGYPTIAN GENERAL PETROLEUM CORPORATION AND NATIONAL EXPLORATION COMPANY IN CENTRAL SINAI AREA A.R.E.

This Agreement made and entered on this ______ day of ______, 199_, by and between the ARAB REPUBLIC OF EGYPT (hereinafter referred to variously as "A.R.E." or as "GOVERNMENT"), The EGYPTIAN GENERAL PETROLEUM CORPORATION, a legal entity created by Law No. 167 of 1958 as amended (hereinafter referred to as "EGPC") and NATIONAL EXPLORATION COMPANY, a company organized and existing under the laws of the Arab Republic of Egypt (hereinafter referred to as "NAGECO" or "CONTRACTOR");

WITNESSETH

WHEREAS, all minerals including petroleum existing in mines and quarries in the A.R.E., including the territorial waters, and in the sea bed subject to its jurisdiction and extending beyond the territorial waters, are the property of the State; and

WHEREAS, EGPC has applied for an exclusive concession for the exploration and exploitation of petroleum in and throughout the area referred to in Article II, and described in Annex "A" and shown approximately on Annex "B" which are attached hereto and made part hereof (hereinafter referred to as the "Area"); and

WHEREAS, NAGECO agrees to undertake its obligations provided hereinafter as CONTRACTOR with respect to the exploration, development and production of petroleum in Central Sinai Area; and

WHEREAS, the GOVERNMENT desires hereby to grant such concession; and

WHEREAS, the Minister of Petroleum pursuant to the provisions of Law No. 86 of 1956, may enter into a concession agreement with EGPC, and with NAGECO as CONTRACTOR in the said Area.

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

(a) "Exploration" shall include such geological, geophysical, aerial and other surveys as may be contained in the approved Work Programs and Budgets, and the drilling of such shot holes, core holes, stratigraphic tests, holes for the discovery of Petroleum or the appraisal of Petroleum discoveries and other related holes and wells, and the purchase or acquisition of such supplies, materials, services and equipment therefore, all as may be contained in the approved Work Programs and Budgets. The verb "explore" means the act of conducting exploration.

(b) "Development" shall include, but not be limited to, all the operations and activities pursuant to approved Work Programs and Budgets under this Agreement with respect to:

(i) the drilling, plugging, deepening, side tracking, redrilling, completing, equipping of development wells, the changing of the status of a well, and

(ii) design, engineering, construction, installation, servicing and maintenance of equipment, lines, systems, facilities, plants, and related operations to produce and operate said development wells, taking, saving, treating, handling, storing, transporting, and delivering petroleum, repressuring, recycling, and other secondary recovery projects, and

(iii) transportation, storage and any other work or activities necessary or ancillary to the activities specified in (i) and (ii).

(c) "Petroleum" means liquid crude oil of various densities, asphalt, gas, casinghead gas and all other hydrocarbon substances that may be found in, and produced, or otherwise obtained and saved from the Area under this Agreement, and all substances that may be extracted therefrom.

(d) "Liquid Crude Oil" or "Crude Oil" or "Oil" means any hydrocarbon produced from the Area which is in a liquid state at the wellhead or lease separators or which is extracted from the gas or casinghead gas in a plant. Such liquid state shall exist at sixty degrees Fahrenheit (60° F) and atmospheric pressure of 14.65 PSIA. Such term includes distillate and condensate.

(e) "Gas" means natural gas both associated and non-associated, and all of its constituent elements produced from any well in the Area (other than Liquid Crude Oil) and all non-hydrocarbon substances therein. Said term shall include residual gas, that gas remaining after removal of "LPG".

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(f) "LPG" means liquefied petroleum gas, which is a mixture principally of butane and propane liquefied by pressure and temperature.

(g) A "Barrel" shall consist of forty-two (42) United States gallons, liquid measure, corrected to a temperature of sixty degrees Fahrenheit (60°F) at atmospheric pressure of 14.65 PSIA.

(h) (1) "Commercial Oil Well" means the first well on any geological feature which after testing for a period of not more than thirty (30) consecutive days where practical, but in any event in accordance with sound and accepted industry production practices and verified by EGPC, is found to be capable of producing at the average rate of not less than two thousand (2,000) Barrels of Oil per day (BOPD). The date of discovery of a "Commercial Oil Well" is the date on which such well is tested and completed according to the above.

(2) "Commercial Gas Well" means the first well on any geological feature which after testing for a period of not more than thirty (30) consecutive days where practical, but in any event in accordance with sound and accepted industry production practices and verified by EGPC, is found to be capable of producing at the average rate of not less than fifteen million (15,000,000) standard cubic feet of Gas per day (MMSCFD). The date of discovery of a "Commercial Gas Well" is the date on which such well is tested and completed according to the above.

(i) "A.R.E." means ARAB REPUBLIC OF EGYPT.

(j) "Effective Date" means the date on which the text of this Agreement is signed by the GOVERNMENT, EGPC and CONTRACTOR, after the relevant Law is issued.

(k) (1) "Year" means a period of twelve (12) months according to the Gregorian Calendar.

(2) "Calendar Year" means a period of twelve (12) months according to the Gregorian Calendar being 1st January to 31st December.

(l) "Financial Year" means the GOVERNMENT's financial year according to the laws and regulations of the A.R.E.

(m) "Tax Year" means the period of twelve (12) months according to the laws and regulations of the A.R.E.

(n) An "Affiliated Company" means a company:

(i) of which the share capital, conferring a majority of votes at stockholders' meetings of such company is owned directly or indirectly by a party hereto;

(ii) which is the owner directly or indirectly of share capital conferring a majority of votes at stockholders' meetings of a party hereto; or

(iii) of which the share capital conferring a majority of votes at stockholders' meetings of such company and the share capital conferring a majority of votes at stockholders' meetings of a party hereto are owned directly or indirectly by the same company.

(o) "Exploration Block" shall mean an area, the corner points of which have to be coincident with six (6) minutes by six (6) minutes latitude and longitude divisions, according to the International Grid System where possible or with the existing boundaries of the Area covered by this Concession Agreement as set out in Annex "A".

(p) "Development Block" shall mean an area, the corner points of which have to be coincident with one (1) minute by one (1) minute latitude and longitude divisions, according to the International Grid System where possible or with the existing boundaries of the Area covered by this Concession Agreement as set out in Annex "A".

(q) "Development Lease(s)" shall mean the Development Block or Blocks covering the geological structure capable of production, the corner points of which have to be coincident with one (1) minute by one (1) minute latitude and longitude divisions, according to the International Grid System where possible or with the existing boundaries of the Area covered by this Concession Agreement as set out in Annex "A".

(r) "Agreement" shall mean this Concession Agreement and its Annexes.

(s) "Gas Sales Agreement" shall mean a written agreement between EGPC and CONTRACTOR (as seller) and EGPC (as buyer), which contains the terms and conditions for Gas sales from a Development Lease entered into pursuant to Article VII(e).

(t) "Standard Cubic Foot" (SCF) is the amount of Gas necessary to fill one (1) cubic foot of space at atmospheric pressure of 14.65 PSIA at a base temperature of sixty degrees Fahrenheit (60°F).

ARTICLE II

ANNEXES TO THE AGREEMENT

Annex "A" is a description of the area covered and affected by this Agreement, hereinafter referred to as the "Area".

Annex "B" is a provisional illustrative map on the scale of approximately 1:3,000,000 indicating the Area covered and affected by this Agreement and described in Annex "A".

Annex "C" is the form of a Letter of Guaranty to be submitted by CONTRACTOR to EGPC one (1) day before the time of signature by the Minister of Petroleum of this Agreement, for the sum of six million (6,000,000) U.S.Dollars guaranteeing the execution of CONTRACTOR's minimum Exploration obligations hereunder for the initial three (3) year Exploration period. In case CONTRACTOR extends the initial Exploration Period for two (2) additional periods each of two (2) years respectively, each in accordance with Article III (b) of the Agreement, a similar Letter of Guaranty shall be issued and be submitted by CONTRACTOR on the day the CONTRACTOR exercises its option to extend. The first such Letter of Guaranty shall be for the sum of four million (4,000,000) U.S.Dollars and the second such Letter of Guaranty shall be for the sum of five million (5,000,000) U.S. Dollars less in both instances any excess expenditures of the preceding Exploration period permitted for carry forward in accordance with Article IV (b) third paragraph of this Agreement. Each of the three Letters of Guaranty shall remain effective for six (6) months after the end of the Exploration period for which it has been issued except as it may be released prior to that time in accordance with the terms thereof.

Annex "D" is the form of a Charter of the Operating Company to be formed as provided for in Article VI.

Annex "E" is the Accounting Procedure.

Annex "F" is a current map of the National Gas Pipeline Grid System established by the GOVERNMENT. The point of delivery for gas shall be agreed upon by EGPC and CONTRACTOR under a Gas Sales Agreement, which point of delivery shall be located at the flange connecting the development lease pipeline to the nearest point on the National Gas pipeline Grid System as depicted in such Annex F, or as otherwise agreed upon between EGPC and CONTRACTOR.

Annexes "A", "B", "C", "D", "E" and "F" to this Agreement are hereby made part hereof, and they shall be considered as having equal force and effect with the provisions of this Agreement.

ARTICLE III

GRANT OF RIGHTS AND TERM

The GOVERNMENT hereby grants EGPC and CONTRACTOR subject to the terms, covenants and conditions set out in this Agreement, which insofar as they are contrary to, or inconsistent with any provisions of Law No. 66 of 1953, as amended, shall have the force of Law, an exclusive concession in and to the Area described in Annexes "A" and "B".

(a) The GOVERNMENT shall own and be entitled, as hereinafter provided, to a royalty in cash or in kind of ten percent (10%) of the total quantity of Petroleum produced and saved from the Area during the development period including renewal. Said royalty shall be borne and paid by EGPC and shall not be the obligation of CONTRACTOR. The payment of royalties by EGPC shall not be deemed to result in income attributable to CONTRACTOR.

(b) An initial Exploration Period of three (3) years shall start from the Effective Date. Two (2) successive extensions to the initial Exploration Period, each of two (2) years respectively, shall be granted to CONTRACTOR at its option, upon not less than thirty (30) days prior written notice to EGPC, such notice to be given not later than the end of the then current period, as may be extended pursuant to the provisions of Article V(a), and subject only to its having fulfilled its obligations hereunder for that period. This Agreement shall be terminated if neither a Commercial Oil Discovery nor a Commercial Gas Discovery is established by the end of the seventh (7th) year of the Exploration Period, as may be extended pursuant to Article V(a). The election by EGPC to undertake a sole risk venture under paragraph (c) below shall not extend the Exploration Period nor affect the termination of this Agreement as to CONTRACTOR.

(c) Commercial Discovery:

(i) A Commercial Discovery - whether of Oil or Gas - may consist of one producing reservoir or a group of producing reservoirs which is worthy of being developed commercially. After discovery of a Commercial Oil or Gas Well CONTRACTOR shall, unless otherwise agreed upon with EGPC, undertake as part of its Exploration program the appraisal of the discovery by drilling one or more appraisal wells, to determine whether such discovery is worthy of being developed commercially, taking into consideration the recoverable reserves, production, pipeline, and terminal facilities required, estimated Petroleum prices, and all other relevant technical and economic factors.

(ii) The provisions laid down herein postulate the unity and indivisibility of the concepts of Commercial Discovery and Development Leases. They shall apply uniformly to Oil and Gas unless otherwise specified.

(iii) CONTRACTOR shall give notice of a Commercial Discovery to EGPC immediately after the discovery is considered by CONTRACTOR to be worthy of commercial development, but in any event with respect to a Commercial Oil Well not later than thirty (30) days following the completion of the second appraisal well, or twelve (12) months following the date of the discovery of the Commercial Oil Well (unless EGPC agrees that such period may be extended), whichever is earlier, or with respect to a Commercial Gas Well not later than twenty-four (24) months following the date of the discovery of the Commercial Gas Well (unless EGPC agrees that such period may be extended), except that CONTRACTOR shall also have the right to give such notice of Commercial Discovery with respect to any reservoir or reservoirs even if the well or wells thereon are not "Commercial" within the definition of the "Commercial Well" if, in its opinion, a reservoir or a group of reservoirs considered collectively, could be worthy of commercial development.

CONTRACTOR may also give a notice of Commercial Oil Discovery in the event it wishes to undertake a Gas Recycling Project.

A notice of Commercial Gas Discovery shall contain all detailed particulars of the discovery and especially the area of Gas reserves, the estimated production potential and profile and field life.

Within sixty (60) days following receipt of a notice of a Commercial Oil or Gas Discovery, EGPC and CONTRACTOR shall meet and review all appropriate data with a view to mutually agreeing upon the existence of a Commercial Discovery. The date of a Commercial Discovery shall be the date EGPC and CONTRACTOR jointly agree in writing that a Commercial Discovery exists.

(iv) If Crude Oil is discovered but is not deemed by CONTRACTOR to be a Commercial Oil Discovery under the above provisions of this paragraph (c), EGPC shall one (1) month after the expiration of the period specified above within which CONTRACTOR can give notice of a Commercial Oil Discovery, or thirteen (13) months after completion of a well not considered to be a "Commercial Oil Well" have the right, following sixty (60) days notice in writing to CONTRACTOR, at its sole cost, risk and expense, to develop, produce, and dispose of all Crude Oil from the geological feature on which the well has been drilled. Said notice shall state the specific area covering said geological feature to be developed, the wells to be drilled, the production facilities to be installed and EGPC's estimated cost thereof. Within thirty (30) days after receipt of said notice CONTRACTOR may, in writing, elect to develop such area as provided for in the case of Commercial Discovery hereunder. In such event all terms of this Agreement shall continue to apply to the specified area.

If CONTRACTOR elects not to develop such area, the specific area covering said geological feature shall be set aside for sole risk operations by EGPC, such area to be mutually agreed upon by EGPC and CONTRACTOR on the basis of good petroleum industry practice. EGPC shall be entitled to perform, or in the event Operating Company has come into existence, to have Operating Company perform such operations for the account of EGPC and at EGPC's sole cost, risk and expense. When EGPC has recovered from the Crude Oil produced from such specific area a quantity of Crude Oil equal in value to three hundred percent (300%) of the cost it has incurred in carrying out the sole risk operations, CONTRACTOR shall have the option, only in the event there has been a separate Commercial Oil Discovery elsewhere within the Area, to share in further development and production of that specific area upon paying EGPC one hundred percent (100%) of such costs incurred by EGPC.

Such one hundred percent (100%) payment shall not be recovered by CONTRACTOR. Immediately following such payment the specific area shall either (i) revert to the status of an ordinary Development Lease under this Agreement and thereafter shall be operated in accordance with the terms hereof; or (ii) alternatively, in the event that at such time EGPC or its Affiliated Company is conducting Development operations in the area at its sole expense and EGPC elects to continue operating, the area shall remain set aside and CONTRACTOR shall only be entitled to its production sharing percentages of the Crude Oil as specified in Article VII(b). The sole risk Crude Oil shall be valued in the manner provided in Article VII(c). In the event of any termination of this Agreement under the provisions of Article III(b), this Agreement shall however, continue to apply to EGPC's operations of any sole risk venture hereunder, although such Agreement shall have been terminated with respect to CONTRACTOR pursuant to the provisions of Article III(b).

(d) Conversion to a Development Lease:

(i) Following a Commercial Oil Discovery or a Commercial Gas Discovery, the extent of the whole area capable of production to be covered by a Development Lease shall be mutually agreed upon by EGPC and CONTRACTOR and be subject to the approval of the Minister of Petroleum. Such area shall be converted automatically into a Development Lease without the issue of any additional legal instrument or permission.

(ii) Following the conversion of an area to a Development Lease based on a Commercial Gas Discovery (or upon the discovery of Gas in a Development Lease granted following a Commercial Oil Discovery), EGPC shall endeavour with diligence to find adequate local markets capable of absorbing the production of Gas and shall advise CONTRACTOR of the potential outlets for such Gas, and the expected annual schedule of demand. Thereafter, EGPC and CONTRACTOR shall meet with a view to assessing whether the outlets for such Gas and other relevant factors warrant the development and production of the Gas and in case of agreement the Gas thus made available shall be disposed of to EGPC under a long-term Gas Sales Agreement in accordance with and subject to the conditions set forth in Article VII.

(iii) The Development period of each Development Lease shall be as follows:

(aa) In respect of a Commercial Oil Discovery, twenty (20) years from the date of such Commercial Discovery plus the Optional Extension Period (as defined below) provided that, in the event that, subsequent to the conversion of a Commercial Oil Discovery into a Development Lease, Gas is discovered in the same Development Lease and is used or is capable of being used locally or for export hereunder, the period of the Development Lease shall be extended only with respect to such Gas, LPG extracted from such Gas and Crude Oil in the form of condensate produced with such Gas for twenty (20) years from the date of first deliveries of Gas locally or for export plus the Optional Extension Period (as defined below) provided that, the duration of such Development Lease based on a Commercial Oil Discovery may not be extended beyond thirty-five (35) years from the date of such Commercial Oil Discovery unless otherwise agreed upon between EGPC and CONTRACTOR and subject to the approval of the Minister of Petroleum.

CONTRACTOR shall immediately notify EGPC of any Gas Discovery but shall not be required to apply for a new Development Lease in respect of such Gas.

(bb) In respect of a Commercial Gas Discovery, twenty (20) years from the date of first deliveries of Gas locally or for export plus the Optional Extension Period (as defined below) provided that, if subsequent to the conversion of a Commercial Gas Discovery into a Development Lease, Crude Oil is discovered in the same Development Lease, CONTRACTOR's share of such Crude Oil from the Development Lease (except LPG extracted from Gas or Crude Oil in the form of condensate produced with Gas) and Gas associated with such Crude Oil shall revert entirely to EGPC upon the lapse of twenty (20) years from the date of such Crude Oil Discovery plus the Optional Extension Period (as defined below).

Notwithstanding anything to the contrary under this Agreement, the duration of a Development Lease based on a Commercial Gas Discovery shall in no case exceed thirty-five (35) years from the date of such Commercial Discovery, unless otherwise agreed upon between EGPC and CONTRACTOR and subject to the approval of the Minister of Petroleum.

CONTRACTOR shall immediately notify EGPC of any Oil Discovery but shall not be required to apply for a new Development Lease in respect of such Crude Oil.

The "Optional Extension Period" shall mean a period of five (5) years which may be elected by CONTRACTOR upon six (6) months written notice to EGPC prior to the expiry of the relevant twenty (20) year period.

(e) Development operations shall upon the issuance of a Development Lease granted following a Commercial Oil Discovery, be started promptly by Operating Company and be conducted in accordance with good oil field practices and accepted petroleum engineering principles, until the field is considered to be fully developed, it being understood that if associated gas is not utilized, EGPC and CONTRACTOR shall negotiate in good faith on the best way to avoid impairing the production in the interests of the parties.

In the event no Commercial Production of Oil in regular shipments is established in any Development Block within four (4) years from the date of the Commercial Oil Discovery, such Development Block shall immediately be relinquished unless there is a Commercial Gas Discovery on the Development Lease.

Each Development Block in a Development Lease being partly within the radius of drainage of any producing well in such Development Lease shall be considered as participating in the Commercial Production referred to above.

Development operations in respect of Gas and Crude Oil in the form of condensate or LPG to be produced with or extracted from such Gas shall, upon the signature of a Gas Sales Agreement or commencement of a scheme to dispose of the Gas, whether for export as referred to in Article VII or otherwise, be started promptly by Operating Company and be conducted in accordance with good gas field practices and accepted petroleum engineering principles and the provisions of such agreement or scheme. In the event no Commercial Production of Gas is established in accordance with such Gas Sales Agreement or scheme, the Development Lease relating to such Gas shall be relinquished, unless otherwise agreed upon by EGPC.

If upon application by CONTRACTOR it is recognized by EGPC that Crude Oil or Gas is being drained from an Exploration Block under this Agreement into a Development Block on an adjoining concession area held by CONTRACTOR, the block being drained shall be considered as participating in the Commercial Production of the Development Block in question and the Block being drained shall be converted into a Development Lease with the ensuing allocation of costs and production (calculated from the Effective Date or the date such drainage occurs, whichever is later) between the two Concession Areas. The allocation of such costs and production under each Concession Agreement shall be in the same portion that the recoverable reserves in the drained geological structure underlying each Concession Area bears to the total recoverable reserves of such structure underlying both Concession Areas. The production allocated to a Concession Area shall be priced according to the Concession Agreement covering that concession area.

(f) CONTRACTOR shall bear and pay all the costs and expenses required in carrying out all the operations under this Agreement but such costs and expenses shall not include any interest on investment. CONTRACTOR shall look only to the Petroleum to which it is entitled under this Agreement to recover such costs and expenses. Such costs and expenses shall be recoverable as provided in Article VII. During the term of this Agreement and its renewal, the total production achieved in the conduct of such operations shall be divided between EGPC and CONTRACTOR in accordance with the provisions of Article VII.

(g) 1. Unless otherwise provided, CONTRACTOR shall be subject to Egyptian income tax laws and shall comply with the requirements of such laws with respect to the filing of returns, the assessment of tax, and keeping and showing of books and records.

2. CONTRACTOR's annual income for Egyptian income tax purposes under this Agreement shall be an amount calculated as follows:

The total of the sums received by CONTRACTOR from the sale or other disposition of all Petroleum acquired by CONTRACTOR pursuant to Article VII(a) and Article VII(b);

reduced by:

i. The costs and expenses of CONTRACTOR;

ii. The value, as determined according to Article VII(c), of EGPC's share of the Excess Cost Recovery Petroleum repaid to EGPC in cash or in kind, if any,

Plus:

An amount equal to CONTRACTOR's Egyptian income taxes grossed up in the manner shown in Annex "E" Article VI.

For purposes of above tax deductions in any Tax Year, Article VII(a) shall apply only in respect of classification of costs and expenses and rates of amortization, without regard to the percentage limitation referred to in the first paragraph of Article VII(a)(1). All costs and expenses of CONTRACTOR in conducting the operations under this Agreement which are not controlled by Article VII(a) as above qualified shall be deductible in accordance with the provisions of the Egyptian Income Tax Law.

3. EGPC shall assume, pay and discharge, in the name and on behalf of CONTRACTOR, CONTRACTOR's Egyptian income tax out of EGPC's share of the Petroleum produced and saved and not used in operations under Article VII. All taxes paid by EGPC in the name and on behalf of CONTRACTOR shall be considered income to CONTRACTOR.

4. EGPC shall furnish to CONTRACTOR the proper official receipts evidencing the payment of CONTRACTOR's Egyptian income tax for each Tax Year within ninety (90) days following the receipt by EGPC of CONTRACTOR's tax declaration for the preceding Tax Year. Such receipts shall be issued by the proper Tax Authorities and shall state the amount and other particulars customary for such receipts.

5. As used herein, Egyptian Income Tax shall be inclusive of all income taxes payable in the A.R.E. (including tax on tax) such as the tax on income from movable capital and the tax on profits from commerce and industry, and inclusive of taxes based on income or profits including all dividends, withholding with respect to shareholders and other taxes imposed by the GOVERNMENT on the distribution of income or profits by CONTRACTOR.

6. In calculating its A.R.E. income taxes, EGPC shall be entitled to deduct all royalties paid by EGPC to the GOVERNMENT and CONTRACTOR's Egyptian income taxes paid by EGPC on CONTRACTOR's behalf.

ARTICLE IV

WORK PROGRAM AND EXPENDITURES DURING EXPLORATION PERIOD

(a) CONTRACTOR shall commence Exploration operations hereunder not later than six (6) months after the Effective Date with a commitment of acquiring five hundred (500) km seismic and two hundred (200) sq.km 3D seismic. Not later than the end of the twenty-four (24) months after the Effective Date, CONTRACTOR shall start Exploratory drilling in the Area during the initial Exploration period with a commitment of drilling four (4) wells. EGPC shall make available for CONTRACTOR's use all seismic, wells and other Exploration data in EGPC's possession with respect to the Area as EGPC is entitled to do so.

(b) The initial Exploration period shall be three (3) years. CONTRACTOR may extend this Exploration Period for two (2) successive extensions each of two (2) years respectively in accordance with Article III(b), each of which upon at least thirty (30) days prior written notice to EGPC subject to its expenditure of its minimum Exploration obligations and of its fulfillment of the drilling obligations hereunder, for the then current period.

CONTRACTOR shall spend a minimum of six million (6,000,000) U.S. Dollars on Exploration operations and activities related thereto during the initial three (3) year Exploration period; provided that CONTRACTOR shall drill four (4) wells and acquire five hundred (500) km seismic and two hundred (200) sq.km 3D seismic. For the first two (2) year extension period that CONTRACTOR elects to extend beyond the initial Exploration period, CONTRACTOR shall spend a minimum of four million (4,000,000) U.S.Dollars, and for the second two (2) year extension period that CONTRACTOR elects to extend beyond the two (2) year first extension period, CONTRACTOR shall also spend a minimum of five million (5,000,000) U.S. Dollars. During the first and second extension periods that CONTRACTOR elects to extend beyond the initial Exploration period, CONTRACTOR shall drill three (3) wells in the first extension and four (4) wells in the second extension.

Should CONTRACTOR spend more than the minimum amount required to be expended or drill more wells than the minimum required to be drilled or acquire more seismic than the minimum required during the initial three (3) year Exploration period, or during any period thereafter, the excess may be subtracted from the minimum amount of money required to be expended by CONTRACTOR or minimum number of wells required to be drilled or minimum kilometres of seismic to be acquired during any succeeding Exploration Period or Periods, as the case may be.

In case CONTRACTOR surrenders its Exploration rights under this Agreement as set forth above before or at the end of the third (3rd) year of the initial Exploration period, having expended less than the total sum of six million (6,000,000) U.S. Dollars on Exploration, or in the event at the end of the three (3) years, CONTRACTOR has expended less than said sum in the Area, an amount equal to the difference between the said six million (6,000,000) U.S.Dollars and the amount actually spent on Exploration shall be paid by CONTRACTOR to EGPC at the time of surrendering or within three (3) months from the end of the third (3rd) year of the initial Exploration period, as the case may be. Any expenditures deficiency by CONTRACTOR at the end of any additional period for the reasons abovenoted shall similarly result in a payment by CONTRACTOR to EGPC of such deficiency. Provided this Agreement is still in force as to CONTRACTOR, CONTRACTOR shall be entitled to recover any such payments as Exploration expenditure in the manner provided for under Article VII in the event of Commercial Production.

Without prejudice to Article III(b), in case no Commercial Oil Discovery is established or no notice of Commercial Gas Discovery is given by the end of the seventh (7th) year, as may be extended pursuant to Article V(a), or in case CONTRACTOR surrenders the Area under this Agreement prior to such time, EGPC shall not bear any of the aforesaid expenses spent by CONTRACTOR.

(c) At least four (4) months prior to the beginning of each Financial Year or at such other times as may mutually be agreed to by EGPC and CONTRACTOR, CONTRACTOR shall prepare an Exploration Work Program and Budget for the Area setting forth the Exploration operations which CONTRACTOR proposes to carry out during the ensuing Year.

The Exploration Work Program and Budget shall be reviewed by a joint committee to be established by EGPC and CONTRACTOR after the Effective Date of this Agreement. This Committee, hereinafter referred to as the "Exploration Advisory Committee", shall consist of six (6) members, three (3) of whom shall be appointed by EGPC and three (3) by CONTRACTOR. The Chairman of the Exploration Advisory Committee shall be designated by EGPC from among the members appointed by it. The Exploration Advisory Committee shall review and give such advice as it deems appropriate with respect to the proposed Work Program and Budget. Following review by the Exploration Advisory Committee, CONTRACTOR shall make such revisions as CONTRACTOR deems appropriate and submit the Exploration Work Program and Budget to EGPC for its approval.

Following such approval, it is further agreed that:

(i) CONTRACTOR shall not substantially revise or modify said Work Program and Budget nor reduce the approved budgeted expenditure without the approval of EGPC;

(ii) In the event of emergencies involving danger or loss of lives or property, CONTRACTOR may expend such additional unbudgeted amounts as may be required to alleviate such danger. Such expenditure shall be considered in all respects as Exploration expenditure and shall be recovered pursuant to the provisions of Article VII.

(d) CONTRACTOR shall advance all necessary funds for all materials, equipment, supplies, personnel administration and operations pursuant to the Exploration Work Program and Budget and EGPC shall not be responsible to bear or repay any of the aforesaid costs.

(e) CONTRACTOR shall be responsible for the preparation and performance of the Exploration Work Program which shall be implemented in a workmanlike manner and consistent with good industry practices.

Except as is appropriate for the processing of data, specialized laboratory engineering and development studies thereon, to be made in specialized centers outside the A.R.E., all geological and geophysical studies as well as any other studies related to the performance of this Agreement, shall be made in the A.R.E.

CONTRACTOR shall entrust the management of Exploration operations in the A.R.E. to its technically competent General Manager and Deputy General Manager. The names of such Manager and Deputy General Manager shall, upon appointment, be forthwith notified to the GOVERNMENT and to EGPC. The General Manager and, in his absence, the Deputy General Manager shall be entrusted by CONTRACTOR with sufficient powers to carry out immediately all lawful written directions given to them by the GOVERNMENT or its representative under the terms of this Agreement. All lawful regulations issued or hereafter to be issued which are applicable hereunder and not in conflict with this Agreement shall apply to CONTRACTOR.

(f) CONTRACTOR shall supply EGPC, within thirty (30) days from the end of each calendar quarter, with a Statement of Exploration Activity. showing costs incurred by CONTRACTOR during such quarter. CONTRACTOR's records and necessary supporting documents shall be available for inspection by EGPC at any time during regular working hours for three (3) months from the date of receiving each Statement.

Within the three (3) months from the date of receiving such Statement, EGPC shall advise CONTRACTOR in writing if it considers:

(1) that the record of costs is not correct;

(2) that the costs of goods or services supplied are not in line with the international market prices for goods or services of similar quality supplied on similar terms prevailing at the time such goods or services were supplied, provided however, that purchases made and services performed within the A.R.E. shall be subject to Article XXVI;

(3) that the condition of the materials furnished by CONTRACTOR does not tally with their prices; or

(4) that the costs incurred are not reasonably required for operations.

CONTRACTOR shall confer with EGPC in connection with the problem thus presented, and the parties shall attempt to reach a settlement which is mutually satisfactory.

Any reimbursement due to EGPC out of the Cost Recovery Petroleum as a result of reaching agreement or of an arbitral award shall be promptly made in cash to EGPC, plus simple interest at LIBOR plus two and one-half percent (2.5%) per annum from the date on which the disputed amount(s) would have been paid to EGPC according to Article VII(a)(2) and Annex "E" (i.e. the date of rendition of the relevant Cost Recovery Statement) to the date of payment. The LIBOR rate applicable shall be the average of the figure or figures published by the Financial Times representing the mid-point of the rates (bid and ask) applicable to one month U.S. Dollar deposits in the London Interbank Eurocurrency Market on each fifteenth (15th) day of each month occurring between the date on which the disputed amount(s) would have been paid to EGPC and the date on which it is settled.

If the LIBOR rate is available on any fifteenth (15th) day but is not published in the Financial Times in respect of such day for any reason, the LIBOR rate chosen shall be that offered by Citibank N.A. to other leading banks in the London Interbank Eurocurrency Market for one month U.S. Dollar deposits.

If such fifteenth (15th) day is not a day on which LIBOR rates are quoted in the London Interbank Eurocurrency Market, the LIBOR rate to be used shall be that quoted on the next following day on which such rates are quoted.

If within the time limit of the three (3) month period provided for in this paragraph, EGPC has not advised CONTRACTOR of its objection to any Statement, such Statement shall be considered as approved.

(g) CONTRACTOR shall supply all funds necessary for its operations in the A.R.E. under this Agreement in freely convertible currency from abroad. CONTRACTOR shall have the right to freely purchase Egyptian currency in the amounts necessary for its operations in the A.R.E. from any bank or entity authorized by the GOVERNMENT to conduct foreign currency exchanges.

(h) EGPC is authorized to advance to CONTRACTOR the Egyptian currency required for the operations under this Agreement against receiving from CONTRACTOR an equivalent amount of U.S. Dollars at the official A.R.E. rate of exchange. Such amounts in U.S. Dollars shall be deposited in an EGPC account abroad with a correspondent bank of the National Bank of Egypt, Cairo. Withdrawals from said account shall be used for financing EGPC's and its Affiliated Companies' foreign currency requirements subject to the approval of the Minister of Petroleum.

ARTICLE V

MANDATORY AND VOLUNTARY RELINQUISHMENTS

(a) MANDATORY

At the end of the third (3rd) year after the Effective Date hereof, CONTRACTOR shall relinquish to the GOVERNMENT a total of twenty-five percent (25%) of the original Area not then converted to a Development Lease or Leases. Such relinquishment shall be in units of whole Exploration Blocks or parts of Exploration Blocks not converted to Development Leases so as to enable the relinquishment requirements to be precisely fulfilled.

At the end of the fifth (5th) year after the Effective Date hereof, CONTRACTOR shall relinquish to the GOVERNMENT an additional twenty-five percent (25%) of the original Area not then converted to a Development Lease or Leases. Such relinquishment shall be in units of whole Exploration Blocks or parts of Exploration Blocks not converted to Development Leases so as to enable the relinquishment requirements to be precisely fulfilled.

Without prejudice to Articles III and XXIII and the last three paragraphs of this Article V(a), at the end of the seventh (7th) year of the Exploration period, CONTRACTOR shall relinquish the remainder of the Area not then converted to a Development Lease or Leases.

It is understood that at the time of any relinquishment the areas to be converted into Development Leases and which are submitted to the Minister of Petroleum for his approval, according to Article III(d) shall, subject to such approval, be deemed converted to Development Leases.

CONTRACTOR shall not be required to relinquish any Exploration Block or Blocks on which a Commercial Oil or Gas Well is discovered before the period of time referred to in Article III(c) given to CONTRACTOR to determine whether such Well is a Commercial Discovery worthy of Development, or to relinquish an Exploration Block in respect of which a notice of Commercial Gas Discovery has been given to EGPC subject to EGPC's right to agree on the existence of a Commercial Discovery pursuant to Article III(c), and without prejudice to the requirements of Article III(e).

In the event at the end of the initial Exploration Period or either of the two successive extensions of the initial Exploration Period, a well is actually drilling or testing CONTRACTOR shall be allowed up to six (6) months to enable it to discover a Commercial Oil or Gas Well or to establish a Commercial Discovery, as the case may be. However, any such extension of up to six (6) months shall reduce the length of the next succeeding Exploration Period, as applicable, by that amount.

(b) VOLUNTARY

CONTRACTOR may, voluntarily, during any period relinquish all or any part of the Area in whole Exploration Blocks or parts of Exploration Blocks provided that at the time of such voluntary relinquishment its Exploration obligations under Article IV(b) have been satisfied for such period.

Any relinquishments hereunder shall be credited toward the mandatory provision of Article V(a) above.

Following Commercial Discovery, EGPC and CONTRACTOR shall mutually agree upon any area to be relinquished thereafter, except for the relinquishment provided for above at the end of the total Exploration period.

ARTICLE VI

OPERATIONS AFTER COMMERCIAL DISCOVERY

(a) On Commercial Discovery, EGPC and CONTRACTOR shall form in the A.R.E. an operating company pursuant to Article VI(b) and Annex "D" (hereinafter referred to as "Operating Company") which company shall be named by mutual agreement between EGPC and CONTRACTOR and such name shall be subject to the approval of the Minister of Petroleum. Said company shall be a private sector company. Operating Company shall be subject to the laws and regulations in force in the A.R.E. to the extent that such laws and regulations are not inconsistent with the provisions of this Agreement or the Charter of Operating Company.

However, Operating Company and CONTRACTOR shall, for the purpose of this Agreement, be exempted from the following laws and regulations as now or hereafter amended or substituted:

Law No. 48 of 1978 on the employee regulations of public sector companies;

Law No. 159 of 1981, promulgating the law on joint stock companies, partnership limited by shares and limited liability companies;

Law No. 97 of 1983, promulgating the law concerning public sector organisations and companies;

Law No. 203 of 1991 promulgating the law on public business sector companies; and

Law No. 38 of 1994, organizing dealings in foreign currencies.

(b) The Charter of Operating Company is hereto attached as Annex "D". Within thirty (30) days after the date of Commercial Oil Discovery or within thirty (30) days after the signature of a Gas Sales Agreement or commencement of a scheme to dispose of Gas (unless otherwise agreed upon by EGPC and CONTRACTOR), the Charter shall take effect and Operating Company shall automatically come into existence without any further procedures. The Exploration Advisory Committee shall be dissolved forthwith upon the coming into existence of the Operating Company.

(c) Ninety (90) days after the date Operating Company comes into existence in accordance with paragraph (b) above, it shall prepare a Work Program and Budget for further Exploration and Development for the remainder of the year in which the Commercial Discovery is made; and not later than four (4) months before the end of the current Financial Year (or such other date as may be agreed upon by EGPC and CONTRACTOR) and four (4) months preceding the commencement of each succeeding Financial Year thereafter (or such other date as may be agreed upon by EGPC and CONTRACTOR) Operating Company shall prepare an annual Production Schedule, Work Program and Budget for further Exploration and Development for the succeeding Financial Year. The Production Schedule, Work Program and Budget shall be submitted to the Board of Directors for approval.

(d) Not later than the twentieth (20th) day of each month, Operating Company shall furnish to CONTRACTOR a written estimate of its total cash requirements for expenditure for the first half and the second half of the succeeding month expressed in U.S. Dollars having regard to the approved budget. Such estimate shall take into consideration any cash expected to be on hand at month end.

Payment for the appropriate period of such month shall be made to the correspondent bank designated in paragraph (e) below on the first (1st) day and fifteenth (15th) day respectively, or the next following business day, if such day is not a business day.

(e) Operating Company is authorized to keep at its own disposal abroad in an account opened with a correspondent bank of the National Bank of Egypt, Cairo, the foreign funds advanced by CONTRACTOR. Withdrawals from said account shall be used for payment for goods and services acquired abroad and for transferring to a local bank in the A.R.E. the required amount to meet the expenditures in Egyptian Pounds for Operating Company in connection with its activities under this Agreement.

Within sixty (60) days after the end of each Financial Year, Operating Company shall submit to the appropriate exchange control authorities in the A.R.E. a statement, duly certified by a recognized firm of auditors, showing the funds credited to that account, the disbursements made out of that account and the balance outstanding at the end of the year.

(f) If and for as long during the period of production operations there exists an excess capacity in facilities which cannot during the period of such excess be used by the Operating Company, EGPC and CONTRACTOR will consult together to find a mutually agreed formula whereby EGPC may use the excess capacity if it so desires without any unreasonable financial or unreasonable operational disadvantage to the CONTRACTOR.

ARTICLE VII
RECOVERY OF COSTS AND EXPENSES AND PRODUCTION SHARING

(a) 1. COST RECOVERY PETROLEUM

Subject to the auditing provisions under this Concession Agreement, CONTRACTOR shall recover quarterly all costs, expenses and expenditures in respect of all the Exploration, Development and related operations under this Agreement to the extent and out of thirty-five percent (35%) of all Petroleum produced and saved from all Development Leases within the Area hereunder and not used in Petroleum operations. Such Petroleum is hereinafter referred to as "Cost Recovery Petroleum."

For the purpose of determining the classification of all costs, expenses and expenditures for their recovery, the following terms shall apply:

1. "Exploration Expenditures" shall mean all costs and expenses for Exploration and the related portion of indirect expenses and overheads.

2. [illegible]opment Expenditures" shall mean all costs and expenses for Development (with the exception of Operating Expenses) and the related portion of indirect expenses and overheads.

3. "Operating Expenses" shall mean all costs, expenses and expenditures made after initial commercial production, which costs, expenses and expenditures are not normally depreciable.

However, Operating Expenses shall include workover, repair and maintenance of assets but shall not include any of the following: sidetracking, redrilling and changing of the status of a well, replacement of assets or part of an asset, additions, improvements, renewals or major overhauling that extend the life of the asset.

Exploration Expenditures, Development Expenditures and Operating Expenses shall be recovered from Cost Recovery Petroleum in the following manner:

(i) Exploration Expenditures including those accumulated prior to the commencement of initial commercial production, which for the purposes of this Agreement shall mean the date on which the first regular shipment of Crude Oil or the first deliveries of Gas are made, shall be recoverable at the rate of twenty five percent (25%) per annum starting either in the Tax Year in which such expenditures are incurred and paid or the Tax Year in which initial commercial production commences, whichever is the later date.

(ii) Development Expenditures, including those accumulated prior to the commencement of initial commercial production which for the purposes of this Agreement shall mean the date on which the first regular shipment of Crude Oil or the first deliveries of Gas are made, shall be recoverable at the rate of twenty percent (20%) per annum starting either in the Tax Year in which such expenditures are incurred and paid or the Tax Year in which initial commercial production commences, whichever is the later date.

(iii) Operating Expenses, incurred and paid after the date of initial commercial production, which for the purposes of this Agreement shall mean the date on which the first regular shipment of Crude Oil or the first deliveries of Gas are made, shall be recoverable either in the Tax Year in which such costs and expenses are incurred and paid or the Tax Year in which initial commercial production occurs, whichever is the later date.

(iv) To the extent that, in a Tax Year, costs, expenses or expenditures recoverable per paragraphs (i), (ii) and (iii) above, exceed the value of all Cost Recovery Petroleum for such Tax Year, the excess shall be carried forward for recovery in the next succeeding Tax Year or Years until fully recovered, but in no case after the termination of this Agreement, as to CONTRACTOR.

(v) The recovery of costs and expenses, based upon the rates referred to above, shall be allocated to each quarter proportionately (one fourth to each quarter). However, any recoverable costs and expenses not recovered in one quarter as thus allocated, shall be carried forward for recovery in the next quarter.

2. Except as provided in Article VII(a)3 and Article VII(e)1, CONTRACTOR shall each quarter be entitled to take and own all Cost Recovery Petroleum, which shall be taken and disposed of in the manner determined pursuant to Article VII(e). To the extent that the value of all Cost Recovery Petroleum (as determined in Article VII(c)) exceeds the actual recoverable costs and expenditures, including any carry forward under Article VII(a)1(iv) to be recovered in that quarter, then the value of such Excess Cost Recovery Petroleum, shall be divided between EGPC and CONTRACTOR in accordance with the percentages specified in Article VII(b)1 and EGPC's share shall be paid by CONTRACTOR to EGPC either (i) in cash in the manner set forth in Article IV of the Accounting Procedure contained in Annex "E" or (ii) in kind in accordance with Article VII(a)3.

3. Ninety (90) days prior to the commencement of each Calendar Year EGPC shall be entitled to elect by notice in writing to CONTRACTOR to require payment of up to one hundred percent (100%) of EGPC's share of Excess Cost Recovery Petroleum in kind. Such payment will be in Crude Oil from the Area F.O.B. export terminal or other agreed delivery point provided that the amount of Crude Oil taken by EGPC in kind in a quarter shall not exceed the value of Cost Recovery Crude Oil actually taken and separately disposed of by CONTRACTOR from the Area during the previous quarter. If EGPC's entitlement to receive payment of its share of the Excess Cost Recovery Petroleum in kind is limited by the foregoing provision, the balance of such entitlement shall be paid in cash.

(b) <u>PRODUCTION SHARING</u>

1. The remaining sixty-five percent (65%) of the Petroleum, shall be divided between EGPC and CONTRACTOR according to the following shares. Such shares shall be taken and disposed of pursuant to Article VII(e):

(i) Crude Oil

	EGPC SHARE	CONTRACTOR SHARE
Crude Oil produced and saved under this Agreement and not used in Petroleum operations. Barrels per day (BOPD) (quarterly average):		
That portion or increment up to 5,000 BOPD	74% seventy-four percent	26% twenty-six percent

	EGPC SHARE	CONTRACTOR SHARE
That portion or increment in excess of 5,000 BOPD and up to 10,000 BOPD	76% seventy-six percent	24% twenty-four percent
That portion or increment in excess of 10,000 BOPD and up to 20,000 BOPD	78% seventy-eight percent	22% twenty-two percent
That portion or increment in excess of 20,000 BOPD and up to 40,000 BOPD	81% eighty-one percent	19% nineteen percent
That portion or increment in excess of 40,000 BOPD and up to 50,000 BOPD	83% eighty-three percent	17% seventeen percent
That portion or increment in excess of 50,000 BOPD	85% eighty-five percent	15% fifteen percent

(ii) Gas and LPG

Gas and LPG produced and saved under this Agreement and not used in Petroleum operations by MMSCFD (quarterly average).

EGPC share: seventy-five percent (75%)
CONTRACTOR share: twenty-five percent (25%)

2. After the end of each contractual year during the term of any Gas Sales Agreement entered into pursuant to Article VII(e), EGPC and CONTRACTOR (as sellers) shall render to EGPC (as buyer) a statement for an amount of Gas, if any, equal to the amount by which the quantity of Gas of which EGPC (as buyer) has taken delivery falls below seventy-five percent (75%) of the contract quantities of Gas as established by the applicable Gas Sales Agreement (the "Shortfall"), provided the Gas is available. Within sixty (60) days of receipt of the statement, EGPC (as buyer) shall pay EGPC and CONTRACTOR (as sellers) for the amount of the

shortfall, if any. The Shortfall shall be included in EGPC's and CONTRACTOR's entitlements to Gas pursuant to Article VII(a) and Article VII(b) in the fourth (4th) quarter of such contractual year.

Quantities of Gas not taken but to be paid for shall be recorded in a separate "Take-or-Pay account". Quantities of Gas ("Make Up Gas") which are delivered in subsequent years in excess of seventy-five percent (75%) of the contract quantities of Gas as established by the applicable Gas Sales Agreement, shall be set against and reduce quantities of Gas in the "Take-or-Pay account" to the extent thereof and, to that extent, no payment shall be due in respect of such Gas. Such Make Up Gas shall not be included in CONTRACTOR's entitlements to Gas pursuant to Article VII(a) and Article VII(b). CONTRACTOR shall have no rights to such Make Up Gas.

The percentages set forth in Article VII(a) hereinabove and this Article VII(b) in respect of LPG produced from a plant constructed and operated by or on behalf of EGPC and CONTRACTOR shall apply to all LPG available for delivery.

(c) VALUATION OF PETROLEUM

1. Crude Oil

(i) The Cost Recovery Crude Oil to which CONTRACTOR is entitled hereunder shall be valued by EGPC and CONTRACTOR at "Market Price" for each calendar quarter.

(ii) "Market Price" shall mean the weighted average prices realized from sales by EGPC or CONTRACTOR during the quarter, whichever is higher, provided that the sales to be used in arriving at the weighted average(s) shall be sales of comparable quantities on comparable credit terms in freely convertible currency from F.O.B. point of export sales to non-affiliated companies at arm's length under all Crude Oil sales contracts then in effect, but excluding Crude Oil sales contracts involving barter and:

(1) Sales, whether direct or indirect, through brokers or otherwise, of EGPC or CONTRACTOR to any Affiliated Company.

(2) Sales involving a quid pro quo other than payment in a freely convertible currency or motivated in whole or in part by considerations other than the usual economic incentives for commercial arm's length crude oil sales.

(iii) It is understood that in the case of C.I.F. sales, appropriate deductions shall be made for transport and insurance charges to calculate the F.O.B. point of export price; and always taking into account the appropriate adjustment for quality of Crude Oil, freight advantage or disadvantage of port of loading and other appropriate adjustments. Market Price shall be determined separately for each Crude Oil or Crude Oil mix, and for each port of loading.

(iv) If during any calendar quarter, there are no such sales by EGPC and/or CONTRACTOR under the Crude Oil sales contracts in effect, EGPC and CONTRACTOR shall mutually agree upon the Market Price of the barrel of Crude Oil to be used for such quarter, and shall be guided by all relevant and available evidence including current prices in freely convertible currency of leading crude oils produced by major oil producing countries (in the Arabian Gulf/at the Mediterranean Area), which are regularly sold in the open market according to actual sales contracts but excluding paper sales and sales promises where no crude oil is delivered, to the extent that such sales are effected under such terms and conditions (excluding the price) not significantly different from those under which the Crude Oil to be valued, was sold, and always taking into consideration appropriate adjustments for Crude Oil quality, freight advantages or disadvantages of port of loading and other appropriate adjustments, as the case may be, for differences in gravity, sulphur, and other factors generally recognized by sellers and purchasers, as reflected in crude prices, transportation ninety (90) days insurance premiums, unusual fees borne by the seller, and for credit terms in excess of sixty (60) days, and the cost of loans or guarantees granted for the benefit of the sellers at prevailing interest rates.

It is the intent of the parties that the value of the Cost Recovery Crude Oil shall reflect the prevailing market price for such Crude Oil.

(v) If either EGPC or CONTRACTOR considers that the Market Price as determined under sub-paragraph (ii) above does not reflect the prevailing market price or in the event EGPC and CONTRACTOR fail to agree on Market Price for any Crude Oil produced under this Agreement for any quarter within fifteen (15) days after the end thereof, any party may elect at any time thereafter to submit to a single arbitrator the question, what single price per barrel, in the arbitrator's judgement, best represents for the pertinent quarter the Market Price for the Crude Oil in question. The arbitrator shall make his determination as soon as possible following the quarter in question. His determination shall be final and binding upon all the parties. The arbitrator shall be selected in the manner described below.

In the event EGPC and CONTRACTOR fail to agree on the arbitrator within thirty (30) days from the date any party notifies the other that it has decided to submit the determination of the Market Price to an arbitrator, such arbitrator shall be chosen by the appointing authority designated in accordance with Article XXIV(e), or such other appointing authority with access to such expertise as may be agreed to between EGPC and CONTRACTOR, with regard to the qualifications for arbitrators set forth below, upon written application of one or both of EGPC and CONTRACTOR. Copies of such application by one of them shall be promptly sent to the other.

The arbitrator shall be as nearly as possible a person with an established reputation in the international petroleum industry as an expert in pricing and marketing crude oil in international commerce.

The arbitrator shall not be a citizen of a country which does not have diplomatic relations with both the A.R.E., and the country of CONTRACTOR. He may not be, at the time of selection, employed by, or an arbitrator or consultant on a continuing or frequent basis to, the American Petroleum Institute, the Organization of the Petroleum Exporting Countries or the Organization of Arab Petroleum Exporting Countries, or a consultant on a continuing basis to EGPC, CONTRACTOR or an Affiliated Company of either, but past occasional consultation with such companies, with other Petroleum companies, with governmental agencies or organizations shall not be a ground for disqualification. He may not have been, at any time during the two (2) years before selection, an employee of any petroleum company or of any government agency or organization.

Should a selected person decline or be unable to serve as arbitrator or should the position of arbitrator fall vacant prior to the decision called for, another person shall be chosen in the same manner provided in this paragraph. EGPC and CONTRACTOR shall share equally the expenses of the arbitrator.

The arbitrator shall make his determination in accordance with the provisions of this paragraph, based on the best evidence available to him. He will review oil sales contracts as well as other sales data and information but shall be free to evaluate the extent to which any contracts, data or information is substantiated or pertinent. Representatives of EGPC and CONTRACTOR shall have the right to consult with the arbitrator and furnish him written materials provided the arbitrator may impose reasonable limitations on this right. EGPC and CONTRACTOR each shall cooperate with the arbitrator to the fullest extent and each shall insure such cooperation of its trading companies. The arbitrator shall be provided access to crude oil sales contracts and related data and information which EGPC and CONTRACTOR or their trading companies are able to make available and which in the judgement of the arbitrator might aid the arbitrator in making a valid determination.

(vi) Pending Market Price agreement by EGPC and CONTRACTOR or determination by the arbitrator, as applicable, the Market Price agreed for the quarter preceding the quarter in question shall remain temporarily in effect. In the event either EGPC or CONTRACTOR should incur a loss by virtue of the temporary continuation of the Market Price of the previous quarter, it shall promptly be reimbursed such loss by the other party plus simple interest at the LIBOR plus two and one-half percent (2.5%) per annum rate provided for in Article IV(f) from the date on which the disputed amount(s) should have been paid to the date of payment.

2. **Gas and LPG**

(i) The Cost Recovery and Production Shares of Gas subject to a Gas Sales Agreement between EGPC and CONTRACTOR (as sellers) and EGPC (as buyer) entered into pursuant to Article VII(e) shall be valued, delivered to and purchased by EGPC at a price determined monthly according to the following formula:

$$PG = 0.85 \times \frac{F}{42.96 \times 10^6} \times H$$

Where:

PG= the value of the Gas in U.S.Dollars per thousand standard cubic feet (MSCF).

F= a value in U.S.Dollars per metric ton of the crude of Gulf of Suez blend priced "FOB Ras Shukheir" calculated by referring to "Platt's Oilgram Price Report" during a month under the heading "Spot Crude Price Assessment for Suez Blend". This value reflects the total averages of the published high and low values for a Barrel during such month divided by the number of days in such month for which such values were quoted. The value per metric ton shall be calculated on the basis of a conversion factor to be agreed upon annually between EGPC and CONTRACTOR.

H= the number of British Thermal Units (BTU's) per thousand standard cubic feet (MSCF) of the Gas based on gross calorific value.

In the event that the value of F cannot be determined because Platt's Oilgram Price Report is not published at all during a month, EGPC and CONTRACTOR shall meet and agree the value of F by reference to other published sources. In the event that there are no such published sources or if the value of F cannot be determined pursuant to the foregoing for any other reason, EGPC and CONTRACTOR shall meet and agree to a value of F.

Such evaluation of Gas under a formula providing for a fifteen percent (15%) discount is based upon delivery at the delivery point specified in Article VII (e) (2) (ii) hereinafter, and is to enable EGPC to finance and maintain the portions of the pipeline distribution system to be provided by EGPC.

(ii) The Cost Recovery and Production Shares of LPG produced from a plant constructed and operated by or on behalf of EGPC and CONTRACTOR shall be separately valued for Propane and Butane at the outlet of such LPG plant according to the following formula (unless otherwise agreed between EGPC and CONTRACTOR):

$$PLPG = 0.95\ PR - \left(J \times 0.85 \times \frac{F}{42.96 \times 10^6}\right)$$

Where:

PLPG= LPG price (separately determined for Propane and Butane) in U.S. Dollars per metric ton.

PR = the average over a period of a month of the figures representing the mid-point between the high and low prices in U.S. Dollars per metric ton quoted in " Platt's LPGaswire" during such month for Propane and Butane FOB Ex- Ref/Stor. West Mediterranean.

J = BTU's removed from the Gas Stream by the LPG plant per metric ton of LPG produced.

F = the same value as F under sub-paragraph (i) above.

In the event that Platt's LPGaswire is issued on certain days during a month but not on others, the value of PR shall be calculated using only those issues which are published during such month. In the event that the value of PR cannot be determined because Platt's LPGaswire is not published at all during a month, EGPC and CONTRACTOR shall meet and agree to the value of PR by reference to other published sources. In the event that there are no such other published sources or if the value of PR cannot be determined pursuant to the foregoing for any other reason, EGPC and CONTRACTOR shall meet and agree to the value of PR by reference to the value of LPG (Propane and Butane) delivered FOB from the Mediterranean Area.

Such valuation of LPG is based upon delivery at the delivery point specified in Article VII (e) (2) (iii) hereinafter.

(iii) The prices of Gas and LPG so calculated shall apply during the same month.

(iv) The Cost Recovery and production shares of Gas and LPG disposed of by EGPC and CONTRACTOR other than to EGPC pursuant to Article VII(e) hereinafter shall be valued at their actual realized price.

(d) FORECASTS

Operating Company shall prepare (not less than ninety (90) days prior to the beginning of each calendar semester following first regular production) and furnish in writing to CONTRACTOR and EGPC a forecast setting out a total quantity of Petroleum that Operating Company estimates can be produced, saved and transported hereunder during such calendar semester in accordance with good oil and gas industry practices.

Operating Company shall endeavor to produce each calendar semester the forecast quantity. The Crude Oil shall be run to storage tanks or offshore loading facilities constructed, maintained and operated according to GOVERNMENT regulations, by Operating Company in which said Crude Oil shall be metered or otherwise measured for royalty, and the other purposes required by this Agreement. Gas shall be handled by Operating Company in accordance with the provisions of Article VII(e).

(e) DISPOSITION OF PETROLEUM

(1) EGPC and CONTRACTOR shall have the right and the obligation to separately take and freely export or otherwise dispose of, currently all of the Crude Oil to which each is entitled under Article VII(a) and Article VII(b). Subject to payment of sums due to EGPC under Article VII(a)2 and Article IX, CONTRACTOR shall have the right to remit and retain abroad all funds acquired by it including the proceeds from the sales of its share of Petroleum.

Notwithstanding anything to the contrary under this Agreement, priority shall be given to meet the requirements of the A.R.E. market from CONTRACTOR's share under Article VII(b) of the Crude Oil produced from the Area and EGPC shall have the preferential right to purchase such Crude Oil at a price to be determined pursuant to Article VII(c). The amount of Crude Oil so purchased shall be a portion of CONTRACTOR's share under Article VII(b). Such amount shall be proportional to CONTRACTOR's share of the total production of crude oil from the concession areas in the A.R.E. that are also subject to EGPC's preferential right to purchase. The payment for such purchased amount shall be made by EGPC in U.S. Dollars or in any other freely convertible currency remittable by CONTRACTOR abroad.

It is agreed upon that EGPC shall notify CONTRACTOR, at least forty-five (45) days prior to the beginning of the calendar semester, of the amount to be purchased during such semester under this Article VII(e)(1).

(2) With respect to Gas and LPG produced from the Area:

(i) Priority shall be given to meet the requirements of the local market as determined by EGPC.

(ii) In the event that EGPC is to be the buyer of Gas, the disposition of Gas to the local market as indicated above shall be by virtue of long term Gas Sales Agreements to be entered into between EGPC and CONTRACTOR (as sellers) and EGPC (as buyer).

EGPC and CONTRACTOR (as sellers) shall have the obligation to deliver Gas to the following point where such Gas shall be metered for sales, royalty, and other purposes required by this Agreement.

(a) In the event no LPG Plant is constructed to process such Gas, the delivery point shall be the flange connecting the lease pipeline to the nearest point on the National Gas Pipeline Grid System as depicted in Annex "F" or as otherwise agreed by EGPC and CONTRACTOR.

(b) In the event an LPG Plant is constructed to process such Gas, such Gas shall, for the purpose of valuation and sales, be metered at the inlet to such LPG Plant. However, notwithstanding the fact that the metering shall take place at the LPG Plant inlet, CONTRACTOR shall through the Operating Company build a pipeline suitable for transport of the processed Gas from the LPG Plant outlet to the nearest point on the National Gas Pipeline Grid System as depicted in Annex "F", or as otherwise agreed by EGPC and CONTRACTOR. Such pipeline shall be owned in accordance with Article VIII (a) by EGPC, and its cost shall be financed and recovered by CONTRACTOR as Development Expenditures pursuant to Article VII.

(iii) EGPC and CONTRACTOR shall consult together to determine whether to build an LPG plant for recovering LPG from any Gas produced hereunder. In the event EGPC and CONTRACTOR decide to build such a plant, the plant shall, as is appropriate, be in the vicinity of the point of delivery as determined in Article VII(e)2(ii) above. Delivery of LPG for royalty and other purposes required by this Agreement shall be at the outlet of the LPG plant. The costs of any such LPG plant shall be recoverable in accordance with the provisions of this Agreement unless the Minister of Petroleum agrees to accelerated recovery.

(iv) EGPC (as buyer) shall have the option to elect, by ninety (90) days prior written notice to EGPC and CONTRACTOR (as sellers), whether payment for the Gas which is subject to a Gas Sales Agreement between EGPC and CONTRACTOR (as sellers) and EGPC (as buyer) and LPG produced from a plant constructed and operated by or on behalf of EGPC and CONTRACTOR, as valued in accordance with Article VII(c), and to which CONTRACTOR is entitled under the Cost Recovery and Production

Sharing provisions of Article VII herein, shall be made 1) in cash or 2) in kind.

Payments in cash shall be made by EGPC (as buyer) at intervals provided for in the relevant Gas Sales Agreement in U.S. Dollars, remittable by CONTRACTOR abroad.

Payments in kind shall be calculated by converting the value of Gas and LPG to which CONTRACTOR is entitled into equivalent barrels of Crude Oil to be taken concurrently by CONTRACTOR from the Area, or to the extent that such Crude Oil is insufficient, Crude Oil from CONTRACTOR's other concession areas or such other areas as may be agreed. Such Crude Oil shall be added to the Crude Oil that CONTRACTOR is otherwise entitled to lift under this Agreement. Such equivalent barrels shall be calculated on the basis of the provisions of Article VII (c) relating to the valuation of Cost Recovery Crude Oil,

Provided that:

(aa) Payment of the value of Gas and LPG shall always be made in cash in U.S. Dollars remittable by CONTRACTOR abroad to the extent that there is insufficient Crude Oil available for conversion as provided for above;

(bb) Payment of the value of Gas and LPG shall always be made in kind as provided for above to the extent that payments in cash are not made by EGPC.

Payments to CONTRACTOR (whether in cash or kind), when related to CONTRACTOR's Cost Recovery Petroleum, shall be included in CONTRACTOR's Statement of Recovery of Costs and of Cost Recovery Petroleum referred to in Article IV of Annex "E" of this Agreement.

(v) Should EGPC (as buyer) fail to enter into a long-term Gas Sales Agreement with EGPC and CONTRACTOR (as sellers) within five (5) years (unless otherwise agreed) from a notice of Commercial Gas Discovery pursuant to Article III, EGPC and CONTRACTOR shall have the right to take and freely dispose of the quantity of Gas and LPG in respect of which the notice of Commercial Discovery is given by exporting such Gas and LPG.

(vi) The proceeds of sale of CONTRACTOR's share of Gas and LPG disposed of pursuant to the above sub-paragraph (v) may be freely remitted or retained abroad by CONTRACTOR.

(vii) In the event EGPC and CONTRACTOR agree to accept new Gas and LPG producers to join in an ongoing export project, such producers shall have to contribute a fair and equitable share of the investment made.

(viii) (aa) Upon the expiration of the five (5) year period referred to in Article VII(e)2(v) above, CONTRACTOR shall have the obligation to exert its reasonable efforts to find an export market for Gas reserves.

(bb) In the event at the end of the five (5) year period referred to under Article VII(e)2(v) above, CONTRACTOR and EGPC have not entered into a Gas Sales Agreement, CONTRACTOR shall retain its rights to such Gas reserves for a further period of up to seven (7) years, subject to Article VII(e)2(viii)(cc) below, during which period EGPC shall attempt to find a market for the Gas reserves.

(cc) CONTRACTOR shall, at any time prior to the expiry of such further seven (7) year period, surrender the Gas reserves, if CONTRACTOR does not accept an offer from EGPC of a Gas Sales Agreement within six (6) months from the date such offer is made, provided, that in such Gas Sales Agreement or Gas disposal scheme offered to CONTRACTOR, the relevant technical and economic factors to enable a commercial contract or scheme are taken into consideration including:

- A sufficient delivery rate.
- Delivery pressure to enter the National Gas Pipeline Grid System at a mutually accepted point of delivery.
- Delivered Gas quality specifications not more stringent than those imposed or required for the National Gas Pipeline Grid System; and
- The Gas prices as specified in this Agreement.

(dd) In the event that CONTRACTOR is not exporting the Gas and CONTRACTOR has not entered a Gas Sales Agreement pursuant to Article VII(e)2 prior to the expiry of twelve (12) years from CONTRACTOR's notice of Commercial Discovery of Gas, CONTRACTOR shall surrender the Gas reserves in respect of which such notice has been given.

(ix) CONTRACTOR shall not be obligated to surrender a Development Lease based on a Commercial Gas Discovery, if Crude Oil has been discovered in commercial quantities in the same Development Lease and vice versa.

(f) OPERATIONS

If following the reversion to EGPC of any rights to Crude Oil hereunder, CONTRACTOR retains rights to Gas in the same Development Lease, or if, following surrender of rights to Gas hereunder, CONTRACTOR retains rights to Crude Oil in the same Development Lease, operations to explore for or exploit the Petroleum, the rights to which have reverted or been surrendered (Oil or Gas as the case may be) may only be carried out by Operating Company which shall act on behalf of EGPC alone, unless CONTRACTOR and EGPC agree otherwise.

(g) TANKER SCHEDULING

At a reasonable time prior to the commencement of Commercial Production, EGPC and CONTRACTOR shall meet and agree upon a procedure for scheduling tanker liftings from the agreed upon point of export.

ARTICLE VIII

TITLE TO ASSETS

(a) EGPC shall become the owner of all CONTRACTOR acquired and owned assets which assets were charged to Cost Recovery by CONTRACTOR in connection with the operations carried out by CONTRACTOR or Operating Company in accordance with the following:

(1) Land shall become the property of EGPC as soon as it is purchased.

(2) Title to fixed and moveable assets shall be transferred automatically and gradually from CONTRACTOR to EGPC as they become subject to recovery in accordance with the provisions of Article VII; however the full title to fixed and movable assets shall be transferred automatically from CONTRACTOR to EGPC when its total cost has been recovered by CONTRACTOR in accordance with the provisions of Article VII or at the time of termination of this Agreement with respect to all assets chargeable to the operations whether recovered or not, whichever first occurs.

The book value of the assets created during each calendar quarter shall be communicated by CONTRACTOR to EGPC or by Operating Company to EGPC and CONTRACTOR within thirty (30) days of the end of each quarter.

(b) During the term of this Agreement and the renewal period EGPC, CONTRACTOR and Operating Company are entitled to the full use and enjoyment of all fixed and movable assets referred to above in connection with operations hereunder or under any other petroleum concession agreement entered into by the parties. Proper accounting adjustment shall be made. CONTRACTOR and EGPC shall not dispose of the same except with agreement of the other.

(c) CONTRACTOR and Operating Company may freely import into the A.R.E., use therein and freely export at the end of such use machinery and equipment which they either rent or lease in accordance with good industry practices, including but not limited to the lease of computer hardware and software.

ARTICLE IX

BONUSES

(a) CONTRACTOR shall pay to EGPC as a signature bonus the sum of one million (1,000,000) U.S.Dollars on the Effective Date.

(b) CONTRACTOR shall pay to EGPC the sum of two million (2,000,000) U.S. Dollars as a production bonus when the total average daily production from the Area first reaches the rate of twenty-five thousand (25,000) barrels per day for a period of thirty (30) consecutive producing days. Payment will be made within fifteen (15) days thereafter.

(c) CONTRACTOR shall also pay to EGPC the additional sum of four million (4,000,000) U.S. Dollars as a production bonus when the total average daily production from the Area first reaches the rate of fifty thousand (50,000) barrels per day for a period of thirty (30) consecutive producing days. Payment will be made within fifteen (15) days thereafter.

(d) CONTRACTOR shall also pay to EGPC the additional sum of eight million (8,000,000) U.S. Dollars as a production bonus when the total average daily production from the Area first reaches the rate of one-hundred thousand (100,000) barrels per day for a period of thirty (30) consecutive producing days. Payment will be made within fifteen (15) days thereafter.

(e) All the abovementioned bonuses shall in no event be recovered by CONTRACTOR.

(f) In the event that EGPC elects to develop any part of the Area pursuant to the sole risk provisions of Article III(c)(iv), production from such sole risk Area shall be considered for the purposes of this Article IX only if CONTRACTOR exercises its option to share in such production, and only from the initial date of sharing.

(g) Gas shall be taken into account for the purposes of determining the total average daily production from the Area under Article IX(b)-(d) by converting daily Gas delivered into equivalent barrels of daily Crude Oil production in accordance with the following formula:

MSCF x H x 0.136 = equivalent barrels of Crude Oil

Where:

MSCF = one thousand standard cubic feet of Gas

H = the number of million British Thermal Units (BTUs) per MSCF.

ARTICLE X

OFFICE AND SERVICE OF NOTICES

CONTRACTOR shall maintain an office in the A.R.E. at which notices shall be validly served.

The General Manager and Deputy General Manager shall be entrusted by CONTRACTOR with sufficient power to carry out immediately all local written directions given to them by the GOVERNMENT or its representatives under the terms of this Agreement.

All lawful regulations issued or hereafter to be issued which are applicable hereunder and not in conflict with this Agreement shall apply to the duties and activities of the General Manager and Deputy General Manager.

All matters and notices shall be deemed to be validly served which are delivered to the office of the General Manager or which are sent to him by registered mail to CONTRACTOR's office in the A.R.E.

All matters and notices shall be deemed to be validly served which are delivered to the office of the Chairman of EGPC or which are sent to him by registered mail at EGPC's main office in Cairo.

ARTICLE XI

SAVING OF PETROLEUM AND PREVENTION OF LOSS

(a) Operating Company shall take all proper measures, according to generally accepted methods in use in the Oil and Gas industry to prevent loss or waste of Petroleum above or under the ground in any form during drilling, producing, gathering and distributing or storage operations. The GOVERNMENT has the right to prevent any operation on any well that it might reasonably expect would result in loss or damage to the well or the Crude Oil or Gas field.

(b) Upon completion of the drilling of a productive well, Operating Company shall inform the GOVERNMENT or its representative of the time when the well will be tested and the production rate ascertained.

(c) Except in instances where multiple producing formations in the same well can only be produced economically through a single tubing string, Petroleum shall not be produced from multiple oil bearing zones through one string of tubing at the same time, except with the prior approval of the GOVERNMENT or its representative, which shall not be unreasonably withheld.

(d) Operating Company shall record data regarding the quantities of Petroleum and water produced monthly from each Development Lease. Such data shall be sent to the GOVERNMENT or its representative on the special forms provided for that purpose within thirty (30) days after the data are obtained. Daily or weekly statistics regarding the production from the Area shall be available at all reasonable times for examination by authorized representatives of the GOVERNMENT.

(e) Daily drilling records and the graphic logs of wells must show the quantity and type of cement and the amount of any other materials used in the well for the purpose of protecting Petroleum, gas bearing or fresh water strata.
Any substantial change of mechanical conditions of the well after its completion shall be subject to the approval of the representative of the GOVERNMENT.

ARTICLE XII

CUSTOMS EXEMPTIONS

(a) EGPC, CONTRACTOR and Operating Company shall be permitted to import and shall be exempted from customs duties, any taxes, levies or fees (including fees imposed by Ministerial Decision No. 254 of 1993 issued by the Minister of Finance, as now or hereafter amended or substituted) of any nature (except where an actual service has been rendered to CONTRACTOR by a competent authority), and from the importation rules with respect to the importation of machinery, equipment, appliances, materials, items, means of transport and transportation (the exemption from taxes and duties for cars shall only apply to cars to be used in operations), electric appliances, air conditioners for offices, field housing and facilities, electronic appliances, computer hardware and software, as well as spare parts required for any of the imported items, all subject to a duly approved certificate issued by the responsible representative nominated by EGPC for such purpose, which states that the imported items are required for conducting the operations pursuant to this Agreement. Such certificate shall be final and binding and shall automatically result in the importation and the exemption without any further approval, delay or procedure.

(b) Machinery, equipment, appliances and means of transport and transportation imported by EGPC's, CONTRACTOR's, and Operating Company's contractors and sub-contractors temporarily engaged in any activity pursuant to the operations which are the subject of this Agreement, shall be cleared under the "Temporary Release System" without payment of custom duties, any taxes, levies or fees (including fees imposed by Ministerial Decision No. 254 of 1993 issued by the Minister of Finance, as now or hereafter amended or substituted) of any nature (except where an actual service has been rendered to CONTRACTOR by a competent authority), upon presentation of a duly approved certificate issued by an EGPC responsible representative nominated by EGPC for such purpose which states that the imported items are required for conducting the operations pursuant to this Agreement. Items (excluding cars not to be used in operations) set out in Article XII(a) imported by EGPC's, CONTRACTOR's and Operating Company's contractors and sub-contractors for the aforesaid operations, in order to be installed or used permanently or consumed, shall meet the conditions for exemption set forth in Article XII(a) after being duly certified by an EGPC responsible representative to be used for conducting operations pursuant to this Agreement.

(c) The expatriate employees of CONTRACTOR, Operating Company and their contractors and sub-contractors shall not be entitled to any exemptions from custom duties and other ancillary taxes and charges except within the limits of the provisions of the laws and regulations applicable in the A.R.E. However, personal household goods and furniture (including one (1) car) for each expatriate employee of CONTRACTOR and/or Operating Company shall be cleared under the "Temporary Release System" (without payment of any customs duties and other ancillary taxes) upon presentation of a letter to the appropriate customs authorities by CONTRACTOR or Operating Company approved by an EGPC responsible representative that the imported items are imported for the sole use of the expatriate employee and his family, and that such imported items shall be re-exported outside the A.R.E. upon the repatriation of the concerned expatriate employee.

(d) Items imported into the A.R.E. whether exempt or not exempt from customs duties and other ancillary taxes and charges hereunder, may be exported by the importing party at any time after obtaining EGPC's approval, which approval shall not be unreasonably withheld, without any export duties, taxes or charges or any taxes or charges from which such items have been already exempt, being applicable. Such items may be sold within the A.R.E., after obtaining the approval of EGPC which approval shall not be unreasonably withheld. In this event the purchaser of such items shall pay all applicable customs duties and other ancillary taxes and charges according to the condition and value of such items and the tariff applicable on the date of sale, unless such items have already been sold to an Affiliated Company of CONTRACTOR, if any, or EGPC, having the same exemption, or unless title to such items (excluding cars not used in operations), has passed to EGPC.

In the event of any such sale under this paragraph (d), the proceeds from such sale shall be divided in the following manner:

CONTRACTOR shall be entitled to reimbursement of its unrecovered cost, if any, in such items and the excess, if any, shall be paid to EGPC.

(e) The exemption provided for in Article XII(a) shall not apply to any imported items when items of the same or substantially the same kind and quality are manufactured locally meeting CONTRACTOR's and/or Operating Company's specifications for quality and safety and are available for timely purchase and delivery in the A.R.E. at a price not higher than ten percent (10%) of the cost of the imported item, before customs duties but after freight and insurance costs, if any, have been added.

(f) CONTRACTOR, EGPC and their respective buyers shall have the right to freely export the Petroleum produced from the Area pursuant to this Agreement. No license shall be required, and such Petroleum shall be exempted from any customs duties, any taxes, levies or any other imposts in respect of the export of Petroleum hereunder.

ARTICLE XIII

BOOKS OF ACCOUNT: ACCOUNTING AND PAYMENTS

(a) EGPC, CONTRACTOR and Operating Company shall each maintain at their business offices in the A.R.E. books of accounts, in accordance with the Accounting Procedure in Annex "E" and accepted accounting practices generally used in the petroleum industry, and such other books and records as may be necessary to show the work performed under this Agreement, including the amount and value of all Petroleum produced and saved hereunder. CONTRACTOR and Operating Company shall keep their books of account and accounting records in United States Dollars.

Operating Company shall furnish to the GOVERNMENT or its representative monthly returns showing the amount of Petroleum produced and saved hereunder. Such returns shall be prepared in the form required by the GOVERNMENT, or its representative and shall be signed by the General Manager or by the Deputy General Manager or a duly designated deputy, and delivered to the GOVERNMENT or its representative within thirty (30) days after the end of the month covered in the return.

(b) The aforesaid books of account and other books and records referred to above shall be available at all reasonable times for inspection by duly authorized representatives of the GOVERNMENT.

(c) CONTRACTOR shall submit to EGPC a profit and loss Statement of its Tax Year not later than four (4) months after the commencement of the following Tax Year to show its net profit or loss from the Petroleum operations under this Agreement for such Tax Year.

CONTRACTOR shall at the same time submit a year-end Balance Sheet for the same Tax Year to EGPC. The Balance Sheet and financial Statements shall be certified by an Egyptian certified accounting firm.

ARTICLE XIV

RECORDS, REPORTS AND INSPECTION

(a) CONTRACTOR and/or Operating Company shall prepare and, at all times while this Agreement is in force, maintain accurate and current records of its operations in the Area. CONTRACTOR and/or Operating Company shall furnish the GOVERNMENT or its representative, in conformity with applicable regulations or as the GOVERNMENT or its representatives may reasonably require information and data concerning its operations under this Agreement. Operating Company will perform the functions indicated in this Article XIV in accordance with its respective role as specified in Article VI.

(b) CONTRACTOR and/or Operating Company shall save and keep for a reasonable period of time a representative portion of each sample of cores and cuttings taken from drilling wells, to be disposed of, or forwarded to the GOVERNMENT or its representative in the manner directed by the GOVERNMENT. All samples acquired by CONTRACTOR and/or Operating Company for their own purposes shall be considered available for inspection at any reasonable time by the GOVERNMENT or its representatives.

(c) Unless otherwise agreed to by EGPC, in case of exporting any rock samples outside the A.R.E., samples equivalent in size and quality shall, before such exportation, be delivered to EGPC as representative of the GOVERNMENT.

(d) Originals of records can only be exported with the permission of EGPC; provided, however, that magnetic tapes and any other data which must be processed or analysed outside the A.R.E. may be exported if a monitor or a comparable record, if available, is maintained in the A.R.E. and provided that such exports shall be repatriated to the A.R.E. promptly following such processing or analysis on the understanding that they belong to EGPC.

(e) During the period CONTRACTOR is conducting the Exploration operations, EGPC's duly authorized representatives or employees shall have the right to full and complete access to the Area at all reasonable times with the right to observe the operations being conducted and to inspect all assets, records and data kept by CONTRACTOR. EGPC's representative, in exercising its rights under the preceding sentence of this paragraph (e), shall not interfere with CONTRACTOR's operations. CONTRACTOR shall provide EGPC with copies of any and all data (including, but not limited to, geological and geophysical reports, logs and well surveys) information and interpretation of such data, and other information in CONTRACTOR's possession.

For the purpose of obtaining new offers, the GOVERNMENT and/or EGPC may, after the seventh (7th) year of the Exploration period or the date of termination of this Agreement, whichever is the earlier, show any other party uninterpreted basic geophysical and geological data (such data to be not less than one (1) year old unless CONTRACTOR agrees to a shorter period, which agreement shall not be unreasonably withheld) with respect to the Area, provided that the GOVERNMENT and/or EGPC may at any time show another party such data directly obtained over or acquired from those parts of the Area which CONTRACTOR has relinquished as long as such data is at least one (1) year old.

ARTICLE XV

RESPONSIBILITY FOR DAMAGES

CONTRACTOR shall entirely and solely be responsible in law toward third parties for any damage caused by CONTRACTOR's Exploration operations and shall indemnify the GOVERNMENT and/or EGPC against all damages for which they may be held liable on account of any such operations.

ARTICLE XVI

PRIVILEGES OF GOVERNMENT REPRESENTATIVES

Duly authorized representatives of the GOVERNMENT shall have access to the Area covered by this Agreement and to the operations conducted thereon. Such representatives may examine the books, registers and records of EGPC, CONTRACTOR and Operating Company and make a reasonable number of surveys, drawings and tests for the purpose of enforcing this Agreement. They shall, for this purpose, be entitled to make reasonable use of the machinery and instruments of CONTRACTOR or Operating Company on the condition that no danger or impediment to the operations hereunder shall arise directly or indirectly from such use. Such representatives shall be given reasonable assistance by the agents and employees of CONTRACTOR or Operating Company so that none of the activities shall endanger or hinder the safety or efficiency of the operations. CONTRACTOR or Operating Company shall offer such representatives all privileges and facilities accorded to its own employees in the field and shall provide them, free of charge, the use of reasonable office space and of adequately furnished housing while they are in the field for the purpose of facilitating the objectives of this Article. Without prejudice to Article XIV(e), any and all information obtained by the GOVERNMENT or its representatives under this Article XVI shall be kept confidential with respect to the Area.

ARTICLE XVII

EMPLOYMENT RIGHTS AND TRAINING OF ARAB REPUBLIC OF EGYPT PERSONNEL

(a) It is the desire of EGPC and CONTRACTOR that operations hereunder be conducted in a business-like and efficient manner.

(1) The expatriate administrative, professional and technical personnel employed by CONTRACTOR or Operating Company and the personnel of its contractors for the conduct of the operations hereunder, shall be granted a residence as provided for in Law No. 89 of 1960 as amended and Ministerial Order No. 280 of 1981 as amended, and CONTRACTOR agrees that all immigration, passport, visa and employment regulations of the A.R.E. shall be applicable to all alien employees of CONTRACTOR working in the A.R.E.

(2) A minimum of twenty-five percent (25%) of the combined salaries and wages of each of the expatriate administrative, professional and technical personnel employed by CONTRACTOR or Operating Company shall be paid monthly in Egyptian currency.

(b) CONTRACTOR and Operating Company shall each select its employees and determine the number thereof, to be used for operations hereunder.

(c) CONTRACTOR shall, after consultation with EGPC, prepare and carry out specialized training programs for all its A.R.E. employees engaged in operations hereunder with respect to applicable aspects of the petroleum industry. CONTRACTOR and Operating Company undertake to replace gradually their non-executive expatriate staff by qualified nationals as they are available.

(d) During any of the Exploration phases, CONTRACTOR shall give mutually agreed numbers of EGPC employees an opportunity to attend and participate in CONTRACTOR's and CONTRACTOR's Affiliated Companies' training programs relating to Exploration and Development operations. In the event that the total cost of such programs is less than fifty thousand (50,000) U.S. Dollars in any Financial Year during such period, CONTRACTOR shall pay EGPC the amount of the shortfall within thirty (30) days following the end of such Financial Year. However, EGPC shall have the right that said amount (U.S. $50,000) allocated for training, be paid directly to EGPC for such purpose.

ARTICLE XVIII

LAWS AND REGULATIONS

(a) CONTRACTOR and Operating Company shall be subject to Law No. 66 of 1953 (excluding Article 37 thereof) as amended by Law No. 86 of 1956 and the regulations issued for the implementation thereof, including the regulations for the safe and efficient performance of operations carried out for the execution of this Agreement and for the conservation of the petroleum resources of the A.R.E., provided that no regulations, modification or interpretation thereof, shall be contrary to or inconsistent with the provisions of this Agreement.

(b) Except as provided in Article III(g) for income taxes, EGPC, CONTRACTOR and Operating Company shall be exempted from all taxes and duties, whether imposed by the GOVERNMENT or municipalities including among others, Sales Tax, Value Added Tax and taxes on the Exploration, Development, extracting, producing, exporting or transporting of Petroleum and LPG as well as any and all withholding taxes that might otherwise be imposed on dividends, interest, technical service fees, patent and trademark royalties, and similar items. CONTRACTOR shall also be exempted from any tax on the liquidation of CONTRACTOR, or distributions of any income to the shareholders of CONTRACTOR, and from any tax on capital.

(c) The rights and obligations of EGPC and CONTRACTOR under, and for the effective term of this Agreement, shall be governed by and in accordance with the provisions of this Agreement and can only be altered or amended by the written mutual agreement of the said contracting parties.

(d) The contractors and sub-contractors of CONTRACTOR and Operating Company shall be subject to the provisions of this Agreement which affect them. Insofar as all regulations which are duly issued by the GOVERNMENT apply from time to time and are not in accord with the provisions of this Agreement, such regulations shall not apply to CONTRACTOR, Operating Company and their respective contractors and sub-contractors, as the case may be.

(e) EGPC, CONTRACTOR, Operating Company and their respective contractors and sub-contractors shall for the purposes of this Agreement be exempted from all professional stamp duties, imposts and levies imposed by syndical laws with respect to their documents and activities hereunder.

(f) All the exemptions from the application of A.R.E. laws or regulations granted to EGPC, CONTRACTOR, the Operating Company, their contractors and sub-contractors under this Agreement shall include such laws and regulations as presently in effect or hereafter amended or substituted.

ARTICLE XIX

STABILIZATION

In case of changes in existing legislation or regulations applicable to the conduct of Exploration, Development and production of Petroleum, which take place after the Effective Date, and which significantly affect the economic interest of this Agreement to the detriment of CONTRACTOR or which imposes on CONTRACTOR an obligation to remit to the A.R.E. the proceeds from sales of CONTRACTOR's Petroleum, CONTRACTOR shall notify EGPC of the subject legislative or regulatory measure. In such case, the Parties shall negotiate possible modifications to this Agreement designed to restore the economic balance thereof which existed on the Effective Date.

The Parties shall use their best efforts to agree on amendments to this Agreement within ninety (90) days from aforesaid notice.

These amendments to this Agreement shall not in any event diminish or increase the rights and obligations of CONTRACTOR as these were agreed on the Effective Date.

Failing agreement between the Parties during the period referred to above in this Article XIX, the dispute may be submitted to arbitration, as provided in Article XXIV of this Agreement.

ARTICLE XX

RIGHT OF REQUISITION

(a) In case of national emergency due to war or imminent expectation of war or internal causes, the GOVERNMENT may requisition all or part of the production from the Area obtained hereunder and require Operating Company to increase such production to the utmost possible maximum. The GOVERNMENT may also requisition the Oil and/or Gas field itself and, if necessary, related facilities.

(b) In any such case, such requisition shall not be effected except after inviting EGPC and CONTRACTOR or their representative by registered letter, with acknowledgement of receipt, to express their views with respect to such requisition.

(c) The requisition of production shall be effected by Ministerial Order. Any acquisition of an Oil and/or Gas field, or any related facilities shall be effected by a Presidential Decree duly notified to EGPC and CONTRACTOR.

(d) In the event of any requisition as provided above, the GOVERNMENT shall indemnify in full EGPC and CONTRACTOR for the period during which the requisition is maintained, including:

(1) All damages which result from such requisition; and

(2) Full repayment each month for all Petroleum extracted by the GOVERNMENT less the royalty share of such production.

However, any damage resulting from enemy attack is not within the meaning of this paragraph (d). Payment hereunder shall be made to CONTRACTOR in U.S. Dollars remittable abroad. The price paid to CONTRACTOR for Petroleum taken shall be calculated in accordance with Article VII(c).

ARTICLE XXI

ASSIGNMENT

(a) Neither EGPC nor CONTRACTOR may assign to a person, firm or corporation, in whole or in part, any of its rights, privileges, duties or obligations under this Agreement without the written consent of the GOVERNMENT.

(b) To enable consideration to be given to any request for such consent, the following conditions must be fulfilled:

(1) The obligations of the assignor deriving from this Agreement must have been duly fulfilled as of the date such request is made.

(2) The instrument of assignment must include provisions stating precisely that the assignee is bound by all covenants contained in this Agreement and any modifications or additions in writing that up to such time may have been made. A draft of such instrument of assignment shall be submitted to EGPC for review and approval before being formally executed.

(c) Notwithstanding the provisions of Article XXI(a), CONTRACTOR may assign all or any of its rights, privileges, duties or obligations under this Agreement to an Affiliated Company, provided that CONTRACTOR shall advise the GOVERNMENT and EGPC in writing of the assignment.

(d) Any assignment, sale, transfer or other such conveyance made pursuant to the provisions of this Article XXI shall be free of any transfer, capital gains taxes or related taxes, charges or fees including without limitation, all income tax, sales tax, value added tax, stamp duty, or other taxes or similar payments.

(e) As long as the assignor shall hold any interest under this Agreement the assignor together with the assignee shall be jointly and severally liable for all duties and obligations of CONTRACTOR under this Agreement.

ARTICLE XXII

BREACH OF AGREEMENT AND POWER TO CANCEL

(a) The GOVERNMENT shall have the right to cancel this Agreement by Order or Presidential Decree, with respect to CONTRACTOR in the following instances:

(1) If it knowingly has submitted any false statements to the GOVERNMENT which were of a material consideration for the execution of this Agreement;

(2) If it assigns any interest hereunder contrary to the provisions of Article XXI;

(3) If it is adjudicated bankrupt by a court of a competent jurisdiction;

(4) If it does not comply with any final decision reached as the result of a court proceedings conducted under Article XXIV(a);

(5) If it intentionally extracts any mineral other than Petroleum not authorized by this Agreement or without the authority of the GOVERNMENT, except such extractions as may be unavoidable as the result of operations conducted hereunder in accordance with accepted petroleum industry practice and which shall be notified to the GOVERNMENT or its representative as soon as possible; and

(6) If it commits any material breach of this Agreement or of the provisions of Law No. 66 of 1953, as amended by Law No. 86 of 1956, which are not contradicted by the provisions of this Agreement.

Such cancellation shall take place without prejudice to any rights which may have accrued to the GOVERNMENT against CONTRACTOR in accordance with the provisions of this Agreement, and, in the event of such cancellation, CONTRACTOR shall have the right to remove from the Area all its personal property.

(b) If the GOVERNMENT deems that one of the aforesaid causes (other than a force majeure cause referred to in Article XXIII hereof) exists to cancel this Agreement, the GOVERNMENT shall give CONTRACTOR ninety (90) days written notice personally served on CONTRACTOR's General Manager in the legally official manner and receipt of which is acknowledged by him or by his legal agents, to remedy and remove such cause; but if for any reason such service is impossible due to unnotified change of address, publication in the Official Journal of the GOVERNMENT of such notice shall be considered as validly served upon CONTRACTOR. If at the end of the said ninety (90) day notice period such cause has not been remedied and removed, this Agreement may be cancelled forthwith by Order or Presidential Decree as aforesaid; provided, however, that if such cause, or the failure to remedy or remove such cause results from any act or omission of one party, cancellation of this Agreement shall be effective only against that party and not as against any other party hereto.

ARTICLE XXIII

FORCE MAJEURE

(a) The non-performance or delay in performance by EGPC and CONTRACTOR, or either of them of any obligation under this Agreement shall be excused if, and to the extent that, such non-performance or delay is caused by force majeure. The period of any such non-performance or delay, together with such period as may be necessary for the restoration of any damage done during such delay, shall be added to the time given in this Agreement for the performance of such obligation and for the performance of any obligation dependent thereon and consequently, to the term of this Agreement, but only with respect to the block or blocks affected.

(b) "Force Majeure", within the meaning of this Article XXIII, shall be any order, regulation or direction of the GOVERNMENT with respect to CONTRACTOR whether promulgated in the form of a law or otherwise, or any act of God, insurrection, riot, war, strike and other labor disturbance, fires, floods or any cause not due to the fault or negligence of EGPC and CONTRACTOR or either of them, whether or not similar to the foregoing, provided that any such cause is beyond the reasonable control of EGPC and CONTRACTOR, or either of them.

(c) Without prejudice to the above and except as may be otherwise provided herein, the GOVERNMENT shall incur no responsibility whatsoever to EGPC and CONTRACTOR, or either of them for any damages, restrictions or loss arising in consequence of such case of force majeure except a force majeure caused by the order, regulations or direction of the GOVERNMENT.

(d) If the force majeure event occurs during the initial Exploration Period or any extension thereof and continues in effect for a period of six (6) months CONTRACTOR shall have the option upon ninety (90) days prior written notice to EGPC to terminate its obligations hereunder without further liability of any kind.

ARTICLE XXIV

DISPUTES AND ARBITRATION

(a) Any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity thereof, between the GOVERNMENT and the parties hereto shall be referred to the jurisdiction of the appropriate A.R.E. Courts and shall be finally settled by such Courts.

(b) Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, between CONTRACTOR and EGPC shall be settled by arbitration in accordance with the Arbitration Rules of the Cairo Regional Centre for International Commercial Arbitration (the Centre) in effect on the date of the Concession Agreement. The award of the arbitrators shall be final and binding on the parties.

(c) The number of arbitrators shall be three (3).

(d) Each party shall appoint one arbitrator. If, within thirty (30) days after receipt of the claimant's notification of the appointment of an arbitrator, the respondent has not notified the claimant in writing of the name of the arbitrator he appoints, the claimant may request the Centre to appoint the second arbitrator.

(e) The two arbitrators thus appointed shall choose the third arbitrator who will act as the presiding arbitrator of the tribunal. If within thirty (30) days after the appointment of the second arbitrator, the two arbitrators have not agreed upon the choice of the presiding arbitrator, then either party may request the Secretary General of the Permanent Court of Arbitration at the Hague to designate the appointing authority. Such appointing authority shall appoint the presiding arbitrator in the same way as a sole arbitrator would be appointed under Article 6.3 of the UNCITRAL Arbitration Rules. Such presiding arbitrator shall be a person of a country which has diplomatic relations with the A.R.E., and who shall have no economic interest in the Petroleum business of the signatories hereto.

(f) Unless otherwise agreed by the parties to the arbitration, the arbitration, including the making of the award, shall take place in Cairo, A.R.E.

(g) The decisions of a majority of the arbitrators shall be final and binding upon the Parties and the arbitral award rendered shall be final and conclusive. Judgment on the arbitral award rendered may be entered in any court having jurisdiction or application may be made in such court for a judicial acceptance of the award and for enforcement, as the case may be.

(h) Egyptian law shall apply to the dispute except that in the event of any conflict between Egyptian Laws and this Agreement the provisions of this Agreement (including the arbitration provision) shall prevail. The arbitration shall be conducted in the English language.

(i) EGPC and CONTRACTOR agree that if, for whatever reason, arbitration in accordance with the above procedure cannot take place, or is likely to take place under circumstances for CONTRACTOR which could prejudice CONTRACTOR's right to fair arbitration, all disputes, controversies or claims arising out of or relating to this Agreement or the breach, termination or invalidity thereof shall be settled by ad hoc arbitration in accordance with the UNCITRAL Rules in effect on the Effective Date.

ARTICLE XXV

STATUS OF THE PARTIES

(a) The rights, duties, obligations and liabilities in respect of EGPC and CONTRACTOR hereunder shall be several and not joint or collective, it being understood that this Agreement shall not be construed as constituting an association or corporation or partnership.

(b) CONTRACTOR shall be subject to the laws of the place where it is incorporated regarding its legal status or creation, organization, charter and by-laws shareholding and ownership. CONTRACTOR's shares of capital which are entirely held abroad shall not be negotiable in the A.R.E. and shall not be offered for public subscription nor shall they be subject to the stamp tax on capital shares nor any tax or duty in the A.R.E. CONTRACTOR shall be exempted from the application of Law No. 159 of 1981 as amended.

(c) CONTRACTOR shall be jointly and severally liable for the performance of the obligations of CONTRACTOR under this Agreement.

ARTICLE XXVI

LOCAL CONTRACTORS AND LOCALLY MANUFACTURED MATERIAL

CONTRACTOR or Operating Company, as the case may be, and their contractors shall:

(a) Give priority to local contractors and sub-contractors including EGPC's Affiliated Companies as long as their performance is comparable with international performance and the prices of their services are not higher than the prices of other contractors and sub-contractors by more than ten percent (10%).

(b) Give preference to locally manufactured material, equipment, machinery and consumables so long as their quality and time of delivery are comparable to internationally available material, equipment, machinery and consumables. However, such material, equipment, machinery and consumables may be imported for operations conducted hereunder if the local price of such items at CONTRACTOR's or Operating Company's operating base in the A.R.E. is more than ten percent (10%) higher than the price of such imported items before customs duties, but after transportation and insurance costs have been added.

ARTICLE XXVII

ARABIC TEXT

The Arabic version of this Agreement shall, before the Courts of the A.R.E., be referred to in construing or interpreting this Agreement; provided however, that in any arbitration pursuant to Article XXIV herein between EGPC and CONTRACTOR the English and Arabic version shall both be referred to as having equal force in construing or interpreting the Agreement.

ARTICLE XXVIII

GENERAL

The headings or titles to each of the Articles to this Agreement are solely for the convenience of the parties hereto and shall not be used with respect to the interpretation of said Articles.

ARTICLE XXIX

APPROVAL OF THE GOVERNMENT

This Agreement shall not be binding upon any of the parties hereto unless and until a law is issued by the competent authorities of the A.R.E. authorizing the Minister of Petroleum to sign this Agreement and giving this Agreement full force and effect of law, notwithstanding any countervailing governmental enactment, and the Agreement is signed by the GOVERNMENT, EGPC, and CONTRACTOR.

NATIONAL EXPLORATION COMPANY

BY : ____________________

EGYPTIAN GENERAL PETROLEUM CORPORATION

BY : ____________________

ARAB REPUBLIC OF EGYPT

BY : ____________________

DATE : ١٩٩٧/٩/٢٢

ANNEX "A"
CONCESSION AGREEMENT
BETWEEN
ARAB REPUBLIC OF EGYPT
AND EGYPTIAN GENERAL PETROLEUM CORPORATION
AND
NATIONAL EXPLORATION COMPANY
IN
CENTRAL SINAI AREA
A.R.E.

BOUNDARY DESCRIPTION OF THE CONCESSION AREA

Annex "B" is an illustrative map at an approximate scale of 1:3,000,000 showing the Area covered and affected by this Agreement.

The Area measures approximately eighteen thousand hundred and fifty (18,150) square kilometers. The Area is composed of all or part of Exploration Blocks, the whole blocks are defined on a six (6) minutes Latitude by six (6) minutes Longitude grid.

It is to be noted that the delineation lines of the individual Exploration Blocks in Annex "B" are intended to be only illustrative and provisional and may not show accurately their true position in relation to existing monuments and geographical features.

Coordinates of the corner points of the Area are given in the following table which forms an integral part of Annex "A":

BOUNDARY COORDINATES
OF
CENTRAL SINAI AREA

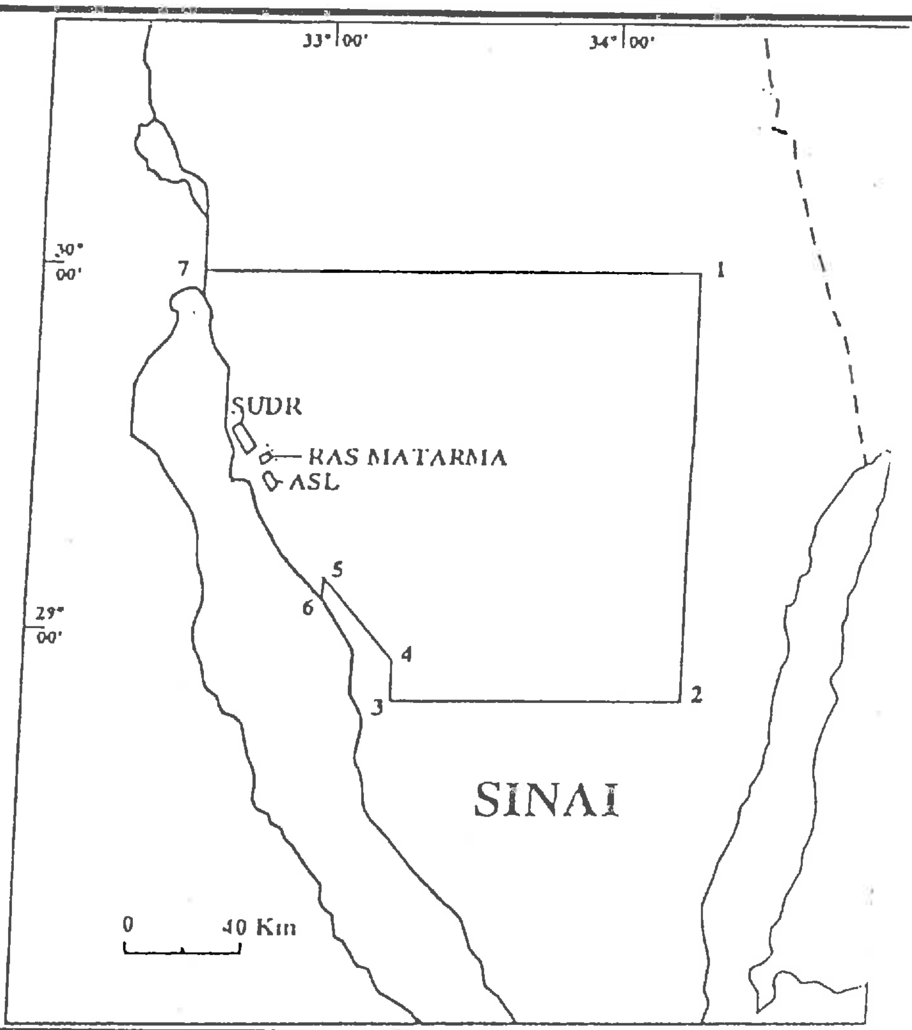
POINT NO.	LATITUDE NORTH	LONGITUDE EAST
1	30° 00' 00"	34° 18' 00"
2	28° 51' 00"	34° 18' 00"
3	30° 51' 00"	33° 18' 00"
4	28° 57' 00"	33° 18' 00"
5	29° 09' 00"	33° 03' 00"
6	Intersection of eastern coast of G.O.S. with long. 33° 03' 00"	33° 03' 00"
7	30° 00' 00"	Intersection of eastern ank of Suez Canal with Lat. 30° 00' 00"

The Area excluded the Development Leases of Sudr, Ras Matarma and Asal of the General Petroleum Company by the following points:

POINT NO.	LATITUDE NORTH	LONGITUDE EAST
SUDR		
8	29° 37' 46.19"	32° 43' 13.75"
9	29° 32' 45.14"	32° 49' 09.88"
10	29° 30' 55.44"	32° 47' 08.51"
11	29° 35' 56.41"	32° 41' 12.38"
RAS MATARMA		
12	29° 32' 46.40"	32° 50' 21.70"
13	29° 31' 56.24"	32° 51' 02.75"
14	29° 30' 44.44"	32° 49' 08.05"
15	29° 31' 34.59"	32° 48' 26.99"

POINT NO.	LATITUDE NORTH	LONGITUDE EAST
ASAL		
16	29° 30' 53.46"	32° 50' 28.10"
17	29° 27' 39.82"	32° 52' 18.48"
18	29° 26' 45.53"	32° 50' 13.96"
19	29° 29' 59.32"	32° 48' 23.51"

ANNEX "B"



ANNEX "B" CONCESSION AGREEMENT FOR PETROLEUM EXPLORATION AND EXPLOITATION BETWEEN A.R.E. AND E.G.P.C. AND NATIONAL EXPLORATION COMPANY IN CENTRAL SINAI AREA A.R.E. SCALE 1: 3,000,000	الملحق "ب" إتفاقية التزام للبحث عن البترول وإستغلاله بين ج٠م٠ع و الهيئة المصرية العامة للبترول و الشركة الوطنية للإستكشافات فى منطقة وسط سيناء ج٠م٠ع مقياس الرسم ١: ٣٠٠٠٠٠٠

ANNEX "C"
LETTER OF GUARANTY

Letter of Guaranty No. _______ Cairo, EGYPTIAN GENERAL PETROLEUM CORPORATION.

Gentlemen,

The undersigned, National Bank of Egypt, as Guarantor, hereby guarantees to the EGYPTIAN GENERAL PETROLEUM CORPORATION (hereinafter referred to as "EGPC") to the limit of six million (6,000,000) U.S.Dollars, the performance by "NATIONAL EXPLORATION COMPANY", (hereinafter referred to as "CONTRACTOR") of its obligations required for Exploration operations to spend a minimum of six million (6,000,000) U.S.Dollars during the initial three (3) years of the Exploration period under Article IV of that certain Concession Agreement (hereinafter referred to as the "Agreement") covering that Area described in Annexes "A" and "B" of said Agreement, by and between the Arab Republic of Egypt (hereinafter referred to as ("A.R.E."), EGPC and CONTRACTOR, dated ___________.

It is understood that this Guaranty and the liability of the Guarantor hereunder shall be reduced quarterly, during the period of expenditure of said six million (6,000,000) U.S. Dollars by the amount of money expended by CONTRACTOR for such Exploration operations during each such quarter. Each such reduction shall be established by the joint written statement of CONTRACTOR and EGPC.

In the event of a claim by EGPC of non-performance or surrender of the Agreement on the part of CONTRACTOR prior to fulfillment of said minimum expenditure obligations under Article IV of the Agreement, there shall be no liability on the undersigned Guarantor for payment to EGPC unless and until such liability has been established by written statement of EGPC setting forth the amount due under the Agreement.

It is further condition of this Letter of Guaranty that:

(1) This Letter of Guaranty will become available only provided that the Guarantor will have been informed in writing by CONTRACTOR and EGPC that the Agreement between CONTRACTOR, A.R.E. and EGPC has become effective according to its terms, and said Guaranty shall become effective on the Effective Date of said Agreement.

(2) This Letter of Guaranty shall in any event automatically expire:

(a) three (3) years and six (6) months after the date it becomes effective, or

(b) At such time as the total of the amounts shown on quarterly joint statements of EGPC and CONTRACTOR equals or exceeds the amount of said minimum expenditure obligation, whichever is earlier.

(3) Consequently, any claim, in respect thereof should be made to the Guarantor prior to either of said expiration dates at the latest accompanied by EGPC's written statement, setting forth the amount of under-expenditure by CONTRACTOR to the effect that:

(a) CONTRACTOR has failed to perform its expenditure obligations referred to in this Guaranty, and

(b) CONTRACTOR has failed to pay the expenditure deficiency to EGPC.

Please return to us this Letter of Guaranty in the event it does not become effective, or upon the expiry date.

Yours Faithfully,

By: ______________________________

Accountant: ______________________

Manager: ________________________

ANNEX "D"

CHARTER OF

OPERATING COMPANY

ARTICLE I

A joint stock company having the nationality of the ARAB REPUBLIC OF EGYPT shall be formed with the authorization of the GOVERNMENT in accordance with the provisions of this Agreement referred to below and of this Charter.

The Company shall be subject to all laws and regulations in force in the A.R.E. to the extent that such laws and regulations are not inconsistent with the provisions of this Charter and the Agreement referred to below.

ARTICLE II

The name of the Operating Company shall be mutually agreed upon between EGPC and CONTRACTOR on the date of the Commercial Discovery and shall be subject to the approval of the Minister of Petroleum.

ARTICLE III

The Head Office of Operating Company shall be in the A.R.E. in Cairo.

ARTICLE IV

The object of Operating Company is to act as the agency through which EGPC and CONTRACTOR carry out and conduct the Development operations required in accordance with the provisions of the Agreement signed on the ___ day of ___ by and between the ARAB REPUBLIC OF EGYPT, the EGYPTIAN GENERAL PETROLEUM CORPORATION and CONTRACTOR covering Petroleum operations in Central Sinai Area, described therein.

Operating Company shall be the agency to carry out and conduct Exploration operations after the date of Commercial Discovery pursuant to Work Programs and Budgets approved in accordance with the Agreement.

Operating Company shall keep account of all costs, expenses and expenditures for such operations under the terms of the Agreement and Annex "E" thereto.

Operating Company shall not engage in any business or undertake any activity beyond the performance of said operations unless otherwise agreed upon by EGPC and CONTRACTOR.

ARTICLE V

The authorized capital of Operating Company is twenty thousand Egyptian Pounds divided into five thousand shares of common stock with a value of four Egyptian Pounds per share having equal voting rights, fully paid and non-assessable.

EGPC and CONTRACTOR shall each pay for, hold and own, throughout the life of Operating Company, one half (1/2) of the capital stock of Operating Company provided that only in the event that either party should transfer or assign the whole or any percentage of its ownership interest in the entirety of the Agreement, any such transferring or assigning party (and its successors and assignees) must transfer and assign a stock interest in Operating Company equal to the transferred or assigned whole or percentage of its ownership interest in the entirety of the said Agreement.

ARTICLE VI

Operating Company shall not own any right, title, interest or estate in or under the Agreement or any Development Lease created thereunder or in any of the Petroleum produced from any Exploration Block or Development Lease thereunder or in any of the assets, equipment or other property obtained or used in connection therewith, and shall not be obligated as a principal for the financing or performance of any of the duties or obligations of either EGPC or CONTRACTOR under the Agreement. Operating Company shall not make any profit from any source whatsoever.

ARTICLE VII

Operating Company shall be no more than an agent for EGPC and CONTRACTOR. Whenever it is indicated herein that Operating Company shall decide, take action or make a proposal and the like, it is understood that such decision or judgment is the result of the decision or judgment of EGPC, CONTRACTOR, or EGPC and CONTRACTOR, as may be required by the Agreement.

ARTICLE VIII

Operating Company shall have a Board of Directors consisting of eight (8) members, four (4) of whom shall be designated by EGPC and the other four (4) by CONTRACTOR. The Chairman shall be designated by EGPC and shall also be a Managing Director. CONTRACTOR shall designate the General Manager who shall also be a Managing Director.

ARTICLE IX

Meetings of the Board of Directors shall be valid if a majority of the Directors are present and any decision taken at such meetings must have the affirmative vote of five (5) or more of the Directors, provided, however, that any Director may be represented and vote by proxy held by another Director.

ARTICLE X

General meetings of the Shareholders shall be valid if a majority of the capital stock of Operating Company is represented thereat. Any decisions taken at such meetings must have the affirmative vote of Shareholders owning or representing a majority of the capital stock.

ARTICLE XI

The Board of Directors shall approve the regulations covering the terms and conditions of employment of the personnel of Operating Company employed directly by Operating Company and not assigned thereto by CONTRACTOR and EGPC.

The Board shall, in due course, draw up the By-Laws of Operating Company and such By-Laws shall be effective upon being approved by a General Meeting of the Shareholders, in accordance with the provisions of Article X hereof.

ARTICLE XII

Operating Company shall come into existence within thirty (30) days after the date of Commercial Oil Discovery or within thirty (30) days after signature of a Gas Sales Agreement or commencement of a scheme to dispose of Gas as provided for in the Agreement (unless otherwise agreed by EGPC and CONTRACTOR).

The duration of Operating Company shall be for a period equal to the duration of the said Agreement including any renewal thereof, unless otherwise agreed by EGPC and CONTRACTOR.

The Operating Company shall be wound up if the Agreement referred to above is terminated for any reason as provided for therein.

NATIONAL EXPLORATION COMPANY

BY:____________________

EGYPTIAN GENERAL PETROLEUM CORPORATION

BY:____________________

DATE:____________________

ANNEX "E"

ACCOUNTING PROCEDURE

ARTICLE I

GENERAL PROVISIONS

(a) Definitions

The definitions contained in Article I of the Agreement shall apply to this Accounting Procedure and have the same meanings.

(b) Statements of Activity

(1) CONTRACTOR shall pursuant to Article IV of this Agreement render to EGPC within thirty (30) days of the end of each calendar quarter a Statement of Exploration Activity reflecting all charges and credits related to the Exploration operations for that quarter summarized by appropriate classifications indicative of the nature thereof.

(2) Following its coming into existence, Operating Company shall render to EGPC and CONTRACTOR within fifteen (15) days of the end of each calendar quarter a Statement of Development and Exploration Activity reflecting all charges and credits related to the Development and Exploration operations for that quarter summarized by appropriate classifications indicative of the nature thereof except that items of controllable material and unusual charges and credits shall be detailed.

(c) Adjustments and Audits

(1) Each Quarterly Statement of Exploration Activity pursuant to Article I(b)(1) shall conclusively be presumed to be true and correct after three (3) months following the receipt of each Statement by EGPC unless within the said three (3) months EGPC takes written exception thereto pursuant to Article IV(f) of the Agreement. During said three (3) month period supporting documents will be available for inspection by EGPC during all working hours. CONTRACTOR will have the same audit rights on Operating Company Statements as EGPC under this sub-paragraph.

(2) All Statements of Development and Exploration Activity for any calendar quarter pursuant to Article I(b)(2) shall conclusively be presumed to be true and correct three (3) months following the receipt of such statement unless within the said

three (3) month period EGPC or CONTRACTOR takes written exception thereto. Pending expiration of said three (3) months EGPC or CONTRACTOR or both of them shall have the right to audit Operating Company accounts, records and supporting documents for such quarter in the same manner as provided in Article IV(f) of the Agreement.

(d) Currency Exchange

CONTRACTOR's books for Exploration and Operating Company's books for Development and Exploration, if any, shall be kept in the A.R.E. in U.S. Dollars. All U.S. Dollar expenditures shall be charged in the amount expended. All Egyptian Pounds expenditures shall be converted to U.S. Dollars at the applicable rate of exchange issued by the Central Bank of Egypt on the first day of the month in which expenditures are recorded, and all other non-U.S. Dollar expenditures shall be translated to U.S. Dollars at the buying rate of exchange for such currency as quoted by National Westminster Bank Limited, London at 10:30 a.m. G.M.T., on the first day of the month in which expenditures are recorded. A record shall be kept of the exchange rates used in translating Egyptian Pounds or other non-U.S. Dollar expenditures to U.S. Dollars.

(e) Precedence of Documents

In the event of any inconsistency or conflict between the provisions of this Accounting Procedure and the provisions of the Agreement treating the same subject differently, then the provisions of the Agreement shall prevail.

(f) Revision of Accounting Procedure

By mutual agreement between EGPC and CONTRACTOR, this Accounting Procedure may be revised in writing from time to time in the light of future arrangements.

(g) No Charge for Interest on Investment

Interest on investment or any bank fees, charges or commissions related to any bank guarantees shall not at any time be charged as recoverable costs under the Agreement.

ARTICLE II

COSTS, EXPENSES AND EXPENDITURES

Subject to the provisions of the Agreement, CONTRACTOR shall alone bear and, directly or through Operating Company, pay the following costs and expenses, which costs and expenses shall be classified and allocated to the activities according to sound and generally accepted accounting principles and treated and recovered in accordance with Article VII of this Agreement:

(a) Surface Rights

All direct cost attributable to the acquisition, renewal or relinquishment of surface rights acquired and maintained in force for the Area.

(b) Labour and Related Costs

(1) Salaries and wages of CONTRACTOR's or Operating Company's employees as the case may be, directly engaged in the various activities under the Agreement including salaries and wages paid to geologists and other employees who are temporarily assigned to and employed in such activities. Such salaries and wages to be certified by a certified public accounting firm.

Reasonable revisions of such salaries and wages shall be effected to take into account changes in CONTRACTOR's policies and amendments of Laws applicable to salaries. For the purpose of this Article II(b) and of Article II(c), salaries and wages shall mean the assessable amounts for A.R.E. Income Taxes, including the salaries during vacations and sick leaves, but excluding all the amounts of the other items covered by the percentage fixed under (2) below.

(2) For expatriate employees permanently assigned to Egypt:

1. All allowances applicable to salaries and wages;

2. Cost of established plans; and

3. All travel and relocation costs of such expatriate employees and their families to and from the employee's country or point of origin at the time of employment, at the time of separation, or as a result of transfer from one location to another and for vacation (transportation costs for employees and their families transferring from the A.R.E. to another location other than their country of origin shall not be charged to A.R.E. operations).

Costs under this Article II(b)(2) shall be deemed to be equal to seventy percent (70%) for expatriate personnel married and accompanied by their spouses and fifty-two percent (52%) for expatriate personnel either single or not accompanied by their spouses to Egypt. These percentages refer to basic salaries and wages paid for such expatriate personnel including those paid during vacations and sick leaves as established in CONTRACTOR's international policies, chargeable under Article II(b)(1), Article II(i), Article II(k)(1) and Article II(k)(3).

However, salaries and wages during vacations, sick leaves and disability are covered by the foregoing percentage. The percentages outlined above shall be deemed to reflect CONTRACTOR's actual costs as of the Effective Date with regard to the following benefits, allowances and costs:

1. Housing and Utilities Allowance.
2. Commodities and Services Allowance.
3. Special Rental Allowance.
4. Vacation Transportation Allowance.
5. Vacation Travel Expense Allowance.
6. Vacation Excess Baggage Allowance.
7. Education Allowances (Children of Expatriate Employees).
8. Hypothetical U.S.A. Tax Offset (which results in a reduction of the chargeable percentage).
9. Storage of Personal Effects.
10. Housing Refurbishment Expense.
11. Property Management Service Fees.
12. Recreation Allowance.
13. Retirement Plan.
14. Group Life Insurance.
15. Group Medical Insurance.
16. Sickness and Disability.
17. Vacation Plans Paid (excluding Allowable Vacation Travel Expenses).
18. Savings Plan.
19. Educational Assistance.
20. Military Service Allowance.
21. F.I.C.A.
22. Workmans' Compensation.
23. Federal and State Unemployment Insurance.
24. Personnel Transfer Expense.
25. National Insurance.
26. Any other Costs, Allowances and Benefits of a like nature as established in CONTRACTOR's International Policies.

The percentages outlined above shall be reviewed at intervals of three (3) years from the Effective Date and at such time CONTRACTOR and EGPC will agree on new percentages to be used under this paragraph.

Revisions of the percentages will take into consideration variances in costs and changes in CONTRACTOR's international policies which change or exclude any of the above allowances and benefits.

The revised percentages will reflect as nearly as possible CONTRACTOR's actual costs of all its established allowances and benefits and of personnel transfers.

(3) For expatriate employees temporarily assigned to Egypt all allowances, costs of established plans and all travel relocation costs for such expatriates as paid in accordance with CONTRACTOR's international policies. Such costs shall not

include any administrative overhead other than what is mentioned in Article II(k)(2).

(4) Costs of expenditure or contributions made pursuant to law or assessment imposed by governmental authority which are applicable to labour costs of salaries and wages as provided under Article II(b)(1), Article II(b)(2), Article II(i), Article II(k)(1) and Article II(k)(3).

(c) Benefits, Allowances and Related Costs of National Employees

Bonuses, overtime, customary allowances and benefits on a basis similar to that prevailing for oil companies operating in the A.R.E., all as chargeable under Article II(b)(1), Article II(i), Article II(k)(1) and Article II(k)(3). Severance pay will be charged at a fixed rate applied to payrolls which will equal an amount equivalent to the maximum liability for severance payment as required under the A.R.E. Labour Law.

(d) Material

Material, equipment and supplies purchased or furnished as such by CONTRACTOR or Operating Company.

(1) Purchases

Material, equipment and supplies purchased shall be at the price paid by CONTRACTOR or Operating Company plus any related costs and after deduction of all discounts actually received.

(2) Material Furnished by CONTRACTOR

Material required for operations shall be purchased directly whenever practicable, except that CONTRACTOR may furnish such material from CONTRACTOR's or CONTRACTOR's Affiliated Companies' stocks outside the A.R.E. under the following conditions:

1. New Material (Condition "A")

New Material transferred from CONTRACTOR's or CONTRACTOR's Affiliated Companies' warehouse or other properties shall be priced at cost, provided that the cost of material supplied is no higher than international prices for material of similar quality supplied on similar terms, prevailing at the time such material was supplied.

2. Used Material (Conditions "B" and "C")

a. Material which is in sound and serviceable condition and is suitable for re-use without reconditioning shall be classed as Condition "B" and priced at seventy-five percent (75%) of the price of new material.

b. Material which cannot be classified as Condition "B" but which is serviceable for original function but substantially not suitable for reconditioning, shall be classed as Condition "C" and priced at fifty percent (50%) of the price of new material.

c. Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use.

d. Tanks, buildings and other equipment involving erection costs shall be charged at applicable percentage of knocked-down new price.

(3) Warranty of Material Furnished by CONTRACTOR

CONTRACTOR does not warrant the material furnished beyond or back of the dealer's or manufacturer's guaranty; and in case of defective material, credit shall not be recorded until adjustment has been received by CONTRACTOR from manufacturers or their agents.

(e) Transportation and Employee Relocation Costs

(1) Transportation of equipment, materials and supplies necessary for the conduct of CONTRACTOR's or Operating Company's activities.

(2) Business travel and transportation expenses to the extent covered by established policies of CONTRACTOR or with regard to expatriate and national employees, as incurred and paid by, or for, employees in the conduct of CONTRACTOR's or Operating Company's business.

(3) Employees transportation and relocation costs for national employees to the extent covered by established policies.

(f) Services

(1) Outside services. The costs of contracts for consultants, services and utilities procured from third parties.

(2) Cost of services performed by EGPC or by CONTRACTOR or their Affiliated Companies in facilities inside or outside the A.R.E. Regular, recurring, routine services, such as interpreting magnetic tapes and/or other analyses, shall be

performed and charged by EGPC and/or CONTRACTOR or their Affiliated Companies at an agreed contracted price. Major projects involving engineering and design services shall be performed by EGPC and/or CONTRACTOR or their Affiliated Companies at a negotiated contract amount.

(3) Use of EGPC's, CONTRACTOR's or their Affiliated Companies' wholly owned equipment shall be charged at a rental rate commensurate with the cost of ownership and operation, but not in excess of competitive rates currently prevailing in the A.R.E.

(4) CONTRACTOR's and CONTRACTOR's Affiliated Companies' rates shall not include any administrative or overhead costs other than what is mentioned in Article II(k)(2).

(g) Damages and Losses

All costs or expenses, necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident or any other cause not controllable by CONTRACTOR or Operating Company through the exercise of reasonable diligence. CONTRACTOR or Operating Company shall furnish EGPC and CONTRACTOR written notice of damages or losses incurred in excess of ten thousand (10,000) U.S. Dollars per occurrence, as soon as practicable after report of same has been received by CONTRACTOR or Operating Company.

(h) Insurance and Claim

The cost of any public liability, property damages and other insurance against liabilities of CONTRACTOR, Operating Company and/or the parties or any of them to their employees and/or outsiders as may be required by the laws, rules and regulations of the GOVERNMENT or as the parties may agree upon. The proceeds of any such insurance or claim collected, less the actual cost of making a claim, shall be credited against operations.

If no insurance is carried for a particular risk, in accordance with good international oil field practices, all related actual expenditures incurred and paid by CONTRACTOR or Operating Company in settlement of any and all losses, claims, damages, judgments and any other expenses, including legal services.

(i) Indirect Expenses

Camp overhead and facilities such as shore base, warehouses, water systems, road systems, salaries and expenses of field supervisory personnel, field clerks, assistants, and other general employees indirectly serving the Area.

(j) Legal Expenses

All costs and expenses of litigation, or legal services otherwise necessary or expedient for the protection of the Area, including attorney's fees and expenses as hereinafter provided, together with all judgments obtained against the parties or any of them on account of the operations under the Agreement, and actual expenses incurred by any party or parties hereto in securing evidence for the purpose of defending against any action or claim prosecuted or urged against the operations or the subject matter of the Agreement. In the event actions or claims affecting the interests hereunder shall be handled by the legal staff of one or more of the parties hereto, a charge commensurate with cost of providing and furnishing such services may be made to operations.

(k) Administrative Overhead and General Expenses

(1) While CONTRACTOR is conducting Exploration operations, the cost of staffing and maintaining CONTRACTOR's head office in the A.R.E., and/or other offices established in the A.R.E. as appropriate, other than field offices which will be charged as provided in Article II(i), and excepting salaries of employees of CONTRACTOR who are temporarily assigned to and directly serving on the Area, which will be charged as provided in Article II(b).

(2) CONTRACTOR's administrative overhead outside the A.R.E. applicable to Exploration operations in the A.R.E. shall be charged each month at the rate of five percent (5%) of total Exploration expenditures, provided that no administrative overhead of the CONTRACTOR outside the A.R.E. applicable to A.R.E. Exploration operations will be charged for Exploration operations conducted by the Operating Company. No other direct charges as such for CONTRACTOR's administrative overhead outside the A.R.E. will be applied against the Exploration obligations. Examples of the type of costs CONTRACTOR is incurring and charging hereunder due to activities under the Agreement and covered by said percentage are:

1. Executive - Time of executive officers.
2. Treasury - Financial and exchange problems.
3. Purchasing - Procuring materials, equipment and supplies.
4. Exploration and Production - Directing, advising and controlling the entire project.
5. Other departments such as legal, controllers and engineering which contribute time, knowledge and experience to the operations.

The foregoing does not preclude charging for direct service under Article II(f)(2).

(3) While Operating Company is conducting operations, Operating Company's personnel engaged in general clerical and office work, supervisors and officers whose time is generally spent in the main office and not the field, and all employees generally considered as general and administrative and not charged to other types of expense will be charged to operations. Such expenses shall be allocated each month between Exploration and Development operations according to sound and practicable accounting methods.

(l) Taxes

All taxes, duties or levies paid in the A.R.E. by CONTRACTOR or Operating Company with respect to this Agreement other than those covered by Article III(g)1 of this Agreement.

(m) Continuing CONTRACTOR Costs

Costs of CONTRACTOR activities required under the Agreement and incurred exclusively in the A.R.E. after Operating Company is formed. No sales expenses incurred outside or inside the A.R.E. may be recovered as a cost.

(n) Other Expenditures

Any costs, expenses or expenditures, other than those which are covered and dealt with by the foregoing provisions of this Article II, incurred by CONTRACTOR or Operating Company under approved Work Programs and Budgets.

ARTICLE III

INVENTORIES

(a) Periodic Inventories, Notice and Representation

At reasonable intervals as agreed upon by EGPC and CONTRACTOR inventories shall be taken by Operating Company of the operations materials, which shall include all such material, physical assets and construction projects. Written notice of intention to take inventory shall be given by Operating Company to EGPC and CONTRACTOR at least thirty (30) days before any inventory is to begin so that EGPC and CONTRACTOR may be represented when any inventory is taken. Failure of EGPC and/or CONTRACTOR to be represented at an inventory shall bind them to accept the inventory taken by Operating Company, who shall in that event furnish the party not represented with a copy thereof.

(b) Reconciliation and Adjustments of Inventories

Reconciliation of inventory shall be made by CONTRACTOR and EGPC, and a list of overages and shortages shall be jointly determined by Operating Company and CONTRACTOR and EGPC, and the inventory adjusted by Operating Company.

ARTICLE IV

COST RECOVERY

(a) Statements of Recovery of Costs and of Cost Recovery Petroleum

CONTRACTOR shall, pursuant to Article VII of the Agreement, render to EGPC as promptly as practicable but not later than fifteen (15) days after receipt from Operating Company of the Statements for Development and Exploration Activity for the calendar quarter a Statement for that quarter showing:

(1) Recoverable costs carried forward from the previous quarter, if any.

(2) Recoverable costs incurred and paid during the quarter.

(3) Total recoverable costs for the quarter (1) + (2).

(4) Value of Cost Recovery Petroleum taken and separately disposed of by CONTRACTOR for the quarter.

(5) Amount of costs recovered for the quarter.

(6) Amount of recoverable costs carried into the succeeding quarter, if any.

(7) Excess, if any, of the value of Cost Recovery Petroleum taken and separately disposed of by CONTRACTOR over costs recovered for the quarter.

(b) Payments

If such Statement shows an amount due to EGPC, payment of that amount shall be made in U.S. Dollars by CONTRACTOR with the rendition of such Statement. If CONTRACTOR fails to make any such payment to EGPC on the date when such payment is due, then CONTRACTOR shall pay an interest of two and one-half percent (2.5%) per annum higher than the London Interbank Borrowing Offered Rate (LIBOR) for three (3) months U.S. Dollars deposits prevailing on the date such interest is calculated. Such interest payment shall not be recoverable.

(c) Settlement of the Excess Cost Recovery Petroleum

EGPC has the right to take its entitlement to Excess Cost Recovery Petroleum under Article VII(a) of the Agreement, in kind during the said quarter. A settlement shall be required with the rendition of such Statement in case CONTRACTOR has taken more than its own entitlement of such Excess Cost Recovery Petroleum.

(d) Audit Right

EGPC shall have a period of twelve (12) months from receipt of any Statement under this Article IV in which to audit and raise objection to any such Statement. EGPC and CONTRACTOR shall agree on any required adjustments. Supporting documents and accounts will be available to EGPC during said twelve (12) month period.

ARTICLE V

CONTROL AND MAJOR ACCOUNTS

(a) Exploration Obligation Control Account

CONTRACTOR will establish an Exploration Obligation Control Account and an offsetting contra account to control therein the total amount of Exploration Expenditures reported on Statements of Activity prepared per Article I(b)(1), less any reductions agreed to by EGPC and CONTRACTOR following written exceptions taken by a Non-Operator pursuant to Article I(c)(1) hereof, in order to determine when minimum Exploration obligations have been met.

(b) Cost Recovery Control Account

CONTRACTOR will establish a Cost Recovery Control Account and an offsetting contra account to control therein the amount of cost remaining to be recovered, if any, the amount of cost recovered, and the value of the Excess Cost Recovery Petroleum, if any.

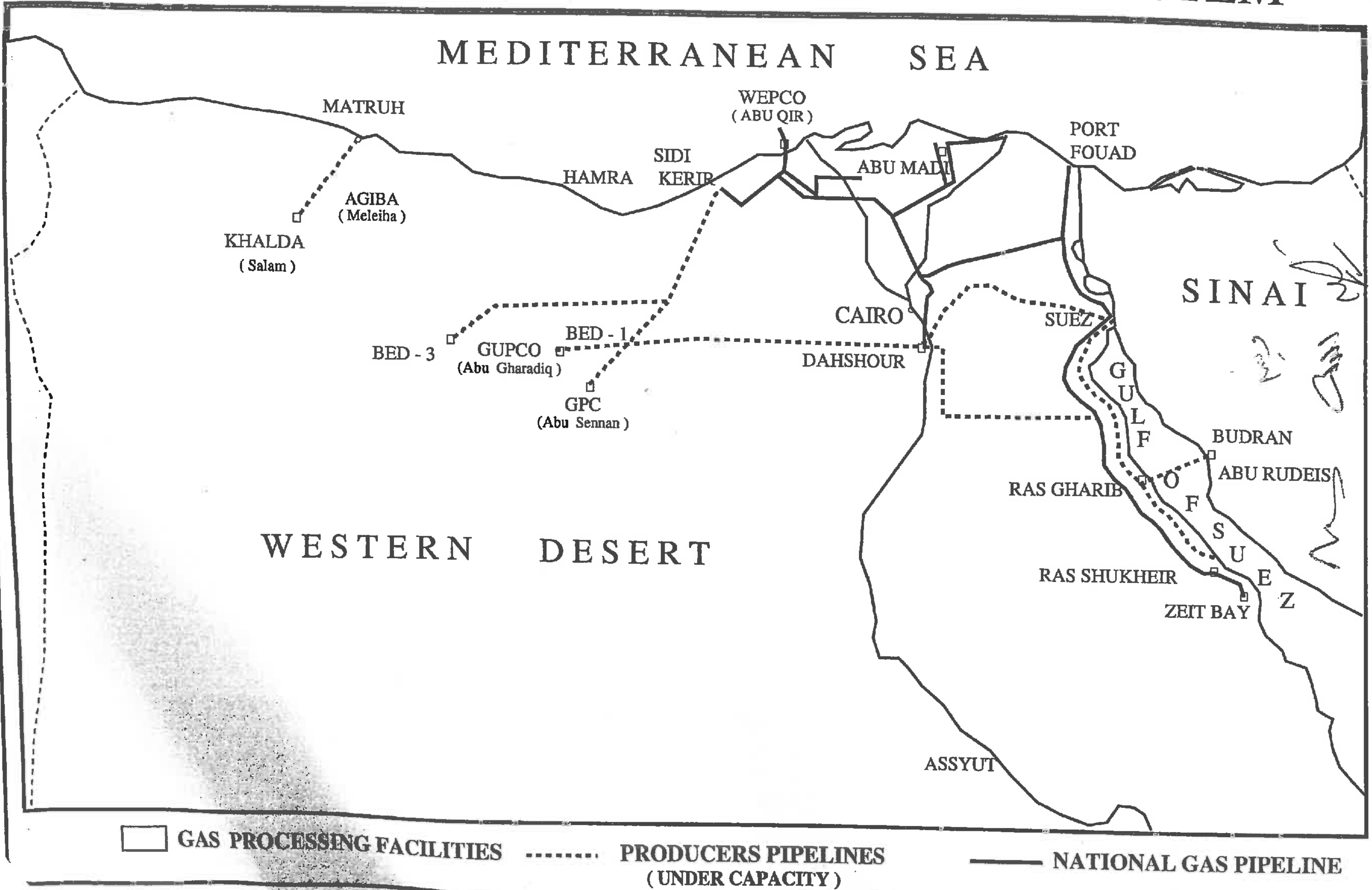
(c) Major Accounts

For the purposes of classifying costs, expenses and expenditures for cost recovery as well as for the purpose of establishing when the minimum Exploration obligations have been met, costs, expenses, and expenditures shall be recorded in major accounts including the following:

- Exploration Expenditures;
- Development Expenditures other than Operating Expenses;
- Operating Expenses.

ANNEX "F"

MAP OF NATIONAL GAS PIPELINE GRID SYSTEM



Annexe G

Development lease

Cairo :

Eng. Sameh Fahmy

Minister of Petroleum

Ministry of Petroleum

Nasr City

Subject :

القاهرة فى :

السيد المهندس / سامح فهمى

وزير البترول

وزارة البترول

مدينة نصر

الموضوع :

Request for the approval of the Minister of Petroleum to convert the oil discoveries of Lagia 6 and Lagia 7 wells to a Development Lease "Lagia Development Lease" in Central Sinai Concession area issued by Law No. 11 of 1997 ,

طلب موافقة السيد وزير البترول على تحويل اكتشاف الزيت بالبئرين لاجيا ٦، لاجيا ٧ إلى عقد تنمية "عقد تنمية لاجيا" بمنطقة التزام وسط سيناء الصادرة بالقانون رقم ١١ لسنة ١٩٩٧ .

Dear Sir,

تحية طيبة وبعد ،،

The Egyptian General Petroleum Corporation ("EGPC") and Alliance Egyptian National Exploration Company ("As operator on behalf of contractor") Pursuant to Article III (d) of the concession agreement for Petroleum Exploration and Exploitation in Central Sinai Area, issued by Law No. 11 of 1997 (hereinafter referred to as "Central Sinai Concession Agreement"), respectfully. Request your approval to convert eight (8) complete Development blocks (1" x 1") and seven (7) sub blocks to a Development lease as shown in the attached map which include lagia 6 and lagia 7 wells .

تتشرف الهيئة المصرية العامة للبترول ("الهيئة") وشركة اللايانس المصرية الوطنية للاستكشاف ("القائم بالعمليات نيابة عن المقاول") استناداً إلى احكام المادة الثالثة (د) من اتفاقية التزام البحث عن البترول واستغلاله فى منطقة وسط سيناء والصادرة بالقانون رقم ١١ لسنة ١٩٩٧ (المشار إليها بـ "اتفاقية التزام وسط سيناء") ، بأن تطلب من سيادتكم التفضل بالموافقة على تحويل عدد (٨) قطاعات تنمية كاملة ("١ × ١") وعدد سبعة (٧) أجزاء من قطاعات إلى عقد تنمية يشمل البئرين لاجيا ٦ ولاجيا ٧ كما هو مبين فى الخريطة المرفقة .

The proven and recoverable oil reserve of this Discovery is 5 million barrel of oil . in addition to probable reserves are estimated to 34 million barrel of oil from the Nukhul formation with using the enhanced oil production .

احتياطى الزيت الخام المؤكد والقابل للاستخراج لهذا الاكتشاف هو ٥ مليون برميل زيت بالاضافة إلى احتياطات محتملة تقدر بـ ٣٤ مليون برميل زيت من تكوين نخل وذلك فى حالة استخدام طرق الانتاج المحسن .

The total area of the lease, which will be named "Lagia development lease" is approximately (30) Km^2. The co-ordinates of the corner points of the area are indicated on the attached map.

المساحة الاجمالية للعقد الذى سوف يسمى "عقد تنمية لاجيا" تبلغ تقريباً (٣٠) كيلو متر مربعاً واحداثيات النقاط الركنية للمساحة المذكورة موضحة بالخريطة المرفقة .

EGPC and CONTRACTOR have mutually agreed that the date of commercial discovery is the same as the date of signing this lease .

وقد اتفقت الهيئة والمقاول معاً على أن يكون تاريخ الاكتشاف التجارى هو نفس تاريخ اعتماد عقد التنمية هذا .

EGPC and CONTRACTOR have mutually agreed on the Preliminary Development Plan and the following:-

وقد اتفقت الهيئة والمقاول معاً على خطة التنمية المبدئية المقدمة من المقاول وعلى الآتى :-

1- In the event of no production of oil in regular shipment is established in any development block within four (4) years from the date of commercial discovery such development block shall immediately relinquished.

١- فى حالة عدم تحقيق انتاج من الزيت بشحنات منتظمة فى أى قطاع تنمية وذلك فى خلال (٤) سنوات من تاريخ الاكتشاف التجارى فإنه يجب التخلى فوراً عن قطاع التنمية هذا .

Each development block being partly within the radius of drainage of any producing well shall be considered as participating in the production.

وكل قطاع تنمية يقع جزئياً فى مجال سحب أية بئر منتجة فى عقد التنمية هذا سيعتبر مساهماً فى الانتاج .

2- After the revision period referred to in item (1) above, the remaining area shall be reviewed periodically every two (2) years to relinquish any non productive or non participating blocks in the production.

٢- بعد انتهاء فترة المراجعة المشار إليها فى البند رقم (١) تراجع المنطقة المتبقية بصفة دورية كل سنتين (٢) للتخلى عن أى قطاعات غير منتجة أو غير مساهمة فى الانتاج .

3- Contractor shall solely bear ten (10) percent of the cost of drilling any dry well presented in the Preliminary Development Plan submitted by contractor and drilled after the date of issue of the Development Lease, cost of drilling dry well is defined as the actual drilling cost incurred from the spud date of the well to the rig release date. Dry well is defined as any well which was plugged and abandoned for any reason (other than mechanical problems) immediately after drilling and was not used at any time to produce or help to produce petroleum.

٣- يتحمل المقاول وحده عشرة (١٠) فى المائة من تكاليف حفر أى بئر جافة يتم حفرها ضمن خطة التنمية المبدئية المقدمة من المقاول بعد تاريخ اصدار عقد التنمية وتعرف تكلفة حفر البئر الجافة بأنها التكلفة الفعلية للحفر من تاريخ بدء عملية الحفر إلى تاريخ مغادرة جهاز الحفر للبئر كما تعرف البئر الجافة بأنها البئر التى تم ردمها وهجرها لأى سبب عدا اعطال الحفر وذلك بعد حفرها مباشرة ولم تستخدم فى أى وقت من الأوقات لانتاج البترول أو لأى غرض آخر للمساعدة فى انتاج البترول .

On receiving your approval of this joint application, development Operations will promptly be initiated by the operating company upon its formation in accordance with the provision and conditions of Central Sinai Concession. agreement and the Proposed Development Plan.

ولدى تلقي موافقة سيادتكم على هذا الطلب المشترك سوف تقوم الشركة القائمة بالعمليات فور تأسيسها بعمليات التنمية وفقا لاحكام وشروط اتفاقية التزام وسط سيناء وخطة التنمية المقترحة .

Yours Truly ,,

Magdy Bassaly

Mr. Magdy Bassaly
General Manager
Alliance Egyptian National Exploration Company
"As operator on behalf of contractor"

وتفضلوا بقبول فائق الاحترام ،،،

السيد / مجدى بسالى
مدير عام
شركة اللاينس المصرية الوطنية للاستكشاف
"القائم بالعمليات نيابة عن المقاول "

Eng. Abdel-Alim Taha
Chief Executive Officer
Egyptian General Petroleum Corporation

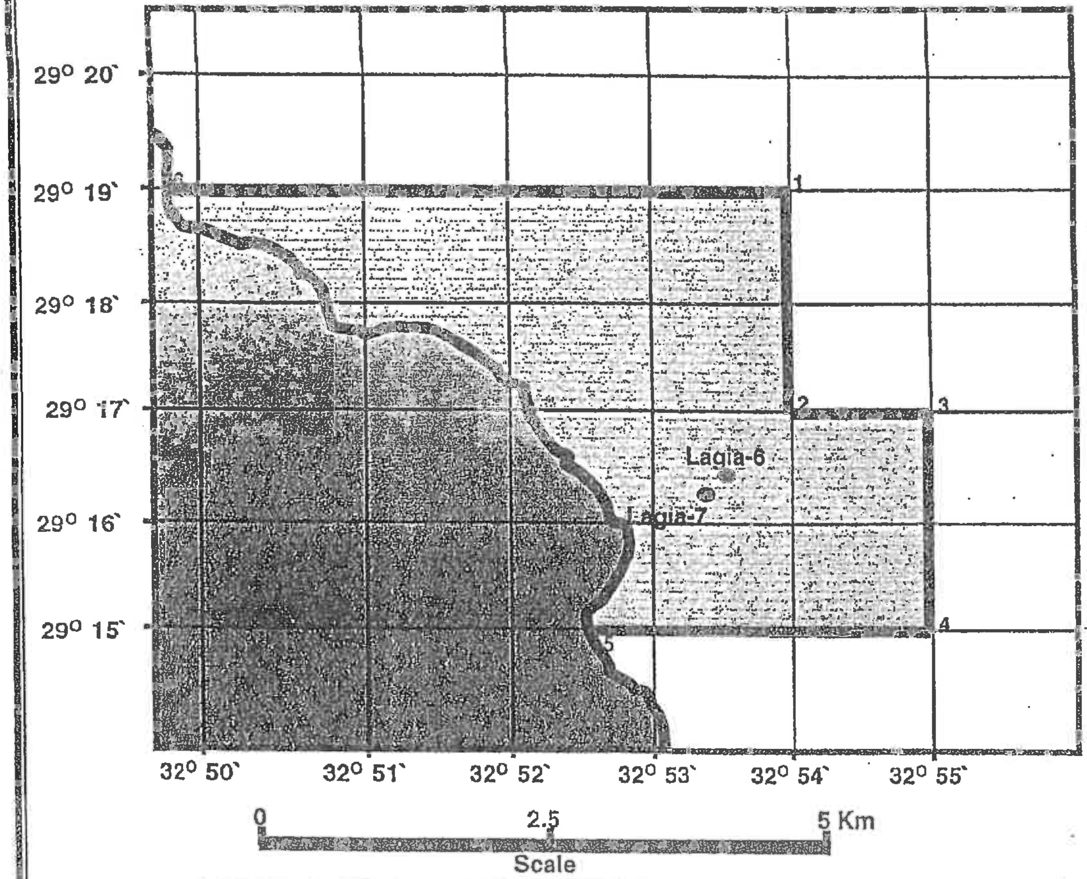
السيد المهندس/ عبد العليم طه
الرئيس التنفيذى
الهيئة المصرية العامة للبترول

Approved by :
Eng. Sameh Fahmy
Minister of Petroleum

يعتمد :
السيد المهندس / سامح فهمى
وزير البترول

Date:

التاريخ : ٢٠١٠/١/١٢



No.	Lat.	Long.
1	29° 19` 00``	32° 54` 00``
2	29° 17` 00``	32° 54` 00``
3	29° 17` 00``	32° 55` 00``
4	29° 15` 00``	32° 55` 00``
5	29° 15` 00``	Intersection With Shoreline OF East Bank of GOS
6	29° 19` 00``	Intersection With Shoreline OF East Bank of GOS

Lagia Development Lease
AREA : APROX. 30 Km²

عقد تنمية لاجيا
المساحة حوالى ٣٠ كم٢

Lagia Development Lease
(Low No. 11 of 1997)

For ALLIANCE EGYPTIAN NATIONAL EXPLORATION COMPANY
As operator on behalf of contractor
MAGDY BASSALY
GENERAL MANAGER

Magdy Bassaly

For Egyptian General Petroleum Corporation :
ENG. Abd El Alim Taha
Chief Executive Officer

APPROVED BY :
ENG. SAMEH FAHMY
MINISTER OF PETROLEUM

Date : 12.1.2010

Annexe H

List of insurance policies

MENA HYDROCARBONS INC AND SUBSIDIARIES INSURANCE POLICIES

Through Willis Limited, as insurer and agent

Type of policy	Policy #	Carrier	Expiry
Operators Extra Expense Energy Package Policy	11362J13	Willis Limited	31 December, 2014
Reinsurance of Energy Package Policy	B0801-11362J13	MISR Insurance Company	31 December, 2014
Commercial General Liability	E1376166	Lloyds of London	31 December, 2014
Commercial Office & Contents	COM 036782125	Royal & Sun Alliance of Canada	31 December, 2014

Annexe I

Certificate of incumbency

INCUMBENCY CERTIFICATE

of

MENA INTERNATIONAL PETROLEUM COMPANY LIMITED

I, MAGDY LATIF BASSALY, in my capacity as the sole director of Mena International Petroleum Company Limited (the "**Company**") hereby certify as follows in accordance with the records of the Company, that the following particulars are true and correct as of the date hereof:

1. The Company was duly incorporated on 13 July 2010 under registration number HE 270447 and is validly existing under the laws of Cyprus.

2. The registered office of the Company is situated at 12 Zinonos Sozou Street, 1075 Nicosia, Cyprus.

3. The authorized capital of the Company is €100.- divided into 100 ordinary shares of nominal value €1.- each.

4. The issued share capital of the Company is €100.- .

5. The sole registered shareholder of the Company is MENA INTERNATIONAL PETROLEUM HOLDINGS COMPANY LTD, a Cyprus company under registration no HE 270431.

6. The sole director of the Company is Mr. Magdy Latif Bassaly of 5, Hassan Hafz Str. Sary Elkobba, Cairo, Egypt.

7. The secretary of the Company is LCLAW SECRETARIAL LIMITED a Cyprus company under registration no HE 173948.

8. All corporate documents and certificates provided to Webber Wentzel on the date hereof in accordance with the index attached hereto as Annex A are valid and they fully and accurately reflect the Register of Members and other corporate records and structure of the Company as of the date hereof. The said certificates have not been varied, amended or revoked in any way.

9. The Company is in good standing and has complied with all its legal, audit, fiscal and filing requirements SAVE FOR as mentioned below:

   Although currently available, the Company failed to prepare within the legal deadline its financial statements, as prescribed by law, for the fiscal years ended in December 31, 2011 and December 31, 2012. As a consequence the Company:

   - failed to hold its annual general meetings for the years 2011 and 2012;
   - failed to make within the legal deadline appropriate filings with the Inland Revenue, as prescribed by law, in respect of the fiscal years 2011-2014; and
   - failed to file within the legal deadline its annual returns for the years 2012 and 2013 with the Registrar of Companies.

10. No charges, liens or encumbrances were registered or are capable of registration against the Company (either with the Registrar of Companies, or equivalent, or in the Company's register of charges, or equivalent) and its shares have not been pledged or otherwise encumbered nor were they subject to any charge or interest of any third party.

11. No order has been made or petition presented or resolution passed for the winding up of the Company nor, to the best of our knowledge and belief, has any administrator or receiver been appointed or any distress, execution or any other process been levied in respect of the undertaking or the assets of the Company or any part thereof.

12. All directors and shareholders resolutions which have been or which are required to be registered and/or filed with the Registrar of Companies have been registered and/or filed with the Registrar of Companies.

13. There is no existing shareholders' agreement, subscription agreement, investment agreement or similar agreement or document of whatever nature or description to which the Company is or may be a party and/or which affects, modifies or amends any provisions of the articles of association of the Company.

14. This incumbency certificate is provided for the benefit of SacOil Holdings Limited, a public company incorporated in South Africa ("**SacOil**") in relation to the proposed acquisition of all shares in the Company by SacOil (the "**Transaction**"). We certify that the above particulars shall remain and may be relied upon as being true and correct until the completion or abandonment of the Transaction, unless and until we deliver notice to the contrary to SacOil to the email address [•] and the law firm Webber Wentzel to the email address [•].

Dated the .... day of September 2014.

MAGDY LATIF BASSALY
Sole Director of Mena International Petroleum Company Limited
Duly authorized and warrantying such authority

ANNEX A

1 Certified true copy of certificate of incorporation;

2 Certified true copy of certificate of registered office address;

3 Certified true copy of certificate of shareholders;

4 Certified true copy of certificate of capital;

5 Certified true copy of certificate of directors and secretary;

6 Certified true copy of certificate of no mortgage or charge;

7 Certified true copy of certificate of solvency and good standing;

8 Certified true copy of the Company's register of members.

9 Certified true copies by the Company secretary of the Company memorandum and articles of association and any amendments to those documents;

10 Confirmation from the Company secretary that all of the Company corporate records related to the Transaction are up-to-date.

Annexe J

Purchaser Representations and Warranties and Purchaser's Undertakings

1. The Purchaser represents, warrants and undertakes to the Seller that:

1.1 this Agreement has been duly executed and delivered by the Purchaser and is legal, valid and binding upon it and enforceable in accordance with its terms (subject, however, to limitations with respect to the enforcement of remedies, to bankruptcy, reorganization, insolvency, moratorium and other laws relating to or affecting creditors' rights generally and to the availability of equitable remedies such as specific performance and injunction);

1.2 it is a corporation duly incorporated and is in good standing in accordance with the laws governing its incorporation and is qualified to carry on business and is in good standing in those jurisdictions where necessary in order to carry out the purposes of this Agreement;

1.3 it has the requisite power, authority and capacity to enter into and perform its obligations under this Agreement and all transactions contemplated herein and all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken and upon written request by the Seller, will provide documentation of such corporate action, including, but not limited to, copies of any necessary resolutions of its board of directors;

1.4 the execution and delivery of, and the performance by the Purchaser of its obligations under this Agreement and the Purchaser's Completion Documents does not and will not:

1.4.1 result in a breach of any provision of the Constitutional Documents of the Purchaser;

1.4.2 result in a breach of, or constitute a default under, any contract to which the Purchaser is a party or by which the Purchaser is bound and which is material in the context of the Transaction; or

1.4.3 result in a breach of any Governmental Order to which the Purchaser is a party or by which the Purchaser is bound and which is material in the context of the Transaction;

1.5 no order has been made and no resolution has been passed for the winding up or liquidation of the Purchaser or for a provisional liquidator to be appointed in respect of them and no petition has been presented and no meetings have been convened for the purpose of winding up or liquidation of the Purchaser;

1.6 no administration order has been made and no petition for such an order has been presented in respect of the Purchaser;

1.7 no receiver (which expression shall include an administrative receiver) has been appointed in respect of the Purchaser;

1.8 the Purchaser is not unable to pay its debts nor has it stopped paying its debts as they fall due and the Purchaser is not otherwise insolvent or technically bankrupt under the applicable Law;

1.9 other than the approvals contemplated in Annexe A, no third party consent or approval is required to be obtained by the Purchaser to allow the Purchaser to enter into and perform its obligations under this Agreement;

1.10 there are no material actions, claims, investigations or proceedings, judicial or otherwise, pending, or to the knowledge of the Purchaser threatened, against or relating to the Purchaser which relate to or could adversely affect the Purchaser's ability to carrying out this Agreement or the value of the SacOil Shares;

1.11 the Purchaser is not subject to any judgment, order, writ, injunction or decree of any court or Governmental Authority which would prevent the carrying out of this Agreement or the consummation of the transactions herein contemplated;

1.12 as of the date hereof, the authorized capital of the Purchaser consists of 10 000 000 000 ordinary shares, of which there are 3 086 169 261 such common ordinary shares of the Purchaser (and no other shares) outstanding, and listed on the AIM of the London Stock Exchange under the symbol "**SAC**";

1.13 it holds all licences and permits that are required for carrying on its business in the manner in which such business is currently conducted.

2. Since 30 June 2014: (i) Purchaser has conducted its business only in the ordinary and normal course, (ii) no Liability of a material nature (whether absolute, accrued, contingent or otherwise) has been incurred by the Purchaser other than in the ordinary course of business, and (iii) there has not been any Material Adverse Effect in the business of the Purchaser or the value of the SacOil Shares issuable pursuant to this Agreement.

3. The Purchaser has disclosed and otherwise filed with the applicable securities regulatory authorities, stock exchanges and self-regulatory authorities a true and complete copy of all Purchaser Disclosure Documents. The Purchaser Disclosure Documents, at the time filed or, if amended, as of the date of such amendment: (a) were true, correct and complete in all material respects and did not contain any misrepresentation (as defined or interpreted by securities regulatory authorities) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (b) complied in all material respects with the requirements of applicable securities legislation and the rules, policies and instruments of all securities regulatory authorities having jurisdiction over the Purchaser, except where such non-compliance has not had and would not reasonably be expected to have a Material Adverse Effect on the Purchaser. The Purchaser has not filed any confidential material change or other report or other document with any securities regulatory authorities or stock exchange or other self-regulatory authority which at the date hereof remains confidential.

Annexe K

Orderly Market Arrangement

Date: **[DATE OF EXECUTION]**

ORDERLY MARKET AGREEMENT

relating to **SACOIL HOLDINGS LIMITED**

[NAME OF COVENANTOR]

Contents

DATE: 2014

FROM: **THE PERSON** named in Schedule 1 **(Shareholder)**;

TO: **FIRSTENERGY CAPITAL LLP** (registered in England with company number OC346410) whose registered office is at 85 London Wall, London, EC2M 7AD, UK **(Broker)**; and

SACOIL HOLDINGS LIMITED (registered in South Africa with registration number 1993/000460/06) whose registered office is at 2nd Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, Bryanston 2021,South Africa (**Company**).

1. **Background**

1.1 The Company has entered into an agreement (Definitive Agreement) with MENA International Petroleum Holdings Company Ltd (Seller) to purchase all the ordinary issued shares of MENA International Petroleum Company Ltd. in exchange for the issuance of ordinary shares in the Company equivalent to US$10,000,000.

1.2 The Seller is subject to lock-in period and shall not trade any of the newly issued Company Shares for a consecutive period of 4 months from completion of the acquisition (Lock-in Period).

1.3 The Seller intends to effect the transfer of the Shares to the shareholders of MENA Hydrocarbons, Inc.(Topco) following the end of the Lock-in Period

1.4 At the request of the Company and the Broker, Shareholder, who is a shareholder in Topco and will therefore receive some of the Shares, has agreed on the terms of this agreement to certain restrictions on the Disposal of its Shares in the Company for a [6] month period following the expiration of the Lock-in.

2. **Interpretation**

2.1 In this agreement the following words and expressions have the following meanings:

Dispose	any disposal, sale, transfer, charge, pledge, encumbrance or grant of any option or an agreement to do any of those things whether oral or in writing and **Disposal** will be construed

accordingly.

Relevant Shares	the shares specified in Schedule 1 which are expected to be transferred by the Seller to the **Shareholder**.
Shares	ordinary shares of no par value in the issued share capital of the Company.

2.2 Unless otherwise stated, a reference to a clause, party or a schedule is a reference to respectively a clause in or a party or schedule to this agreement.

2.3 The clause headings are inserted for ease of reference only and do not affect the construction of this agreement.

3. **Undertakings**

3.1 The **Shareholder** undertakes and agrees with the Broker and the Company that except as provided for in clause 3.22 he will not during the **[6]** month period following the Lock-in Period Dispose of any interest in Relevant Shares without (a) first giving not less than five business days' notice to the Company and the Broker specifying the number of Shares he intends to sell and the minimum price at which he is prepared to sell them (**Agreed Size and Price**) and (b) then allowing the Broker to secure a buyer or buyers for such Shares on terms at least as favourable the Agreed Size and Price as those being offered to the Shareholder provided that if the Broker is unable to procure such buyer or buyers within such 5 business days **Shareholder** shall be free to dispose of such Relevant Shares at the Agreed Size and Price.

3.2 The restriction contained in clause 3.1 will not apply to:

3.2.1 a Disposal of any interest in Relevant Shares pursuant to an intervening court order;

3.2.2 an acceptance by the **Shareholder** of or the giving by the **Shareholder** of an irrevocable undertaking to accept a general offer for the entire issued share capital of the Company other than any Shares held by the offeror or persons acting in concert with the offeror for the purposes of the City Code on Takeovers and Mergers; or

3.2.3 a Disposal of any interest in Relevant Shares on or following the death of the **Shareholder**.

4. General

4.1 The **Shareholder** agrees that the existence of this agreement and its terms will be referred to in the Definitive Agreement.

4.2 The parties do not intend that the terms of this agreement will be enforceable under the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it.

4.3 The construction, validity and performance of this agreement are governed by the laws of England and Wales and the English courts will have exclusive jurisdiction.

5. Execution as a deed

This document has been executed as a deed but is not delivered until it has been dated.

Schedule 1

Shares

*Name and address of **Shareholder***	*Relevant Shares*
[NAME] **[ADDRESS]**	[•]

Signed as a deed by **[NAME OF INDIVIDUAL]** in the presence of:	....

Witness' signature:

Witness' name:

Address:

Occupation:

[OR]

Executed as a deed by **[NAME OF EXECUTING COMPANY]** acting by a director in the presence of:	Signature... Print name..

Witness' signature:

Witness' name:

Address:

Occupation: