SECOND AMENDED AND RESTATED
SHARE PURCHASE AGREEMENT

Between

GOLDEN CRESCENT INVESTMENTS LTD.

– and –

SEA DRAGON ENERGY INC.

Regarding the Sale of the Shares of:

NATIONAL PETROLEUM COMPANY EGYPT LIMITED

May 10, 2012

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SCHEDULES

THIS SECOND AMENDED AND RESTATED SHARE PURCHASE AGREEMENT is made the 10th day of May, 2012.

BETWEEN:

GOLDEN CRESCENT INVESTMENTS LTD., a BVI business company existing under the laws of the British Virgin Islands,

(“**Golden Crescent**”)

- and -

SEA DRAGON ENERGY INC., a corporation existing under the laws of Canada,

(“**Sea Dragon**”)

(collectively, the “**Parties**” and each of them, a “**Party**”)

RECITALS:

A. Golden Crescent beneficially owns and controls all of the issued and outstanding shares in the capital of National Petroleum Company Egypt Limited (“**NPC Egypt**”).

B. NPC Egypt beneficially owns and controls all of the issued and outstanding shares of each of (i) National Petroleum Company South Abu Zeneima Ltd. (“**NPC SAZ**”), (ii) National Petroleum Company Shukheir Marine Ltd. (“**NPC SHM**”) and (iii) National Petroleum Company North El Maghara Ltd. (“**NPC NEM**”).

C. NPC SAZ, NPC SHM and NPC NEM are respectively the owners of a 100% participating interest in the South Abu Zenima Concession (the “**SAZ Concession**”), a 100% participating interest in the Shukheir Marine Concession (the “**SHM Concession**”) and a 100% participating interest in the North El Maghara Concession (the “**NEM Concession**”), all of which are located in Egypt, together with facilities, inventory and equipment related to such concessions.

D. NPC SAZ beneficially owns and controls 50% of the issued and outstanding shares in the capital of South Abu Zenima Petroleum Company (“**Petrozenima**”), with the remaining 50% of the issued and outstanding shares in the capital of Petrozenima held by the Egyptian General Petroleum Corporation (“**EGPC**”).

E. NPC SHM beneficially owns and controls 50% of the issued and outstanding shares in the capital of Offshore Shukheir Oil Company (“**OSOCO**”), with the remaining 50% of the issued and outstanding shares in the capital of OSOCO held by EGPC.

F. Golden Crescent also beneficially owns and controls all of the issued and outstanding shares in the capital of Petzed Investment and Project Management Ltd. (“**Petzed**”) through its wholly-owned subsidiary, National Petroleum Company S.A.E. (“**NPC**”).

G. Petzed is the owner of a 12.75% participating interest in the South Ramadan Concession (the "**SR Concession**"), located in Egypt, together with related facilities, inventory and equipment.

H. Petzed has received a letter of award signed on April 17, 2007, together with an initialled (but unsigned) concession agreement from EGPC in respect of a 100% participating interest in the East Kheir Concession (the "**EK Concession**"), which award and related concession agreement are subject to ratification by the People's Assembly of Egypt.

I. On January 6, 2012, Golden Crescent and Sea Dragon entered into a share purchase agreement (the "**Original Agreement**") pursuant to which Golden Crescent agreed to sell to Sea Dragon, and Sea Dragon agreed to purchase from Golden Crescent, directly or indirectly, all of the issued and outstanding shares in the capital of NPC Egypt following the completion by Golden Crescent of an internal reorganization providing for, among other things, the transfer by Petzed of the EK Concession and the SR Concession, together with the related facilities, inventory and equipment, to certain wholly-owned subsidiaries and the subsequent transfer of all of the issued and outstanding shares of such subsidiaries to NPC Egypt, all in accordance with the Pre-Closing Reorganization Memorandum (as defined herein).

J. The Original Agreement was subsequently amended and restated by the Parties pursuant to an amended and restated share purchase agreement dated March 19, 2012 between Golden Crescent and Sea Dragon (the "**First Amended and Restated Agreement**") providing for, among other things, the revised terms and conditions upon which the Parties agreed to proceed with the sale by Golden Crescent to Sea Dragon, and the acquisition by Sea Dragon from Golden Crescent, directly or indirectly, of all of the issued and outstanding shares in the capital of NPC Egypt, which First Amended and Restated Agreement superseded and replaced the Original Agreement in its entirety.

K. The Parties wish to amend and restate the First Amended and Restated Agreement to further revise the terms and conditions upon which the Parties have agreed to proceed with the matters referred in the foregoing Recitals and the other matters contemplated herein, which second amended and restated agreement will supersede and replace the First Amended and Restated Agreement in its entirety.

L. Upon the execution and delivery of such second amended and restated agreement, Sea Dragon has agreed to authorize and direct, jointly with Golden Crescent, the Escrow Agent (as defined herein) to release and pay to Golden Crescent, or as Golden Crescent shall direct, the amount of $500,000 (the "**Legal Fee Amount**") from the amount deposited by Sea Dragon with the Escrow Agent concurrently with the execution of the Original Agreement on account of the additional legal expenses incurred by Golden Crescent in amending, at the request of Sea Dragon, the arrangements contemplated by the Original Agreement and the First Amended and Restated Agreement and the preparation of this Agreement.

THEREFORE, the Parties agree to amend and restate the First Amended and Restated Agreement as follows:

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, including the Preamble and Recitals hereto, the following words and terms have the respective meanings set out below:

"**Abandonment and Reclamation Liabilities**" means all past, present and future obligations to:

(a) abandon wells and close, decommission, dismantle and remove structures, foundations, buildings, pipelines, equipment and other facilities located on the Concession Areas or used or previously used in respect of Petroleum Substances produced or previously produced from the Concession Areas; and

(b) restore, remediate and reclaim the surface and subsurface locations thereof and lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities which were abandoned or decommissioned prior to the Closing Date that were located on the Concession Areas or that were located in other areas and used in respect of Petroleum Substances produced or previously produced from the Concession Areas;

all in accordance with generally accepted oil and natural gas industry practices in the jurisdiction where the Assets are located and in compliance with all applicable Laws;

"**Accounts Payable**" means amounts owing by the NPC Egypt Group and any amounts owing by the JV Subsidiaries that should be paid by the NPC Egypt Group in accordance with the provisions of the NPC Concession Documents to any Person and recorded as payable on the Books and Records on the Determination Date for which payment would ordinarily be expected to be made within one year of the date such amount was incurred. Without limiting the generality of the foregoing, "Accounts Payable" includes all AFEs validly issued to any of the members of the NPC Egypt Group and any AFEs validly issued to either of the JV Subsidiaries that should be paid by the NPC Egypt Group in accordance with the provisions of the NPC Concession Documents, in each case which remain outstanding on the Determination Date;

"**Accounts Receivable**" means accounts receivable, bills receivable, trade accounts, book debts and insurance claims recorded as receivable in the Books and Records on the Determination Date and other amounts due or deemed to be due to:

(a) the NPC Egypt Group (including for this purpose, amounts due or deemed to be due to Petzed in respect of the Petzed Concessions or the Petzed Concession Interests); and

(b) the NPC Egypt Group's entitlement to amounts due or deemed to be due to the JV Subsidiaries or arising from the sale of Petroleum Substances from the NPC Egypt Concessions, on the Determination Date, including refunds, rebates and receivables for which payment would ordinarily be expected to be received within one year from the date such amount was due to be paid;

"**Acquisition Proposal**" means:

(a) any proposal or offer to Golden Crescent (whether binding or not) made by a Third Party which relates to:

(i) any take-over bid, merger, amalgamation, plan of arrangement, business combination, joint venture consolidation, recapitalization, liquidation or winding-up in respect of any member of the NPC Egypt Group, the JV Subsidiaries or Petzed;

(ii) any sale, lease, licence (other than licences in the ordinary course of business), mortgage, hypothecate, pledge, transfer or other disposition of the NPC Egypt Concessions, whether in a single transaction or series of linked transactions;

(iii) any transfer, sale or acquisition of 20% or more of NPC Egypt's or Petzed's shares of any class or rights or interests therein or thereto in a single transaction or series of linked transactions; or

(iv) any similar business combination or transaction, of or involving the NPC Egypt Group, the JV Subsidiaries, Petzed or the NPC Egypt Concessions;

(b) any other transaction the consummation of which would reasonably be expected to prevent the completion of the Transactions; or

(c) any public announcement of an intention to do any of the foregoing from any Person other than Sea Dragon or any of its Affiliates;

"**AFE**" means authorizations for expenditures or mail ballots issued under the Title and Operating Documents relating to any of the Assets;

"**Affiliate**" of any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly, and "**control**" and any derivation thereof means the possession, directly or indirectly, of the power to direct or significantly influence the management and policies and the business or affairs of a Person whether through the ownership of voting securities or otherwise;

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" or other similar expressions means this second amended and restated share purchase agreement, including all schedules, and all amendments or restatements, as permitted, and references to "**Article**", "**Section**" or "**Schedule**" mean the specified Article, Section or Schedule of this Agreement;

"**Ancillary Agreements**" means, collectively, the Escrow Agreement, the Shareholder Support Agreements, the Senior Management Lock-Up Agreements, the Net Profits Interest Agreement, the Trust Agreements and such other agreements as may be required by any Governmental Authority (including for this purpose, the TSX-V) in connection with the Transactions;

"**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the securities legislation of each of the Provinces of Canada where Sea Dragon is a reporting issuer and the rules, regulations and policies published and/or promulgated thereunder, including the rules and policies of the TSX-V;

"**Applicable Taxation Legislation**" means:

(a) in the British Virgin Islands:

(i) the British Virgin Islands Payroll Taxes Act, 2004;

(ii) the *Income Tax Ordinance (Cap. 206)*, as amended; and

(iii) the British Virgin Islands Stamp Act (Cap. 212), as amended;

(b) in Canada, the Tax Act;

(c) in Egypt, the *Income Tax Law No. 91 of 2005*, as amended, and its executive regulations; and

(d) any other similar Laws relating to Taxes in any relevant jurisdiction;

"**Assets**" means the respective Petroleum and Natural Gas Rights, the Tangibles, the Miscellaneous Interests, the Title and Operating Documents and the Seismic Data of (a) the NPC Egypt Group (including for the purposes of this definition, those of Petzed in respect of the Petzed Concessions) and the NPC Egypt Group's entitlement to such assets of the JV Subsidiaries, or (b) the Sea Dragon Group, as applicable;

"**Assignment and Assumption Indemnification Obligations**" means the indemnification obligations set out at Section 3.2 of the Assignment and Assumption Agreement made on January 3, 2012 with effect from July 1, 2010 and Section 3.2 of the Assignment and Assumption Agreement to be entered into prior to Closing, in each case, to which Golden Crescent, NPC Egypt, NPC and Petzed are parties with certain other Persons;

"**Authorized Employees**" has the meaning ascribed to it in Section 6.10(c);

"**Benefits Plans**" means plans, arrangements, agreements, programs, policies, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, registered or unregistered to which the NPC Egypt Group (including for the purposes of this definition, those to which either Petzed or NPC are a party or bound by to the extent they are maintained for the benefit of the Concession Employees), or the Sea Dragon Group, as applicable, is a party or bound or in which the Employees participate or under which the NPC Egypt Group (including for this purpose, Petzed or NPC for the purposes noted above) or the Sea Dragon Group, as applicable, has, or will have, any liability or contingent liability, or pursuant to which payments are made, or benefits are provided to, or an entitlement to payments or benefits may arise with respect to any of its Employees or former Employees, directors or officers, individuals working on contract with the NPC Egypt Group (or Concession Employees employed by or working on contract with Petzed or NPC) or the Sea Dragon Group, as applicable, or other individuals providing services to any of them of a kind normally provided by Employees (or any spouses, dependants, survivors or beneficiaries of any such persons), including, without limiting the foregoing, contract settlements, option plans, bonus plans and retention arrangements;

"**Black-Out Period**" has the meaning ascribed to it in Section 10.3(d);

"**Board Nominee Right Minimum Holding**" has the meaning ascribed to it in Section 8.1;

"**Books and Records**" means the books and records of the NPC Egypt Group or the Sea Dragon Group, as applicable, including financial, corporate, operations and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, formulae, business reports, plans and projections and all other documents, surveys, plans, files, records, assessments, correspondence, other data and information, financial or otherwise, including all data, information and databases stored on computer-related or other electronic media, and all minute books and related corporate records, including all minutes and written resolutions of the boards of directors or shareholders of the respective entities;

"**Business Day**" means any day, other than a Friday, a Saturday, a Sunday or a day generally observed as a holiday under applicable Laws, on which the principal commercial banks in Cairo, Egypt and Calgary, Alberta, Canada are open for commercial banking business during normal banking hours;

"**Canadian Demand Distribution Rights**" has the meaning ascribed to it in Section 10.3(a);

"**Canadian GAAP**" means generally accepted accounting principles as defined by the Accounting Standards Board of the Canadian Institute of Chartered Accountants in the Handbook of the Canadian Institute of Chartered Accountants as reflected in Part V thereof;

"**Canadian Offering**" has the meaning ascribed to it in Section 10.2(a);

"**Canadian Securities Regulatory Authorities**" means, collectively, the applicable Canadian provincial and territorial securities commissions and securities regulatory authorities;

"**CBCA**" means the *Canada Business Corporations Act*, including the regulations promulgated thereunder;

"**Change of Control**" means in one transaction or a series of transactions:

(a) the completion of a consolidation, take-over bid, amalgamation, arrangement or merger, in each case involving Sea Dragon, in which the owners of Common Shares immediately prior to such a transaction, do not, immediately after completion of such a transaction, own shares representing a majority of outstanding voting power of Sea Dragon or the surviving corporation (based on the right directly or indirectly to elect directors generally), as applicable;

(b) the sale, lease or transfer of all or substantially all of the assets of Sea Dragon; or

(c) any other form of corporate reorganization in which outstanding Common Shares are exchanged for or converted into cash, securities of another corporation (including the surviving entity of the transaction) or other property in which the owners of Common Shares immediately prior to such a transaction, do not immediately after completion of such a transaction, own shares representing a majority of outstanding voting power of Sea Dragon or the surviving corporation (based on the right directly or indirectly to elect directors generally), as applicable;

"**Claimant**" has the meaning ascribed to it in Section 17.1;

"**Claim Account**" has the meaning ascribed to it in Section 13.5(b);

"**Claims**" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations, or other similar processes, assessments or reassessments, judgments, debts, liabilities, penalties, fines, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

"**Closing**" means the completion of the sale to and purchase by Sea Dragon of the Purchased Shares under this Agreement;

"**Closing Confirmation**" has the meaning ascribed to it in Section 11.3(g);

"**Closing Date**" means August 8, 2012 or such earlier date as the Parties may agree to in writing as the date upon which the Closing shall take place;

"**Closing Date Net Working Capital**" means, without duplication, calculated on an accrual basis in accordance with IFRS, as at the Closing Date:

(a) the aggregate value of all cash, amounts on deposit in bank accounts of the NPC Egypt Group, amounts on deposit in bank accounts of the JV Subsidiaries to which the NPC Egypt Group is entitled, Prepaid Expenses and Deposits and cash equivalents, all accruing or deposited on or prior to the Closing Date, but specifically excluding any cash proceeds or the cash value of any other consideration received by any member of the NPC Egypt Group upon the consummation of any NEM Farmout Transaction or any SR Sale Transaction; plus

(b) the aggregate value of Inventories which, for this purpose, shall be valued at fair market value in a manner mutually acceptable to the Parties; less

(c) the aggregate value recorded in the Books and Records of the NPC Egypt Group of Accounts Payable and Current Liabilities, but specifically excluding:

(i) all costs, expenses and liabilities of Golden Crescent relating to the Transactions which have been accrued or have been paid by any member of the NPC Egypt Group on behalf of Golden Crescent;

(ii) all Employee Obligations of NPC, Petzed and the NPC Egypt Group accruing prior to the Closing Date which are to be satisfied by Golden Crescent as contemplated in Section 6.10(g); and

(iii) all Taxes of the NPC Egypt Group and any Taxes of the JV Subsidiaries that should be paid by the NPC Egypt Group in accordance with the provisions of the NPC Egypt Concession Documents which have been accrued as of the Determination Date and recorded on the Books and Records of the NPC Egypt Group, which are not yet due as of the Determination Date, but for which payment is required to be made within one year of the Determination Date;

"**Closing Date Statement of Net Working Capital**" means the unaudited statement of net working capital of the NPC Egypt Group as at the Closing Date, setting out the Closing Date Net Working Capital calculated as at the Determination Date, prepared by Sea Dragon in accordance with IFRS, and on a basis consistent with the manner in which the NPC Egypt Financial Statements were prepared;

"**Closing Share Consideration**" has the meaning ascribed to it in Section 3.1;

"**Closing Time**" means 7:00 a.m. (Calgary time) on the Closing Date or such other time on such date as the Parties may agree in writing as the time at which the Closing shall take place;

"**Common Share Consideration**" means the 437,500,000 Common Shares to be issued and delivered by Sea Dragon to Golden Crescent at Closing at an issue price of $0.20 per Common Share;

"**Common Share Offer**" has the meaning ascribed to it in Section 7.4(d);

"**Common Shares**" means the common shares in the capital of Sea Dragon;

"**Competing Transaction**" has the meaning ascribed to it in Section 6.14(a)(i);

"**Concession Accounting**" means the accounting standards and policies set forth in the Concession Documents and applicable Egyptian Laws, being a comprehensive basis of accounting other than the Egyptian Accounting Standards;

"**Concession Areas**" means:

(a) with respect to Petzed, the NPC Egypt Group and the JV Subsidiaries, the concession areas set forth and described in Schedule "A" (being the areas subject to the NPC Egypt Concessions) and includes, unless the context otherwise requires, the surface and subsurface of such areas (to the extent applicable) and, subject to exceptions noted in Schedule "A", the right to explore for and recover the Petroleum Substances in all zones and formations within such areas; and

(b) with respect to the Sea Dragon Group, the concession areas set forth and described in Schedule "B" (being the areas subject to the Sea Dragon Concessions) and includes, unless the context otherwise requires, the surface and subsurface of such areas (to the extent applicable) and, subject to the exceptions noted in Schedule "B", the right to explore for and recover the Petroleum Substances in all zones and formations without such areas;

"**Concession Documents**" means:

(a) with respect to Petzed and the NPC Egypt Group, the NPC Egypt Concession Documents; and

(b) with respect to the Sea Dragon Group, the Sea Dragon Concession Documents;

"**Concession Employees**" has the meaning ascribed to it in Section 6.10(a);

"**Concurrent Arrangements**" has the meaning ascribed to it in Section 6.6;

"**Confidentiality Agreement**" means, collectively:

(a) the confidentiality agreement dated January 27, 2011 between NPC and Sea Dragon with respect to the SAZ Concession, the EK Concession and the SHM Concession;

(b) the confidentiality agreement dated August 15, 2011 between NPC and Sea Dragon with respect to the SR Concession; and

(c) the confidentiality agreement dated September 7, 2011 between NPC and Sea Dragon with respect to the NEM Concession;

"**Contract**" means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture or other right or obligation (written or oral) to which Petzed, any member of the NPC Egypt Group or the JV Subsidiaries, or any member of the Sea Dragon Group, as applicable, is a party or by which Petzed, any member of the NPC Egypt Group or the JV Subsidiaries, or any member of the Sea Dragon Group, as applicable, is bound or affected relating to, in the case of Petzed, the NPC Egypt Group or the JV Subsidiaries, the business of the NPC Egypt Group and the JV Subsidiaries or the NPC Egypt Concessions, and in the case of the Sea Dragon Group, the business of the Sea Dragon Group or the Sea Dragon Concessions;

"**Contract Offers**" has the meaning ascribed to it in Section 6.10(b);

"**Conversion Rights**" has the meaning ascribed to it in Section 7.4(a)(iv)(C);

"**Current Liabilities**" means ordinarily recurring operating expenses of the NPC Egypt Group and the NPC Egypt Group's share of the ordinarily recurring operating expenses of the JV Subsidiaries, incurred as of the Determination Date and recorded on the Books and Records of the NPC Egypt Group, which are not yet due as of the Determination Date, but for which payment is required to be made within one year of the Determination Date (excluding for this purpose, any Accounts Payable);

"**Cutback Rights**" has the meaning ascribed to it in Section 10.2(d);

"**Data Room Information**" means:

(a) with respect to Petzed, the NPC Egypt Group and the NPC Egypt Concessions, all information contained in the Golden Crescent Physical Data Room and the Golden Crescent Virtual Data Room as of the Closing Date; and

(b) with respect to the Sea Dragon Group and the Sea Dragon Concessions, all information contained in the Sea Dragon Data Room as of the Closing Date;

"**Demand Offering Period**" has the meaning ascribed to it in Section 10.3(a);

"**Demand Prospectus Shares**" has the meaning ascribed to it in Section 10.3(a);

"**Determination Date**" means:

(a) for purposes of determining the Estimate Date Working Capital, the Estimate Date; and

(b) for purposes of determining the Closing Date Working Capital, the Closing Date;

"**Development Costs**" has the meaning ascribed to it in Section 12.4;

"**Dilutive Issuance**" has the meaning ascribed to in Section 9.1(a);

"**Dilutive Securities**" has the meaning ascribed to it in Section 9.1(a);

"**Dispute**" means any dispute, controversy or claim (of any and every kind or type, whether based on contract, tort, statute, regulation or otherwise) arising out of, relating to, or connected with this Agreement, including any dispute as to the construction, validity, interpretation, enforceability or breach of this Agreement;

"**Distribution**", "**Distribute**" and "**Distributed**" means the qualification of the distribution of Common Shares or other securities of Sea Dragon in one or more of the Provinces and Territories of Canada by way of a public offering pursuant to a Prospectus prepared in accordance with Applicable Canadian Securities Laws;

"**Dollar**" or "**$**" means a United States dollar;

"**EGAS**" means the Egyptian Natural Gas Holding Company;

"**EGPC**" has the meaning ascribed to it in the Recitals;

"**Egyptian Accounting Standards**" means the accounting standards issued by Ministerial Decree no. 243 of 2006 issued by the Egyptian Ministry of Investment;

"**EK Concession**" means the 100% participating interest in the East Kheir concession area located in the East Kheir Offshore Area in the Gulf of Suez, Egypt to be granted to Petzed pursuant to the EK Concession Agreement;

"**EK Concession Agreement**" means the letter of award signed on April 17, 2007, together with an initialled (but unsigned) concession agreement for petroleum exploration and exploitation, from EGPC to Petzed with respect to the EK Concession, which award and related concession agreement are subject to ratification by the People's Assembly of Egypt;

"**EK Concession Interests**" means the entire estate, right, title and interest of Petzed in, to and under the EK Concession and the EK Concession Agreement;

"**EK Signature Bonus**" has the meaning ascribed to it in Section 6.15;

"**Employee Obligations**" means all obligations or liabilities of the NPC Egypt Group (including for purposes of this definition, obligations and liabilities of NPC and Petzed in respect of the Concession Employees), or the Sea Dragon Group, as applicable, to pay any amount to or on behalf of their officers, directors, consultants, contractors, or Employees (other than for salary, bonuses under their existing bonus arrangements, vacation pay, overtime and directors' fees in the ordinary course, in each case in amounts consistent with historic practices) and, without limiting the generality of the foregoing, Employee Obligations shall include the obligations of (i) the NPC Egypt Group (including for purposes of this definition, obligations and liabilities of NPC and Petzed in respect of the Concession Employees), or (ii) the Sea Dragon Group, as applicable, to their respective directors, officers, consultants, contractors or Employees for any payment on termination, notice of termination, termination pay or severance pay pursuant to applicable Laws, under employment or analogous agreements, voluntary or involuntary executive severance and termination agreements (including change of control agreements) or analogous agreements or pursuant to the NPC Egypt Group's severance policies or the severance policies of Petzed or NPC as they relate to the Concession Employees, or the Sea Dragon Group's severance policies, as applicable (which policies have been disclosed, in each case, in writing to the other Party);

"**Employees**" means those individuals employed by:

(a) any member of the NPC Egypt Group or any Concession Employees employed by NPC or Petzed; or

(b) any member of the Sea Dragon Group,

as applicable, on a full-time, part-time or temporary basis, including those employees on disability leave, parental leave or other absence, and "**Employee**" means any one of them;

"**Employment Contracts**" means Contracts, other than Benefits Plans, whether oral or written, relating to an Employee, including any communication or practice relating to an Employee, which imposes any obligation on the NPC Egypt Group (including for this purpose, NPC and Petzed in respect of the Concession Employees) or the Sea Dragon Group, as applicable;

"**Encumbrances**" means pledges, liens, charges, Security Interests, leases, title retention agreements, mortgages, restrictions, developments or similar agreements, easements, rights-of-way, title defects, options, adverse claims, trust, royalty or carried, participation, net profits or other third party interests, or encumbrances of any kind or character whatsoever, and any agreement, option, right of first refusal, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

"**Environment**" means the environment and natural environment as defined in any Environmental Laws;

"**Environmental Approvals**" means permits, certificates, licences, authorizations, consents, agreements, instructions, directions, notices, registrations, approvals or other rights made, issued, granted, conferred or required by a Governmental Authority pursuant to any Environmental Laws relating to the operations, business or assets of the NPC Egypt Group (including for this purpose, those held by Petzed in respect of the Petzed Concessions, if any) or the Sea Dragon Group, as applicable;

"**Environmental Laws**" means Laws of Egypt relating to the Environment and public health or safety, and includes Laws relating to the storage, generation, use, handling, manufacture, processing, labelling, advertising, sale, display, transportation, treatment, reuse, recycling, Release and disposal of Hazardous Substances;

"**Environmental Liabilities**" means:

(a) Claims resulting from the past, present or future use, storage, holding, handling, transportation, release, spill, emission, leaching, escape or migration of any substance or waste including any substance or waste regulated under Environmental Laws;

(b) Claims in respect of past, present or future pollution or contamination of, or damage or injury to, the Environment;

(c) obligations to test, monitor, remediate, protect or clean-up the Environment;

(d) Claims under Environmental Laws or in respect of Environmental Orders; and

(e) all Abandonment and Reclamation Liabilities;

that relate to or that have arisen or hereafter arise from or in respect of past, present or future Operations, including obligations to compensate Third Parties for losses, damages and injury in connection therewith;

"**Environmental Orders**" means Orders issued, filed, imposed or threatened by any Governmental Authority pursuant to any Environmental Laws and include certificates of property use and Orders requiring investigation, assessment, monitoring, managing, controlling, treatment, removal, excavation or remediation of any site or Hazardous Substance, or requiring that any Release or any other activity be reduced, modified, managed, controlled, stopped, eliminated or remediated or requiring any form of payment or co-operation be provided to any Governmental Authority;

"**Escrow Agent**" means Equity Financial Trust Company, in its capacity as Escrow Agent under the Escrow Agreement;

"**Escrow Agreement**" means the escrow agreement entered by Golden Crescent, Sea Dragon and the Escrow Agent concurrently with the execution of the Original Agreement, as amended and restated on March 19, 2012 and as further amended and restated on May 10, 2012 to reflect the revised terms and conditions upon which Golden Crescent and Sea Dragon have agreed to proceed with the Transaction;

"**Escrow Amount**" means $2,000,000 (after release and payment of the Legal Fee Amount), to be held in a separate interest-bearing account and disbursed by the Escrow Agent in accordance with the terms hereof and the Escrow Agreement;

"**Estimate**" has the meaning ascribed to in Section 10.4(b)(ii);

"**Estimate Date**" means the Business Day immediately preceding the Closing Date;

"**Estimate Date Net Working Capital**" means, without duplication, calculated on an accrual basis in accordance with IFRS, as at the Estimate Date:

(a) the aggregate value of all cash, amounts on deposit in bank accounts of the NPC Egypt Group, amounts on deposit in bank accounts of the JV Subsidiaries to which the NPC Egypt Group is entitled, Prepaid Expenses and Deposits and cash equivalents, all accruing or deposited on or prior to the Estimate Date, but specifically excluding any cash proceeds or the cash value of any other consideration received by any member of the NPC Egypt Group upon the consummation of any NEM Farmout Transaction or any SR Sale Transaction; plus

(b) the aggregate value of Inventories, which, for this purpose, shall be valued at fair market value in a manner mutually acceptable to the Parties; less

(c) the aggregate value recorded in the Books and Records of the NPC Egypt Group of Accounts Payable and Current Liabilities, but specifically excluding:

 (i) all costs, expenses and liabilities of Golden Crescent relating to the Transactions which have been accrued or have been paid by any member of the NPC Egypt Group on behalf of Golden Crescent;

 (ii) all Employee Obligations of NPC, Petzed and the NPC Egypt Group accruing prior to the Closing Date which are to be satisfied by Golden Crescent as contemplated in Section 6.10(g); and

 (iii) all Taxes of the NPC Egypt Group and any the Taxes of the JV Subsidiaries that should be paid by the NPC Egypt Group in accordance with the provisions of the NPC Egypt Concession Documents which have been accrued as of the Determination Date and recorded on the Books and Records of the NPC Egypt Group, which are not yet due as of the Determination Date, but for which payment is required to be made within one year of the Determination Date;

"**Estimate Date Statement of Net Working Capital**" means the unaudited statement of net working capital of the NPC Egypt Group as at the Estimate Date, setting out the Estimate Date Net Working Capital calculated as at the Determination Date, prepared by Golden Crescent in accordance with IFRS, and on a basis consistent with the manner in which the NPC Egypt Financial Statements were prepared;

"**Estimate Date Working Capital Adjustment**" means, as applicable, either a Negative Estimate Date Working Capital Adjustment or a Positive Estimate Date Working Capital Adjustment;

"**Estimate Date Shortfall**" has the meaning ascribed to it in Section 3.7(a)(i);

"**Estimate Date Surplus**" has the meaning ascribed to it in Section 3.7(a)(ii);

"**Excess Amount**" has the meaning ascribed to it in Section 3.7(c);

"**Exercise Deadline**" has the meaning ascribed to it in Section 9.1(c);

"**Exempt Sea Dragon Share Transaction**" has the meaning ascribed to it in Section 9.2;

"**Expenditure Notice**" has the meaning ascribed to it in Section 6.6(c)(iii);

"**Expert Matter**" means any Dispute which the Parties mutually agree, acting reasonably, to resolve by recourse to an expert pursuant to Section 17.3;

"**Extended First Oil Date**" has the meaning ascribed to it in Section 12.5(a);

"**Facilities**" means:

(a) with respect to the NPC Egypt Group and the JV Subsidiaries, those facilities and pipelines that are specifically described in Schedule "C"; and

(b) with respect to the Sea Dragon Group, those facilities and pipelines that are specifically described in Schedule "D";

"**Financing Documentation**" has the meaning ascribed to it in Section 6.13(d);

"**First Amended and Restated Agreement**" has the meaning ascribed to it in the Recitals;

"**GC Holder**" has the meaning ascribed to it in Section 7.4(f);

"**GCA**" means Gaffney, Cline & Associates;

"**Golden Crescent Bank Guarantees**" means those letters of guarantee or directions provided by the NPC Egypt Group in favour of EGPC or EGAS, as applicable, listed in Schedule "E";

"**Golden Crescent Board Nominee**" has the meaning ascribed to in Section 8.1;

"**Golden Crescent Disclosure Letter**" means the letter dated as of the date of the Original Agreement in the form updated as of the date hereof prepared by Golden Crescent providing disclosure of certain information regarding Golden Crescent, the NPC Egypt Group and the JV Subsidiaries contemplated herein, the updated version of which has been delivered to Sea Dragon prior to the execution and delivery of this Agreement;

“**Golden Crescent Indemnified Parties**” has the meaning ascribed to it in Section 13.2;

“**Golden Crescent Physical Data Room**” means the physical data room established at the offices of Petzed in Cairo, Egypt in connection with the Transactions to which Sea Dragon and its Representatives were provided access;

“**Golden Crescent Virtual Data Room**” means the electronic data room hosted at ftp://ftp.citadelcapital.com and established by Golden Crescent in connection with the Transactions to which Sea Dragon and its Representatives were provided access;

“**Governmental Authorities**” means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:

(a) having or purporting to have jurisdiction on behalf of any nation, Province, Territory or State or any other geographic or political subdivision of any of them; or

(b) exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power,

and “**Government Authority**” means any one of them;

“**Governmental Authorizations**” means authorizations, approvals, including Environmental Approvals, licences or permits issued to the NPC Egypt Group (including for this purpose, the JV Subsidiaries) or the Sea Dragon Group, as applicable, by or from any Governmental Authority;

“**Hazardous Substances**” means pollutants, contaminants, wastes of any nature, hazardous substances, hazardous materials, toxic substances, prohibited substances, dangerous substances or dangerous goods as defined, judicially interpreted or identified in any Environmental Laws;

“**IAS 34**” means International Accounting Standard 34 – *Interim Financial Reporting*;

“**IASB**” means the International Accounting Standards Board;

“**ICC**” has the meaning ascribed to it in Section 17.3(a);

“**IFC**” means the International Finance Corporation;

“**IFC Financing**” means, collectively, the IFC Private Placement and the IFC Loan;

“**IFC Loan**” means a committed credit facility of up to $20 million, but not less than $15 million, to Sea Dragon by the IFC where drawdown of such funds is subject only to satisfaction of customary conditions precedent which are substantially similar to the conditions precedent to drawdown in the Senior Secured Reserve-Based Credit Facility (the “**Drawdown Conditions**”);

“**IFC Private Placement**” means an equity investment of up to $21 million (inclusive of fees), but not less than $15 million, in Sea Dragon through the subscription by the IFC of up to

250,000,000 Common Shares, or securities convertible into Common Shares, but not less than 187,500,000 Common Shares, at an issue price of $0.08 per Common Share;

"**IFRS**" means the accounting standards issued by the IASB and the interpretations issued by the Standing Interpretation Committee of the IASB, as amended from time to time;

"**Income Taxes**" means Taxes on income payable pursuant to the Applicable Taxation Legislation;

"**Indemnification Security Package**" has the meaning ascribed to it in Section 13.5(a);

"**Indemnified Party**" has the meaning ascribed to it in Section 13.3(a);

"**Indemnifying Party**" has the meaning ascribed to it in Section 13.3(a);

"**Independent Auditor**" means Deloitte & Touche LLP or such other international independent auditing firm as the Parties may otherwise mutually agree;

"**Inventories**" means the NPC Egypt Group's (including for this purpose, those of Petzed to the extent they form part of the Petzed Concession Interests) and the NPC Egypt Group's entitlement to the inventories of the JV Subsidiaries under the NPC Egypt Concession Documents, including equipment, spare parts and Petroleum Substances that are not beyond the wellhead at the Determination Date;

"**JV Subsidiaries**" means, collectively, OSOCO and Petrozenima;

"**Kom Ombo Concession**" means the 50% participating interest in the Kom Ombo "Block 2" concession area located in Ganoub El Wadi, Egypt held by SD Kom Ombo pursuant to the Kom Ombo Concession Agreement;

"**Kom Ombo Concession Agreement**" means the concession agreement for petroleum exploration and exploitation issued by Law No. 22 of 2004, dated July 18, 2004, entered into between the Arab Republic of Egypt, Ganoub El-Wadi Holding Petroleum Company and Centurion Petroleum Corporation with respect to the Kom Ombo Concession, as assigned to SD Kom Ombo pursuant to a deed of assignment dated January 28, 2010;

"**Kom Ombo Development Lease**" means the development lease dated November 12, 2007 between Dana Gas Egypt Ltd. (formerly Centurion Petroleum Corporation), Ganoub El Wadi Holding Petroleum Company and the Minister of Petroleum relating to the Al Baraka field in the Kom Ombo Concession, as assigned to SD Kom Ombo pursuant to a deed of assignment dated January 28, 2010;

"**Kom Ombo JOA**" means the joint operating agreement dated effective January 28, 2010 between Dana Gas Egypt Ltd. and SD Kom Ombo relating to the Kom Ombo Concession;

"**Kom Ombo Concession Documents**" means, collectively:

(a) the Kom Ombo Concession Agreement;

(b) the Kom Ombo Development Lease; and

(c) the Kom Ombo JOA;

"**Laws**" means applicable laws (including common law or civil law), statutes, by-laws, rules, regulations, Orders, ordinances, protocols, codes, guidelines, treaties, policies, notices, directions, decrees, judgments, awards or requirements in each case of any Governmental Authority having the force of law, including the Applicable Canadian Securities Laws, the Applicable Taxation Legislation and the CBCA;

"**Legal Fee Amount**" has the meaning ascribed to it in the Recitals;

"**Lender Approvals**" has the meaning ascribed to it in Section 11.3(e);

"**Long Stop Date**" means the 60^{th} day following the date of this Agreement;

"**Matching Period**" has the meaning ascribed to it in Section 6.12(f);

"**Material Adverse Change**" means any change, event, occurrence, circumstance or state of facts that, separately or taken together with any other change, effect, event, occurrence, circumstance or state of facts, is or would reasonably be expected to be material and adverse to the business, affairs, operations, prospects, results of operations, assets (including for this purpose, the Petzed Concession Interests), capitalization, condition (financial or otherwise), licences, permits, concessions, rights, privileges, liabilities (contingent or otherwise) or obligations (whether absolute, accrued, conditional or otherwise) of the NPC Egypt Group and the JV Subsidiaries or the Sea Dragon Group, as applicable, in each case taken as a whole, or would reasonably be expected to prevent or materially delay the consummation of the Transactions, but "Material Adverse Change" shall not include any change occurring as a result of, or arising from:

(a) any change, effect, event or occurrence relating to or affecting general economic conditions or securities, capital, credit, financial, banking or currency markets (including changes in interest or exchange rates), or any worsening thereof;

(b) conditions affecting the oil and natural gas exploration, exploitation, development and production industry as a whole, and not disproportionately affecting the NPC Egypt Group (including for this purpose, the JV Subsidiaries) or the Sea Dragon Group, as applicable;

(c) any decline in the market price of Petroleum Substances produced from the NPC Egypt Concessions or the Sea Dragon Concessions, as applicable, on a current or forward basis;

(d) any matter which has been disclosed in writing by Golden Crescent or by Sea Dragon to the other Party as of the date hereof;

(e) any acts of God, riots, terrorism, sabotage, earthquakes, epidemics, military action or war (whether or not declared), change in global, national or regional political conditions, civil unrest or similar event or any escalation or worsening thereof and not disproportionately affecting the NPC Egypt Group (including for this purpose, the JV Subsidiaries) or the Sea Dragon Group, as applicable;

(f) any adoption, proposal, implementation or changes in Laws or in the interpretation, application or non-application of Laws of any Governmental Authority;

(g) any change in applicable generally accepted accounting principles, including Canadian GAAP, Concession Accounting, IFRS or IAS 34, or as a result of any reconciliation of financial information from Canadian GAAP or Concession Accounting into IFRS or IAS 34; or

(h) any change, effect or circumstance arising from the actions or matters permitted or contemplated by this Agreement, including consummation of any of the Concurrent Arrangements, or consented to or approved in writing by the other Party, including the public announcement of this Agreement;

"**Material Adverse Effect**" means any effect resulting from a Material Adverse Change;

"**material change**", "**material fact**" and "**misrepresentation**" have the respective meanings ascribed to them under Applicable Canadian Securities Laws;

"**Material Contracts**" means Contracts:

(a) involving aggregate payments to or by Petzed (to the extent of its interest in the Petzed Concession Interests), the NPC Egypt Group and the JV Subsidiaries, or the Sea Dragon Group, as applicable, in excess of $100,000;

(b) involving rights or obligations of Petzed (to the extent of its interest in the Petzed Concession Interests), the NPC Egypt Group and the JV Subsidiaries, or the Sea Dragon Group, as applicable, that may reasonably extend beyond one year and which do not terminate or cannot be terminated by Petzed, the NPC Egypt Group or the JV Subsidiaries, or the Sea Dragon Group, as applicable, without penalty on less than three months' notice;

(c) which are outside the ordinary course of business;

(d) which restrict in any way the business or activities of the NPC Egypt Group and the JV Subsidiaries, or the Sea Dragon Group, as applicable; or

(e) which, if terminated without the prior written consent of Petzed, the NPC Egypt Group or the JV Subsidiaries, or the Sea Dragon Group, as applicable, would have a Material Adverse Effect on the NPC Egypt Group (including for this purpose, the JV Subsidiaries) or the Sea Dragon Group, as applicable;

"**Miscellaneous Interests**" means all right, title, estate and interest of Petzed (to the extent of its interest in the Petzed Concessions), the NPC Egypt Group and the NPC Egypt Group's entitlement to such right, title, estate and interest of the JV Subsidiaries, or the Sea Dragon Group, as applicable, in all of their respective properties, assets and rights, other than the Petroleum and Natural Gas Rights, the Surface Interests or the Tangibles, pertaining to either the Petroleum and Natural Gas Rights, the Surface Interests or the Tangibles, including the interests to which Petzed (to the extent of its interest in the Petzed Concessions), the NPC Egypt Group and the JV Subsidiaries, or the Sea Dragon Group, as applicable, is entitled at the Closing Date in:

(a) all contracts and agreements relating to the Petroleum and Natural Gas Rights, the Concession Areas, the Surface Interests or the Tangibles, or any rights in relation to them, including the Title and Operating Documents;

(b) all well, pipeline and other permits, licences and authorizations relating to the Petroleum and Natural Gas Rights or the Tangibles;

(c) all Petroleum Substances produced from the Concession Areas except those that are beyond the wellhead at the Closing Time;

(d) all Wells including the wellbores and down-hole casing thereof;

(e) all books, records, documents, files, reports, geological, engineering and production data and correspondence and other information, including lease, contract, well, production and facilities files and records relating to the Concession Areas; and

(f) all computer hardware, printers, monitors and software.

"**Muzhil Field**" has the meaning ascribed to it in Section 6.6(a)(i);

"**Muzhil Field Arrangements**" has the meaning ascribed to it in Section 6.6(a)(i);

"**Muzhil Field Development Expenditures**" has the meaning ascribed to it in Section 6.6(c)(i);

"**Negative Estimate Date Working Capital Adjustment**" has the meaning ascribed to it in Section 3.7(a)(i);

"**Negative Working Capital Adjustment**" has the meaning ascribed to it in Section 3.7(e);

"**NEM Concession**" means the 100% participating interest in the North El Maghara concession area located in North Sinai, Egypt held by NPC NEM pursuant to the NEM Concession Agreement;

"**NEM Concession Agreement**" means the concession agreement for gas and crude oil exploration and exploitation issued by Law No. 85 of 2007, dated July 17, 2007, entered into between the Arab Republic of Egypt, EGAS and Petzed with respect to the NEM Concession, as assigned to NPC NEM pursuant to a deed of assignment dated January 4, 2011;

"**NEM Farmout Transaction**" has the meaning ascribed to it in Section 6.6(d)(i)(A);

"**Net Profits Interest Agreement**" means the net profits interest agreement to be entered into on the Estimate Date, substantially in the form and content of Schedule "F", with respect to the grant by NPC SAZ of the 20.0% after payout net profits interest from production attributable to the Muzhil Field and the 17.5% after payout net profits interest from production attributable to the balance of the SAZ Concession to Golden Crescent;

“**Non-Completion Fee**” has the meaning ascribed to it in Section 12.2(a);

“**Non-Completion Event**” has the meaning ascribed to it in Section 12.2(a);

“**Notice Date**” has the meaning ascribed to it in Section 17.2

“**Notice of Dispute**” has the meaning ascribed to it in Section 17.1

“**Notice Period**” has the meaning ascribed to it in Section 9.1(b);

“**NPC**” has the meaning ascribed to it in the Recitals and is a corporation existing under the laws of Egypt;

“**NPC EEOO**” means National Petroleum Company Ezz El Orban Offshore Ltd., a BVI business company existing under the laws of the British Virgin Islands;

“**NPC Egypt**” has the meaning ascribed to it in the Recitals and is a BVI business company existing under the laws of the British Virgin Islands;

“**NPC Egypt Concession Documents**” means, collectively:

(a) the SAZ Concession Documents;

(b) the SHM Concession Documents;

(c) the NEM Concession Agreement; and

(d) the Petzed Concession Documents;

“**NPC Egypt Concessions**” means, collectively:

(a) the SAZ Concession;

(b) the SHM Concession;

(c) the NEM Concession; and

(d) the Petzed Concessions;

“**NPC Egypt Financial Statements**” means, collectively:

(a) the combined consolidated special purpose financial statements of NPC Egypt and Petzed as at and for the years ended December 31, 2010, 2009 and 2008 which include:

(i) a combined consolidated statement of comprehensive income, a combined consolidated statement of changes in equity and a combined consolidated statement of cash flows for the years ended December 31, 2010, 2009 and 2008;

(ii) a combined consolidated statement of financial position as at December 31, 2010, 2009 and 2008 and January 1, 2008;

(iii) the auditor's report thereon; and

(iv) all notes thereto,

prepared in accordance with IFRS and audited in accordance with the International Standards on Auditing; and

(b) the combined consolidated special purpose financial statements of NPC Egypt and Petzed as at and for the nine months ended September 30, 2011 and 2010 which include:

(i) a combined consolidated statement of financial position as at September 30, 2011 and December 31, 2010;

(ii) a combined consolidated statement of changes in equity and a combined consolidated statement of cash flows, all for the nine months ended September 30, 2011 and 2010;

(iii) a combined consolidated statement of comprehensive income for the nine months ended September 30, 2011 and 2010 and the three months ended September 30, 2011 and 2010; and

(iv) all notes thereto,

prepared in accordance with IAS 34 and reviewed in accordance with the International Standards on Review Engagements,

attached hereto as Schedule "G";

"**NPC Egypt Group**" means, collectively, NPC Egypt and the NPC Egypt Subsidiaries; provided that if the SR Sale Transaction is completed by a transfer or a sale of all of the shares of NPC SR, the NPC Egypt Group shall not include NPC SR;

"**NPC Egypt Information**" means the information describing Petzed, the NPC Egypt Group, the JV Subsidiaries and their business, operations and affairs (including the NPC Egypt Concessions), specifically provided in writing by Golden Crescent to Sea Dragon expressly for inclusion in the Sea Dragon Meeting Circular, and which, for greater certainty, shall not include the NPC Egypt Updated Reserve Reports or any information that reflects or has been generated, wholly or partly, or derived from the NPC Egypt Updated Reserve Reports;

"**NPC Egypt Permits**" has the meaning ascribed to it in Section 4.17;

"**NPC Egypt Reserve Reports**" means, collectively:

(a) the reserve report dated January 15, 2010 with an effective date of December 31, 2009 prepared by Ryder Scott for Petzed, which estimates the reserves, future production and income attributable to the Muzhil Field; and

(b) the resource report dated March 4, 2010 with an effective date of December 31, 2009 prepared by Ryder Scott for Petzed, which estimates the gross volumes for certain reservoir prospects within the SAZ Concession;

"**NPC Egypt Subsidiaries**" means, collectively, NPC SAZ, NPC SHM, NPC NEM and the Subcos, assuming that, in the case of the Subcos, the Pre-Closing Reorganization has been completed on the date hereof in the manner described in the Pre-Closing Reorganization Memorandum;

"**NPC Egypt Updated Reserve Reports**" means, collectively:

(a) the resource report dated October 4, 2011 with an effective date of September 30, 2011 prepared by Ryder Scott for Sea Dragon, which evaluates the undiscovered resource potential pertaining to certain acreage interests of NPC Egypt in the SAZ Concession;

(b) the reserve report dated October 4, 2011 with an effective date of September 30, 2011 prepared by Ryder Scott for Sea Dragon, which estimates the reserves, future production and income attributable to the SAZ Concession;

(c) the reserve report dated October 4, 2011 with an effective date of September 30, 2011 prepared by Ryder Scott for Sea Dragon, which estimates the reserves, future production and income attributable to the SHM Concession; and

(d) the resource report dated October 2011 prepared by management of Sea Dragon, which evaluates the undiscovered hydrocarbon resources attributable to the NEM Concession;

"**NPC EK**" means National Petroleum Company East Kheir Ltd., a BVI business company existing under the laws of the British Virgin Islands;

"**NPC NEM**" has the meaning ascribed to it in the Recitals and is a BVI business company existing under the laws of the British Virgin Islands;

"**NPC SAZ**" has the meaning ascribed to it in the Recitals and is a BVI business company existing under the laws of the British Virgin Islands;

"**NPC SHM**" has the meaning ascribed to it in the Recitals and is a BVI business company existing under the laws of the British Virgin Islands;

"**NPC SR**" means National Petroleum Company South Ramadan Limited, a BVI business company existing under the laws of the British Virgin Islands;

"**NW Gemsa Concession**" means the 10% participating interest in the North West Gemsa concession area located in the Eastern Desert on the southwestern part of the Gulf of Suez, Egypt held by SD NW Gemsa pursuant to the NW Gemsa Concession Agreement;

"**NW Gemsa Concession Agreement**" means the concession agreement for petroleum exploration and exploitation issued by Law No. 7 of 2003, dated effective January 19, 2003, entered into between the Arab Republic of Egypt, EGPC and Kriti Oil & Gas S.A. with respect to the NW Gemsa Concession, as assigned to SD NW Gemsa pursuant to a deed of assignment dated July 27, 2004 and as assigned by SD NW Gemsa to Vegas Oil & Gas S.A. pursuant to a deed of assignment dated September 17, 2007;

"**NW Gemsa Concession Documents**" means, collectively:

(a) the NW Gemsa Concession Agreement;

(b) the NW Gemsa Development Leases; and

(c) the NW Gemsa JOA;

"**NW Gemsa Development Leases**" means, collectively:

(a) the development lease dated February 17, 2009 between Vegas Oil & Gas S.A., EGPC and the Minister of Petroleum relating to the Al Amir and Al Amir SE fields in the North West Gemsa concession area; and

(b) the development lease dated February 8, 2010 between Vegas Oil & Gas S.A., EGPC and the Minister of Petroleum relating to the Geyad field in the North West Gemsa concession area,

as assigned to SD Kom Ombo pursuant to a deed of assignment dated July 27, 2004 and as assigned by SD Kom Ombo to Vegas Oil & Gas S.A. pursuant to a deed of assignment dated September 17, 2007;

"**NW Gemsa JOA**" means the joint operating agreement dated May 13, 2004 between Vegas Oil & Gas S.A. and SD Kom Ombo, as amended pursuant to a novation and amendment agreement dated December 12, 2008 between Vegas Oil & Gas S.A., Circle Oil Egypt Limited and SD Kom Ombo;

"**Offers**" has the meaning ascribed to it in Section 6.10(d);

"**Operations**" means any and all operations on or in respect of the Concession Areas or relating to Petroleum Substances produced therefrom, including:

(a) drilling, completion, testing, recompleting, deepening, plugging back, side tracking, whipstocking, fracing, stimulating, injecting, equipping, operating and abandoning wells;

(b) construction, repair, expansion, decommissioning, maintenance and operation of oilfield facilities and equipment;

(c) producing, gathering, compressing, dehydrating, scrubbing, processing, treating, separating, extracting, collecting, refrigerating, measuring, storing, transporting or shipping Petroleum Substances (including processing, treatment and storage of sulphur and CO^2 and transmission, transportation, treatment and disposition of water);

(d) miscible flood and other enhanced recovery schemes;

(e) geological, geophysical and seismic activities; and

(f) remediation and restoration operations;

"**Option Period**" has the meaning ascribed to it in Section 6.14;

"**Orders**" means orders, injunctions, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, penalties or sanctions issued, filed or imposed by any Governmental Authority or arbitrator and includes Remedial Orders;

"**Original Agreement**" has the meaning ascribed to it in the Recitals;

"**OSOCO**" has the meaning ascribed to it in the Recitals and is a joint operating company existing under the laws of Egypt;

"**Parties**" and "**Party**" have the respective meanings ascribed to them in the Preamble;

"**Participation Notice**" has the meaning ascribed to it in Section 9.1(b);

"**Pending Deal Terms**" has the meaning ascribed to it in Section 9.1(b);

"**Pension Plans**" means any Benefits Plans providing pensions, superannuation benefits or retirement savings;

"**Permits**" means:

(a) with respect to the NPC Egypt Group, the NPC Egypt Permits; and

(b) with respect to the Sea Dragon Group, the Sea Dragon Permits;

"**Permitted Encumbrances**" means any of the following:

(a) liens for Taxes, assessments and governmental charges which are not due or delinquent or if due, the validity of which are being diligently contested in good faith and as to which adequate reserves have been set aside in the Books and Records and Petzed Books and Records;

(b) easements, rights of way, servitudes or other similar rights;

(c) the rights granted to lenders or other Third Parties under financing agreements to which any member of the NPC Egypt Group or either of the JV Subsidiaries, or any member of the Sea Dragon Group, as applicable, is a party or by which it is bound and which have been disclosed in writing by the applicable Party;

(d) the rights reserved by the other parties by the terms of the NPC Egypt Concession Documents or the Sea Dragon Concession Documents, as applicable;

(e) the right reserved to or vested in any Governmental Authority by the terms of any concession document, lease, license, franchise, grant or permit or by any applicable Laws;

(f) the right reserved to or vested in any Governmental Authority to levy taxes on Petroleum Substances or the income or revenue attributable thereto;

(g) undetermined or inchoate liens incurred or created in the ordinary course of business or a lien created as security or Security Interest in favour of the Person conducting Operations to which such liens relate for the NPC Egypt Group's or the NPC Egypt Group's share of the JV Subsidiaries', or the Sea Dragon Group's, as applicable, proportionate share of the costs and expenses of such Operations, which are not due or delinquent or are being diligently contested in good faith;

(h) mechanics', builders' or materialmen's liens in respect of services rendered or goods supplied, but only insofar as such liens relate to goods or services for which payment is not due or the validity of which is being diligently contested in good faith;

(i) trust obligations incurred in the ordinary course of business that do not reduce the interests attributed to the NPC Egypt Group (including for this purpose, the JV Subsidiaries) or the Sea Dragon Group, as applicable, in Schedule "A" or Schedule "B", as applicable;

(j) the terms and conditions of the Title and Operating Documents, including penalties which are disclosed in writing by Golden Crescent or Sea Dragon, as applicable, and which have arisen under operating procedures or similar agreements as a consequence of elections by the NPC Egypt Group or the JV Subsidiaries, or the Sea Dragon Group, as applicable, not to participate in Operations in the Concession Areas to which the penalty applies;

(k) the reservations, limitations, provisos and conditions in any original grants from the Government of Egypt of any of the Concession Areas or any interest therein and statutory exceptions to title;

(l) liens granted in the ordinary course of business to a public utility or Governmental Authority in connection with Operations;

(m) the burdens, encumbrances, royalties, adverse claims (including reductions and conversions) and penalties set forth in Schedule "A" or "B", as applicable;

(n) all rights of first refusal, pre-emptive purchase rights and similar rights which are described in Schedule "A" or "B", as applicable;

(o) uncured title defects which are disclosed in writing by Golden Crescent or Sea Dragon, as applicable;

(p) Encumbrances arising under the Net Profits Interest Agreement; and

(q) any other circumstance, matter or thing disclosed in any Schedule hereto or in writing by Golden Crescent or Sea Dragon, as applicable, or arising as part of the Concurrent Arrangements;

"**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

"**Personal Information**" means information in the possession or under the control of NPC, Petzed or the NPC Egypt Group, or the Sea Dragon Group, as applicable, about an identifiable individual;

"**Petro Amir**" means Petro Amir Company, a joint operating company existing under the laws of Egypt;

"**Petrojet**" has the meaning ascribed to it in Section 12.4(a).

"**Petroleum and Natural Gas Rights**" means all of the right, title, estate and interest (whether absolute or contingent, legal or beneficial, present or future, vested or not) beneficially owned by the NPC Egypt Group (including for purposes of this definition, Petzed to the extent of its interest in the Petzed Concessions) and the NPC Egypt Group's entitlement to such right, title, estate and interest of the JV Subsidiaries, or the Sea Dragon Group, as applicable, pursuant to the NPC Egypt Concession Documents or the Sea Dragon Concession Documents, as applicable, in or to any of the following, by whatever name the same are known:

(a) rights to explore for, drill for, extract, win, produce, take, save or market Petroleum Substances from the Concession Areas;

(b) rights to a share of the production of Petroleum Substances from the Concession Areas;

(c) rights to a share of the proceeds of, or to receive payment calculated by reference to, the quantity or value of the production of Petroleum Substances from the Concession Areas; and

(d) the interests set forth in Schedule "A" or "B", as applicable, in and to the Concession Areas;

including all interests and rights in or in respect of the Concession Areas known as working interests, leasehold interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests or economic interests and including fractional or undivided interests in any of the foregoing;

"**Petroleum Substances**" means petroleum, natural gas and all related hydrocarbons, including all liquid hydrocarbons and all other mineral substances, whether liquid, solid or gaseous and whether hydrocarbons or not (except coal, but including sulphur and hydrogen sulphide), produced in association with such petroleum, natural gas or related hydrocarbons or found in any water;

"**Petrozenima**" has the meaning ascribed to it in the Recitals and is a joint operating company existing under the laws of Egypt;

“**Petzed**” has the meaning ascribed to in the Recitals and is a corporation existing under the laws of Jersey;

“**Petzed Assigned Contracts**” means, collectively:

(a) those Contracts to which Petzed is a party and which relate to the Petzed Concession Interests which are to be assigned to the NPC Egypt Group and which are set out in Schedule “O”; and

(b) any such other Contracts relating to the NPC Egypt Concessions to which Petzed is a party and which relate to the Petzed Concessions identified by Sea Dragon between the date of this Agreement and Closing;

“**Petzed Books and Records**” means the books and records of Petzed as they relate to the Petzed Concession Interests, including financial, corporate, operations and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, formulae, business reports, plans and projections and all other documents, surveys, plans, files, records, assessments, correspondence, other data and information, financial or otherwise, including all data, information and databases stored on computer-related or other electronic media;

“**Petzed Concession Documents**” means, collectively, the EK Concession Agreement and the SR Concession Documents;

“**Petzed Concessions**” means, collectively, the EK Concession and the SR Concession;

“**Petzed Concession Interests**” means all right, title, estate and interest of Petzed in:

(a) the Miscellaneous Interests;

(b) the Petroleum and Natural Gas Rights;

(c) the Seismic Data;

(d) the Surface Interests; and

(e) the Tangibles;

“**Piggy-Back Offering Period**” has the meaning ascribed to it in Section 10.1(b)(i);

“**Piggy-Back Notice**” has the meaning ascribed to it in Section 10.2(a);

“**Piggy-Back Rights**” has the meaning ascribed to it in Section 10.2(b);

“**Positive Estimate Date Working Capital Adjustment**” has the meaning ascribed to it in Section 3.7(a)(ii);

“**Pre-Closing Period**” means the interim period commencing on the date of this Agreement and terminating at the Closing Time;

"**Pre-Closing Reorganization**" means the reorganization described in the Pre-Closing Reorganization Memorandum;

"**Pre-Closing Reorganization Memorandum**" means the memorandum of even date herewith prepared by Golden Crescent describing the sequence of steps required to give effect to the Pre-Closing Reorganization attached hereto as Schedule "K";

"**Pre-Emptive Right**" has the meaning ascribed to it in Section 9.1(a);

"**Preferred Share**" means a non-voting preferred share in the capital of the Preferred Share Issuer, which is convertible at the option of the holder into Common Shares, subject to the restrictions set out in the Preferred Share Provisions and the right of the Preferred Share Issuer to redeem such shares for cash in accordance with, and subject to, and having the other rights, privileges, restrictions and conditions set forth in, the Preferred Share Provisions;

"**Preferred Share Consideration**" means the 60,000 Preferred Shares to be issued and delivered, or caused to be issued and delivered, by Sea Dragon to Golden Crescent (or any Affiliate or Affiliates of Golden Crescent to be nominated by Golden Crescent in its sole discretion by written notice to Sea Dragon) at Closing at an issue price of $1,000 per Preferred Share;

"**Preferred Share Issuer**" means either Sea Dragon or a Sea Dragon Subsidiary acceptable to Golden Crescent pursuant to its rights set out at Section 6.8(d);

"**Preferred Share Provisions**" means the rights, privileges, restrictions and conditions attaching to the Preferred Shares, substantially in the form attached hereto as Schedule "P", as the same may be amended in a manner satisfactory to the Parties, acting reasonably on the advice of local counsel in order to comply with applicable Laws;

"**Preferred Shareholder Consent Matter**" means any matter which, pursuant to the operation of the Preferred Share Provisions, requires the approval, authorization or consent of the holders of the Preferred Shares;

"**Prepaid Expenses and Deposits**" means the unused portion of amounts prepaid by or on behalf of Golden Crescent, NPC, Petzed or the NPC Egypt Group, the NPC Egypt Group's entitlement to any such amounts prepaid by or on behalf of the JV Subsidiaries and other current or future monetary assets relating to the business of Petzed, the NPC Egypt Group and the NPC Egypt Concessions;

"**Prospectus**" has the meaning ascribed to it in Section 10.2(a);

"**Prospectus Request**" has the meaning ascribed to it in Section 10.3(a);

"**Prospectus Rights**" has the meaning ascribed to it in Section 10.1(a);

"**Prospectus Shares**" has the meaning ascribed to it in Section 10.1(a);

"**Purchased Shares**" means all of the issued and outstanding shares in the share capital of NPC Egypt, whether currently issued or issued after the date hereof, but prior to Closing;

“**Recognized Past Service**” has the meaning ascribed to it in Section 6.10(b);

“**Redemption Rights**” has the meaning ascribed to it in Section 7.4(a)(iv)(B);

“**Registered Agent**” means the registered agent of NPC Egypt as appointed from time to time;

“**Reimbursable Extension Costs**” has the meaning ascribed to it in Section 12.5(a);

“**Related Parties**” means, in reference to a Party, its Affiliates, successors and assigns and its or its Affiliates’ respective directors, officers and employees;

“**Release**” has the meaning prescribed in any Environmental Laws and includes any release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction, whether accidental or intentional;

“**Remaining Employees**” has the meaning ascribed to it in Section 6.10(e);

“**Remedial Orders**” means Orders issued, filed or imposed by any Governmental Authority pursuant to any Environmental Laws and include Orders requiring remediation of any site or any remediation or clean-up of any Hazardous Substance, or requiring that any Release be reduced, modified or eliminated;

“**Representatives**” means, in reference to a Party, its and its Related Parties’ representatives, agents, legal counsel, accountants, consultants and advisors;

“**Respondent**” has the meaning ascribed to it in Section 17.1;

“**Retained Amount**” has the meaning ascribed to it in Section 13.5(c);

“**Ryder Scott**” means Ryder Scott Company;

“**SAZ Concession**” means the 100% participating interest in the South Abu Zenima concession area located in the Gulf of Suez, Egypt held by NPC SAZ pursuant to the SAZ Concession Agreement;

“**SAZ Concession Agreement**” means the concession agreement for petroleum exploration and exploitation issued by Law No. 1 of 2003, dated January 15, 2003, entered into between the Arab Republic Egypt, EGPC and BP Exploration (Delta) Ltd. with respect to the SAZ Concession, as assigned to Petzed pursuant to a deed of assignment dated December 19, 2006 and as assigned to NPC SAZ pursuant to a deed of assignment dated April 7, 2010;

“**SAZ Concession Documents**” means collectively:

(a) the SAZ Concession Agreement; and

(b) the SAZ Development Lease;

“**SAZ Development Lease**” means the development lease between Petzed, EGPC and the Minister of Petroleum relating to a commercial discovery in the Muzhil Field agreed upon by

Petzed and EGPC on June 11, 2007 and granted pursuant to the notice of commercial discovery given by Petzed and approved by the Minister of Petroleum on December 24, 2007;

"**SD Coöperatieve**" means Sea Dragon Coöperatieve U.A., a co-operative association with exclusion of liability existing under the laws of the Netherlands;

"**SD France**" means Sea Dragon Energy (France) SAS, a body corporate existing under the laws of France;

"**SD GOS**" means Sea Dragon Energy (GOS) B.V., a company existing under the laws of the Netherlands;

"**SD Holdings**" means Sea Dragon Holdings Ltd., a corporation existing under the laws of the Province of Alberta;

"**SD Holding BV**" means Sea Dragon Energy Holding B.V., a company existing under the laws of the Netherlands;

"**SD Kom Ombo**" means Sea Dragon Energy (Kom Ombo) Ltd., a company existing under the laws of Bermuda;

"**SD Kom Ombo BV**" means Sea Dragon Energy (Kom Ombo) B.V. (formerly Premier Egypt (NW Gemsa) BV), a company existing under the laws of the Netherlands;

"**SD NPC Egypt Holdco**" means the body corporate to be incorporated, directly or indirectly, by Sea Dragon prior to Closing for purposes of completing the Transactions;

"**SD NW Gemsa**" means Sea Dragon Energy (NW Gemsa) B.V., a company existing under the laws of the Netherlands;

"**Sea Dragon Board**" means the board of directors of Sea Dragon;

"**Sea Dragon Concession Documents**" means, collectively, the NW Gemsa Concession Documents and the Kom Ombo Concession Documents;

"**Sea Dragon Concessions**" means, collectively, the NW Gemsa Concession and the Kom Ombo Concession;

"**Sea Dragon Data Room**" means the electronic data room hosted at <https://seadragon.sharefile.com> and established by Sea Dragon in connection with the Transactions to which Golden Crescent and its Representatives were provided access;

"**Sea Dragon Disclosure Letter**" means the letter dated as of the date of the Original Agreement in the form updated as of the date hereof prepared by Sea Dragon providing disclosure of certain information regarding the Sea Dragon Group contemplated herein, the updated version of which has been delivered to Golden Crescent prior to the execution and delivery of this Agreement;

"**Sea Dragon Filings**" means, collectively, all documents filed or furnished by Sea Dragon under its profile on SEDAR on or after December 31, 2008;

"**Sea Dragon Financial Statements**" means the audited consolidated financial statements of Sea Dragon and its Subsidiaries for the years ended December 31, 2011, 2010 and 2009, consisting of the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows and all notes thereto as reported upon by PricewaterhouseCoopers LLP and BDO Canada LLP;

"**Sea Dragon Group**" means Sea Dragon, together with the Sea Dragon Subsidiaries;

"**Sea Dragon Indemnified Parties**" has the meaning ascribed to it in Section 13.1;

"**Sea Dragon Information**" means the information describing the Sea Dragon Group and their business, operations and affairs (including the Sea Dragon Concessions) prepared by, or on behalf of, Sea Dragon and included in the Sea Dragon Meeting Circular, and which, for greater certainty, shall include the NPC Egypt Updated Reserve Reports and any information that reflects or has been generated, wholly or partly, or derived from the NPC Egypt Updated Reserve Reports;

"**Sea Dragon Meeting**" means the special meeting of the Sea Dragon Shareholders to be called and held for the purpose of obtaining the Sea Dragon Shareholder Approval;

"**Sea Dragon Meeting Circular**" means the notice of meeting, form of proxy, management information circular of Sea Dragon and any document prepared in supplement thereof to be sent to the Sea Dragon Shareholders in connection with the Sea Dragon Meeting;

"**Sea Dragon Option Plan**" means the stock option plan of Sea Dragon adopted by the Sea Dragon Board on March 28, 2008 and reapproved by the shareholders of Sea Dragon on June 28, 2011;

"**Sea Dragon Options**" means the stock options of Sea Dragon currently outstanding or to be issued in the future under the Sea Dragon Option Plan;

"**Sea Dragon Permits**" has the meaning ascribed to it in Section 5.19;

"**Sea Dragon Reserve Reports**" means, collectively:

(a) the reserve report dated March 7, 2012 with an effective date of December 31, 2011 prepared by Ryder Scott, which evaluates the proved, probable and possible crude oil reserves attributable to Sea Dragon's participating interest in the NW Gemsa Concession and the net present value of estimated future cash flows from such reserves based on forecasted price and cost assumptions; and

(b) the reserves report dated March 14, 2012 with an effective date of December 31, 2011 prepared by GCA, which evaluates the proved, probable and possible crude oil reserves attributable to Sea Dragon's participating interest in the Kom Ombo Concession and the net present value of estimated future cash flows from such reserves based on forecasted price and cost assumptions;

"**Sea Dragon Resolutions**" means, collectively:

(a) the ordinary resolutions of the Sea Dragon Shareholders to approve the Transactions in compliance with applicable Laws, the charter documents of Sea Dragon and the rules and policies of the TSX-V;

(b) the special resolution of the Sea Dragon Shareholders to approve the Sea Dragon Share Consolidation; and

(c) such resolutions of the Sea Dragon Shareholders relating to the Transactions as the Parties mutually agree are necessary or desirable to complete the Transactions and described in the Sea Dragon Meeting Circular;

"**Sea Dragon Senior Management Team**" means, collectively, Said S. Arrata, Chairman and Chief Executive Officer, A.D. (Tony) Anton, President and Chief Operating Officer, Olivier Serra, Chief Financial Officer, and Ahmed Farid Ahmed Moaaz, Country Manager, of Sea Dragon;

"**Sea Dragon Share Consolidation**" means the post-Closing consolidation of the Common Shares upon a ratio not greater than a 20 for one basis;

"**Sea Dragon Shareholder Approval**" means the approval by the Sea Dragon Shareholders of the Sea Dragon Resolutions at the Sea Dragon Meeting;

"**Sea Dragon Shareholders**" means the registered or beneficial holders of the Common Shares, as the context requires, from time to time;

"**Sea Dragon Subsidiaries**" means, collectively, SD France, SD Holdings, SD Coöperatieve, SD Holding BV, SD Kom Ombo BV, SD Kom Ombo, SD NW Gemsa, Petro Amir, SD GOS and SD NPC Egypt Holdco;

"**Sea Dragon Warrants**" means the 30,000,000 warrants issued by Sea Dragon on November 6, 2009 to purchase Common Shares at an exercise price of CDN$0.50 per Common Share with an expiry date of November 6, 2012;

"**Second Meeting**" has the meaning ascribed to it in Section 8.2;

"**Security Interest**" means any pledge, lien, charge, mortgage, assignment by way of security, conditional sale, title retention arrangement or other security interest;

"**Seismic Data**" means all geophysical information owned by the NPC Egypt Group (including, for this purpose, Seismic Data owned by Petzed in respect of the Petzed Concessions) or the Sea Dragon Group, as applicable, including all SEGP summary reports, surveyor's ground elevation records, shot point maps, shooters' records, seismograph records, seismograph magnetic tapes, monitor records, field records and record sections and maps, SEGP survey on 3.5" disk, microfiche, field and stack on CD-ROM and blackline prints, all as disclosed in writing by the applicable Party;

"**SEDAR**" has the meaning ascribed to it in Section 3.5(b)(i);

"**Senior Management Lock-Up Agreements**" means the lock-up agreements entered into by Golden Crescent, Sea Dragon and each of member of the Sea Dragon Senior Management Team, other than Olivier Serra, Chief Financial Officer, concurrently with the execution of the Original Agreement;

"**Senior Secured Reserve-Based Credit Facility**" means the up to $50,000,000 senior secured reserve-based credit facility agreement dated September 23, 2011 among SD NW Gemsa, SD Kom Ombo BV and SD Holding BV, as borrowers, and Sea Dragon, SD Coöperatieve and SD Kom Ombo, as guarantors, as arranged by BNP Paribas and HSBC Bank Egypt SAE and related finance documents, as may be amended from time to time;

"**Shareholder Support Agreements**" means the support agreements, substantially in the form and content of Schedule "H", to be entered into with Golden Crescent by each director of Sea Dragon and the following executive officers of Sea Dragon: Said S. Arrata, Chairman and Chief Executive Officer; A.D. (Tony) Anton, President and Chief Operating Officer; Olivier Serra, Chief Financial Officer; Ahmed Farid Ahmed Moaaz, Country Manager; Edward Tapuska, Secretary; and Mike Zayat, Senior Vice President Exploration, concurrently with the execution of the Original Agreement;

"**SHM Concession**" means the 100% participating interest in the Shukheir Marine concession area located in the Gulf of Suez, Egypt held by NPC SHM pursuant to the SHM Concession Agreement;

"**SHM Concession Agreement**" means the concession agreement for petroleum exploration and exploitation issued by Law No. 65 of 1973, dated August 28, 1973, as amended by Law No. 138 of 1974, Law No. 7 of 1978 and Law No. 159 of 2005, entered into between the Government of the Arab Republic of Egypt, EGPC and Transworld Petroleum Corporation with respect to the SHM Concession, as assigned to Petzed pursuant to a deed of assignment dated February 11, 1995 and a deed of assignment dated December 1, 2007 and as assigned to NPC SHM pursuant to a deed of assignment dated April 20, 2010, and as extended for an additional five year term pursuant to a letter agreement dated May 19, 2010;

"**SHM Concession Documents**" means, collectively:

(a) the SHM Concession Agreement; and

(b) the SHM Development Lease;

"**SHM Development Lease**" means the development lease relating to the Shukheir Bay and Gamma fields in the Shukheir Marine concession area granted pursuant to the notice of commercial discovery dated August 24, 1980;

"**SR Concession**" means the 12.75% participating interest in the South Ramadan concession area located offshore the Gulf of Suez, Egypt held by Petzed pursuant to the SR Concession Agreement;

"**SR Concession Agreement**" means the concession agreement for petroleum exploration and exploitation issued by Law No. 148 of 1981, dated September 21, 1981, entered into between the Arab Republic of Egypt, EGPC, the General Petroleum Company and Total Proche Orient (S.A.) with respect to the SR Concession, as assigned to Petzed pursuant to a deed of assignment dated September 17, 2007;

"**SR Concession Documents**" means, collectively:

(a) the SR Concession Agreement;

(b) the SR JOA; and

(c) the SR Development Lease;

"**SR Concession Interests**" means the entire estate, right, title and interest of Petzed in, to and under the SR Concession and the SR Concession Documents;

"**SR Development Lease**" means the development lease relating to the South Ramadan commercial discovery in Block No. 313 in the South Ramadan concession area granted pursuant to the notice of commercial discovery given by Total Proche Orient (S.A.) on June 23, 1983 and approved by EGPC on August 18, 1983;

"**SR JOA**" means the joint operating agreement dated November 12, 1981 between Total Proche Orient and the General Petroleum Company, which defines and regulates the conduct of operations of the SR Concession working interest owners under the SR Concession Documents, as assigned from time to time;

"**SR Sale Transaction**" has the meaning ascribed to it in Section 6.6(d)(i)(B);

"**Subcos**" means, collectively, NPC EK and NPC SR;

"**Subsidiaries**" means:

(a) with respect to NPC Egypt, the NPC Egypt Subsidiaries; and

(b) with respect to Sea Dragon, the Sea Dragon Subsidiaries;

"**Successor**" has the meaning ascribed to it in Section 7.4(e)(i);

"**Superior Proposal**" means any unsolicited *bona fide* Acquisition Proposal which, in the opinion of the board of directors of Golden Crescent, acting reasonably and in good faith, is likely to be completed on its terms taking into account all financial, regulatory and other aspects of such proposal, including the ability of the proposing party to consummate the transactions contemplated by such Acquisition Proposal that, if consummated, would be superior to the Transactions from a financial point of view to Golden Crescent;

"**Supplemental Prospectus Notice**" has the meaning ascribed to it in Section 10.2(b);

"**Supplemental Prospectus Shares**" has the meaning ascribed to it in Section 10.2(b)(i);

"**Surface Interests**" means all right, title, interest and estate of the NPC Egypt Group (including for purposes of this definition, all right, title, interest and estate of Petzed to the extent that any of the foregoing arises from Petzed's interest in the Petzed Concessions) or the Sea Dragon Group, as applicable, to enter upon, use, occupy and enjoy the surface of the Concession Areas and any properties or other areas used to gain access thereto, in each case, for purposes related to the use, ownership or exploitation of the Petroleum and Natural Gas Rights;

"**Tangibles**" means, collectively, all right, title, interest and estate of the NPC Egypt Group (including for purposes of this definition, all right, title, interest and estate of Petzed to the extent that any of the foregoing arise from Petzed's interest in the Petzed Concessions) and the NPC Egypt Group's entitlement to such right, title, interest and estate of the JV Subsidiaries, or the Sea Dragon Group, as applicable, whether absolute or contingent, legal or beneficial, present or future, vested or not, in and to:

(a) the Facilities;

(b) all other equipment, systems, plants and facilities used or useful in producing Petroleum Substances from the Concession Areas or gathering, compressing, dehydrating, scrubbing, processing, treating, separating, extracting, collecting, refrigerating, measuring, storing, transporting or shipping such Petroleum Substances; and

(c) all other tangible property and assets used or intended for use in producing, storing or injecting Petroleum Substances from or into the Concession Areas;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;

"**Tax Returns**" includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed under Applicable Taxation Legislation in respect of Taxes;

"**Taxation Authority**" means any Governmental Authority which is entitled to impose Taxes or to administer any Applicable Taxation Legislation;

"**Taxes**" means all taxes, however denominated, including any interest, penalties, fines or other additions thereto that are imposed by a Taxation Authority, and shall for greater certainty include, but not be limited to, federal, state, territorial and provincial income and capital taxes, payroll and employee withholding taxes, employment insurance premiums, pension plan contributions, goods and services taxes, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, workers' compensation premiums, and all other amounts of the same or a similar nature to any of the foregoing, whether or not such amounts are described as taxes, and includes all interest, penalties, fines, additions to tax or other additional amounts imposed by any Taxation Authority in respect of any of the foregoing, but does not include any royalty payable pursuant to or in respect of a Title and Operating Document;

"**Third Party**" means any Person other than the Parties and their Related Parties;

"**Third Party Expert**" has the meaning ascribed to it in Section 17.3(a);

"**Threshold Amount**" has the meaning ascribed to it in Section 13.5(e);

"**Title and Operating Documents**" means all agreements, contracts, instruments and other documents that govern the ownership or use of the Petroleum and Natural Gas Rights or the Tangibles or that relate to Permitted Encumbrances or Operations, including:

(a) the Concession Documents;

(b) the Permits;

(c) operating agreements, unit agreements, pooling agreements, trust declarations, participation agreements, farmin agreements, farmout agreements and royalty agreements;

(d) agreements that create or relate to Surface Interests;

(e) Transportation, Processing and Sale Agreements; and

(f) gas gathering and common stream agreements;

"**Transactions**" means the sale and purchase of the Purchased Shares in accordance with this Agreement and the other transactions contemplated herein;

"**Transferred Employees**" has the meaning ascribed to it in Section 6.10(d);

"**TransOcean**" means TransOcean Mediterranean & Red Sea Drilling Ltd.;

"**TransOcean Litigation**" means the arbitration proceedings initiated by TransOcean against Petzed and registered with the Cairo Regional Centre for International Commercial Arbitration as Case No. 662/2010 relating to Drilling Rig Contract No. PTZ-10/2008 dated September 22, 2008 between TransOcean and Petzed or any appeal taken by TransOcean or Petzed from the decision of the arbitrator resulting from such proceedings or other legal action taken by either Petzed or TransOcean in respect of the subject matter of the above-noted arbitration proceedings;

"**Transportation, Processing and Sale Agreements**" means:

(a) with respect to the NPC Egypt Group and the JV Subsidiaries, the agreements for the processing, compression, treatment, gathering, storage, transportation or sale of Petroleum Substances produced from the Concession Areas set forth and described in Schedule "I"; and

(b) with respect to the Sea Dragon Group, the agreements for the processing, compression, treatment, gathering, storage, transportation or sale of Petroleum Substances produced from the Concession Areas set forth and described in Schedule "J".

"**Trust Agreements**" has the meaning ascribed to it in Section 6.3(f);

"**TSX-V**" means the TSX Venture Exchange;

“**TSX-V Approval**” means, in respect of the Transactions, the review and written approval by the TSX-V of the Transactions and the conditional listing on the TSX-V of the Prospectus Shares, subject only to the satisfaction of conditions acceptable to the Parties in their discretion;

“**Underwriters’ Lock-Up Covenant**” has the meaning ascribed to it in Section 10.5(a);

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;

“**VWAP**” has the meaning ascribed to it in Section 13.5(d)(ii);

“**Wells**” means:

(a) with respect to Petzed, the NPC Egypt Group and the JV Subsidiaries, all producing, suspended, shut in, abandoned, water source, disposal, injection or similar wells located on the Concession Areas and all similar wells currently or previously used in connection with exploring for, developing or producing Petroleum Substances, as described in Schedule “M” to this Agreement; and

(b) with respect to the Sea Dragon Group, all producing, suspended, shut in, abandoned, water source, disposal, injection or similar wells located on the Concession Areas and all similar wells currently or previously used in connection with exploring for, developing or producing Petroleum Substances, as described in Schedule “N” to this Agreement;

“**Working Capital Minimum**” means the amount of $0.00; and

“**Worley Parsons**” has the meaning ascribed to it in Section 12.4(a).

1.2 Certain Rules of Interpretation

(a) <u>Consent</u> – Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) <u>Currency</u> – Unless otherwise specified, all references to money amounts are to the lawful currency of the United States.

(c) <u>Governing Law</u> – This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

(d) <u>Headings</u> – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(e) <u>Including</u> – Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

(f) No Strict Construction – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(g) Number and Gender – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) Severance and Validity – If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the Laws of any jurisdiction, such provision shall be deemed to be severed from this Agreement. The remaining provisions will remain in full force in that jurisdiction and all provisions will continue in full force in any other jurisdiction.

(i) Statutory References – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

(j) Time – Time is of the essence in the performance of the Parties' respective obligations.

(k) Time Periods – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

(l) Branch Offices – Whenever a provision of this Agreement references NPC Egypt or Sea Dragon or any of their respective Subsidiaries, for greater certainty such reference shall include all branches (or local equivalents) of NPC Egypt or Sea Dragon and their respective Subsidiaries, as applicable.

1.3 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the respective meanings attributable thereto under, and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with the preparation of:

(a) in the case of the NPC Egypt Financial Statements:

(i) IFRS, for the combined consolidated special purpose financial statements of NPC Egypt and Petzed referred to in paragraph (a) of the definition of "NPC Egypt Financial Statements" in Section 1.1; and

(ii) IAS 34, for the combined consolidated special purpose financial statements of NPC Egypt and Petzed referred to in paragraph (b) of the definition of "NPC Egypt Financial Statements" in Section 1.1; and

(b) in the case of the Sea Dragon Financial Statements:

(i) Canadian GAAP, for any reporting period prior to January 1, 2011; and

(ii) IFRS, for any reporting period beginning on or after January 1, 2011.

1.4 Knowledge

Any reference to the knowledge of any Party means to the best of the knowledge, information and belief of such Party after reviewing all relevant records and making due inquiries regarding the relevant matter of all relevant directors, officers and employees of such Party including:

(a) in the case of the knowledge of Golden Crescent, the relevant senior managers of NPC, Petzed and NPC Egypt; and

(b) in the case of the knowledge of Sea Dragon, the members of the Sea Dragon Senior Management Team,

provided that such knowledge or awareness does not include the knowledge of any Third Party or constructive knowledge of a Party and no Party has any obligation to make enquiries of any Third Party or records of any Third Party or any Governmental Authority in connection with any statement made to a Party's knowledge.

1.5 Entire Agreement

This Agreement, the Confidentiality Agreement and the Ancillary Agreements, and the other agreements and documents required to be delivered pursuant hereto or thereto, constitute the entire agreement between the Parties and set out all of the covenants, promises, warranties, conditions and agreements between the Parties in connection with the subject matter of this Agreement and such other agreements and supersede all such prior agreements (including the Original Agreement and the First Amended and Restated Agreement), understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral, whether statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, the Confidentiality Agreement and the Ancillary Agreements except as specifically set forth in this Agreement, the Confidentiality Agreement and the Ancillary Agreements and the other agreements and documents required to be delivered pursuant hereto or thereto. This Agreement shall supersede and replace the First Amended and Restated Agreement in its entirety and the First Amended and Restated Agreement shall be of no further force and effect.

1.6 Disclosure in Writing

The phrases "disclosed in writing by Golden Crescent" and "disclosed in writing by Sea Dragon" and similar expressions used in this Agreement shall be construed for purposes of this Agreement as referring to:

(a) matters disclosed in this Agreement or in the Schedules hereto;

(b) matters disclosed in the Golden Crescent Disclosure Letter or the Sea Dragon Disclosure Letter, as applicable;

(c) information forming part of the Data Room Information as of the date of this Agreement;

(d) in the case of Golden Crescent, written information provided to Sea Dragon during the course of management presentations, site visits, during the course of Sea Dragon's on-site due diligence in Egypt and in response to inquiries received from Sea Dragon and its Representatives; or

(e) in the case of Sea Dragon, written information provided by Sea Dragon during the course of management presentations and in response to inquiries received from Golden Crescent and its Representatives.

1.7 Schedules

The following schedules (the "**Schedules**") are attached to, form an integral part of and are incorporated into this Agreement:

Schedule	Description
"A"	NPC Egypt Concession Areas
"B"	Sea Dragon Concession Areas
"C"	NPC Egypt Group and JV Subsidiaries Facilities
"D"	Sea Dragon Group Facilities
"E"	Golden Crescent Bank Guarantees
"F"	Form of Net Profits Interest Agreement
"G"	NPC Egypt Financial Statements
"H"	Form of Shareholder Support Agreement
"I"	NPC Egypt Group, JV Subsidiaries and Petzed Transportation, Processing and Sale Agreements
"J"	Sea Dragon Group Transportation, Processing and Sale Agreements
"K"	Pre-Closing Reorganization Memorandum
"L"	Form of Trust Agreements
"M"	NPC Egypt Group, JV Subsidiaries and Petzed Wells
"N"	Sea Dragon Group Wells
"O"	Petzed Assigned Contracts
"P"	Preferred Share Provisions

ARTICLE 2
PURCHASE AND SALE

2.1 Actions by Golden Crescent and Sea Dragon

Subject to the provisions of this Agreement, at the Closing Time:

(a) Purchase and Sale of the Purchased Shares – Golden Crescent shall sell, assign, transfer, convey and deliver to Sea Dragon and Sea Dragon shall purchase from Golden Crescent, the Purchased Shares on the terms and subject to the conditions set forth herein;

(b) Payment of Consideration – In consideration of the sale and transfer of the Purchased Shares by Golden Crescent to Sea Dragon in the manner set forth herein, Sea Dragon shall pay to Golden Crescent the consideration specified in Section 3.1 and Section 3.7 (if applicable) and following Closing, as provided in Section 3.7 (if applicable) and Section 3.8 (if applicable);

(c) Transfer and Delivery of the Purchased Shares – Golden Crescent shall transfer and deliver to Sea Dragon (or an Affiliate or Affiliates of Sea Dragon to be nominated by Sea Dragon in its sole discretion by written notice to Golden Crescent not later than ten Business Days prior to Closing) share certificates in respect of the Purchased Shares or instruments of transfer in respect of the Purchased Shares duly executed by the holder(s) of record, and shall take such steps as shall be necessary in the opinion of Sea Dragon and its counsel, acting reasonably, to cause NPC Egypt or its Registered Agent to enter Sea Dragon or its nominee(s) in the register of members of NPC Egypt as the holder of the Purchased Shares and to issue one or more share certificates to Sea Dragon or its nominee(s) representing the Purchased Shares;

(d) Assignment of Accounts Receivable – subject to Section 3.7, all Accounts Receivable as of the Closing Date shall remain with Petzed or shall be assigned by the NPC Egypt Group, or the JV Subsidiaries, as applicable, to Golden Crescent or its nominee(s), and shall remain or become, as the case may be, the property of Petzed or Golden Crescent or its nominee(s), as provided in Section 3.4;

(e) Replacement Guarantees – Arrangements satisfactory to the Parties acting reasonably shall have been made so as to cause the condition set forth at Section 11.3(j) to have been satisfied;

(f) Resignations and Releases - Golden Crescent shall deliver, or cause to be delivered, to Sea Dragon:

    (i) resignations of all directors and officers of the NPC Egypt Group and the NPC Egypt Group director and officer nominees of the JV Subsidiaries, as Sea Dragon may reasonably request and effective as of the Closing Time, together with a resolution or resolutions of the board of directors of such entities appointing, effective as of the Closing Time, Sea Dragon's nominees as directors and officers, to be in such form or forms and in such sequence as Sea Dragon may direct, and all such resigning directors and officers shall deliver to Sea Dragon a comprehensive waiver and general release in form satisfactory to Sea Dragon, acting reasonably, of all Claims and demands of whatsoever nature against the NPC Egypt Group and/or the JV Subsidiaries, as applicable, up to the Closing Date, except for accrued but unpaid compensation, benefits arising on termination, unreimbursed expenses to which such Persons are entitled to have reimbursed in accordance with NPC Egypt Group or JV Subsidiaries policies and any obligation to indemnify such Persons under the charter documents of such entities or as otherwise contemplated in this Agreement; and

(ii) a comprehensive waiver and general release in form satisfactory to Sea Dragon, acting reasonably, of all Claims and demands of any nature against the NPC Egypt Group and in respect of the interest of the NPC Egypt Group in the JV Subsidiaries arising prior to Closing and solely out of Golden Crescent having been a beneficial and/or legal shareholder of the NPC Egypt Group and the JV Subsidiaries, including, monies advanced, shareholder loans, reimbursement of expenses, payment of dividends, participation of profits or earnings, and whether covered by resolution, contract or otherwise, but excluding any obligations to indemnify Golden Crescent and its subsidiaries as a shareholder under the charter documents of such entities or in connection with the Assignment and Assumption Indemnification Obligations and at no prejudice to the rights of Golden Crescent under this Agreement and the Ancillary Agreements;

(g) Books and Records – Golden Crescent shall deliver or make available or accessible to Sea Dragon, or make arrangements satisfactory to Sea Dragon, acting reasonably, to deliver or make available or accessible to Sea Dragon, all of the Title and Operating Documents and the Books and Records relating to the NPC Egypt Group and the Petzed Books and Records; provided that in the case of the Petzed Books and Records, there shall be no obligation (other than in respect of the original title and operating documents relating to the Petzed Concessions) to deliver original copies of any such books and records, nor shall Golden Crescent have any obligation to deliver, or provide access to any such books and records if there is a reasonable risk that any such delivery or provision of access could result in a loss of litigation privilege in connection with the TransOcean Litigation;

(h) Bank Accounts – Golden Crescent shall deliver duly executed revocations of all signing authorities to all bank accounts related to the NPC Egypt Group, together with a resolution or resolutions of the board of directors of such entities appointing such signing authorities, effective as of the Closing Time, as Sea Dragon may direct, to be in such form or forms as Sea Dragon may direct;

(i) Good Standing – Golden Crescent shall deliver certificates of good standing or the equivalent for each member of the NPC Egypt Group and the JV Subsidiaries from each jurisdiction in which such entities are incorporated or organized, in each case dated as of a date as close to the Closing Date as is reasonable in the circumstances. Sea Dragon shall deliver certificates of good standing or the equivalent for each member of the Sea Dragon Group from each jurisdiction in which such entities are incorporated or organized, in each case dated as of a date as close to the Closing Date as is reasonable in the circumstances;

(j) Assignment of Contracts Relating to NPC Egypt Concessions – Golden Crescent shall cause Petzed to use its reasonable commercial efforts to assign the Petzed Assigned Contracts, to the extent that such contracts are, by their terms, assignable, to the applicable member of the NPC Egypt Group, in form satisfactory to Sea Dragon, acting reasonably;

(k) Other Documents and Payments – Golden Crescent and Sea Dragon shall deliver such other customary certificates, resolutions and other documents as may be required by any other Party, acting reasonably, and make such other payments as may reasonably be necessary to complete the Transactions.

2.2 Purchase of Entire Interest of NPC Egypt

This Agreement is intended to provide for the purchase of all of the Purchased Shares that are owned or held by Golden Crescent at the Closing Time, whether same are owned and held as at the date of this Agreement or to be acquired during the Pre-Closing Period, and Golden Crescent agrees that if prior to the Closing Date it acquires any further shares or securities of NPC Egypt or rights to acquire any shares or securities of NPC Egypt, in addition to the Purchased Shares held as at the date of this Agreement, then such additional shares and securities or rights to such additional shares and securities shall be subject to the terms of this Agreement, and such additional shares and securities or rights to additional shares and securities shall be transferred and delivered to Sea Dragon at the Closing Time, without payment of any additional or further consideration other than as set forth in this Agreement.

2.3 Place of Closing

The Closing shall take place at the Closing Time at the offices of Osler, Hoskin & Harcourt LLP, Suite 2500, TransCanada Tower, 450 – 1st Street S.W., Calgary, Alberta, T2P 5H1, or at such other place as may be agreed upon in writing by Golden Crescent and Sea Dragon.

ARTICLE 3
CONSIDERATION

3.1 Consideration

Subject to any adjustments made in accordance with the terms hereof, including Article 3, Golden Crescent (or any Affiliate or Affiliates of Golden Crescent to be nominated by Golden Crescent in its sole discretion by written notice to Sea Dragon) shall receive at Closing from Sea Dragon, directly or indirectly, in consideration of the sale and transfer of the Purchased Shares, the following:

(a) the Common Share Consideration; and

(b) the Preferred Share Consideration,

(collectively, the "**Closing Share Consideration**").

3.2 Release of Legal Fee Amount; Escrow Amount

(a) Concurrently with the execution and delivery of this Agreement, Golden Crescent and Sea Dragon shall deliver a joint written direction to the Escrow Agent authorizing and directing the Escrow Agent to forthwith release and pay to Osler, Hoskin & Harcourt LLP the Legal Fee Amount on account of the additional legal expenses incurred by Golden Crescent in amending, at the request of Sea Dragon, the arrangements contemplated by the Original Agreement and the First Amended and Restated Agreement and the preparation of this Agreement. The Parties acknowledge and agree that the release of the Legal Fee Amount from escrow as aforesaid shall reduce, on a dollar for dollar basis, the amount of the Non-Completion Fee payable by Sea Dragon pursuant to Section 12.2. For greater certainty, the Parties acknowledge and agree that Sea Dragon shall have no obligation following the release and payment of the Legal Fee Amount as aforesaid to top up the Escrow Amount to the amount being held by the Escrow Agent prior to the release and payment of the Legal Fee Amount.

(b) The Escrow Amount shall be held and disbursed by the Escrow Agent in accordance with the terms hereof and the Escrow Agreement.

3.3 Payment of Closing Share Consideration

Sea Dragon shall satisfy its obligation to pay the Closing Share Consideration to Golden Crescent as specified in Section 3.1 as follows:

(a) at the Closing Time:

(i) by issuing in the name of, and delivering to, Golden Crescent (or any Affiliate or Affiliates of Golden Crescent to be nominated by Golden Crescent in its sole discretion by written notice to Sea Dragon), a certificate or certificates representing the Common Shares comprising the Common Share Consideration, which Common Shares shall be validly issued as fully paid and non-assessable shares of Sea Dragon and shall be conditionally approved for listing and trading on the TSX-V (subject to the satisfaction of customary listing conditions imposed by the TSX-V); and

(ii) by issuing, or causing to be issued, in the name of, and delivering to Golden Crescent (or any Affiliate or Affiliates of Golden Crescent to be nominated by Golden Crescent in its sole discretion by written notice to Sea Dragon), a certificate or certificates representing the Preferred Shares comprising the Preferred Share Consideration, which Preferred Shares shall be validly issued as fully paid and non-assessable shares of the Preferred Share Issuer and the Common Shares issuable on conversion of the Preferred Share Consideration shall be conditionally approved for listing and trading on the TSX-V (subject to the satisfaction of customary listing conditions imposed by the TSX-V); and

(b) the balance, if any, in accordance with Section 3.7 or Section 3.8, as applicable.

3.4 Assignment of the Accounts Receivable

(a) At or with effect as of the Closing Time, all Accounts Receivable as of the Closing Date shall either remain with Petzed or be assigned by the NPC Egypt Group (including, in the case of the JV Subsidiaries, an assignment of the NPC Egypt Group's proportionate interest in any Accounts Receivable owed to the JV Subsidiaries), as applicable, to Golden Crescent or its nominee(s) and shall remain or become, as the case may be, the property of Petzed or Golden Crescent or its nominee(s), as applicable, subject to any subsequent assignment of the Accounts Receivable by Petzed or Golden Crescent or its nominee(s), as applicable, to Sea Dragon or its nominee(s) pursuant to Section 3.7(b).

(b) If any amount of the Accounts Receivable remaining with Petzed or assigned by the NPC Egypt Group, as applicable, to Golden Crescent or its nominee(s) pursuant to Section 3.4(a) are paid to the NPC Egypt Group or the JV Subsidiaries, as applicable, after the Closing Time, Sea Dragon shall cause the NPC Egypt Group, or the JV Subsidiaries, as applicable, to remit any such amounts received to Petzed or Golden Crescent or its nominee(s), as applicable, as soon as reasonably practicable but in any event not later than five Business Days after the date of receipt of any such amount.

3.5 Canadian Securities Law Restrictions

(a) Prior to the expiry of any applicable hold period under Applicable Canadian Securities Laws, the certificates representing the Common Shares and the Preferred Shares comprising the Closing Share Consideration will bear the legend set out at Section 3.5(b)(ii); provided that if, at any time, in the opinion of counsel to Golden Crescent, such legends are no longer necessary in order to avoid a violation of Applicable Canadian Securities Laws, or the holder of any such legended certificate, at the holder's expense, provides Sea Dragon with evidence, satisfactory in form and substance to Sea Dragon, acting reasonably, to the effect that such holder is entitled to sell or otherwise transfer such shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to Sea Dragon in exchange for, and Sea Dragon shall issue upon such surrender, a certificate representing such shares which does not bear such legend. For the purposes hereof, an unqualified legal opinion to the foregoing effect (but containing customary assumptions and reliances) of Osler, Hoskin & Harcourt LLP, or other counsel satisfactory to Sea Dragon, acting reasonably (the "**Legend Release Opinion**"), shall constitute evidence satisfactory to Sea Dragon for the purposes of this Section 3.5.

(b) Golden Crescent acknowledges, covenants and agrees that:

(i) in accordance with Applicable Canadian Securities Laws, Sea Dragon is required to file a report of trade with all applicable Canadian Securities Regulatory Authorities containing personal information about Golden Crescent. This report of trade will include the full name, address and telephone number of Golden Crescent, the number of Common Shares and, to the extent required under Applicable Canadian Securities Laws, the number of Preferred Shares comprising the Closing Share Consideration issued to Golden Crescent, the consideration paid for such shares, the date of the Closing and the prospectus and registration exemption relied upon under Applicable Canadian Securities Laws to complete such purchase. In the Province of Alberta, this information is collected indirectly by the Alberta Securities Commission under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation in the Province of Alberta. Sea Dragon may also be required pursuant to Applicable Canadian Securities Laws to file this Agreement on the System for Electronic Analysis and Retrieval ("**SEDAR**"). By executing this Agreement, Golden Crescent authorizes the indirect collection of the information described in this Section 3.5(b)(i) by all applicable Canadian Securities Regulatory Authorities and consents to the disclosure of such information to the public through (i) the filing of a report of trade with all applicable Canadian Securities Regulatory Authorities and (ii) the filing of this Agreement on SEDAR;

(ii) the certificate(s) representing the Common Shares and, to the extent required under Applicable Canadian Securities Laws, the Preferred Shares comprising the Closing Share Consideration will bear the following legend:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE ● [the date that is four months and a day after the Closing Date].

(iii) Golden Crescent is not a U.S. Person (as defined in Regulation S under the U.S. Securities Act) and is not acquiring the Common Shares and the Preferred Shares comprising the Closing Share Consideration, directly or indirectly, on behalf of, or for the account or benefit of, a U.S. Person;

(iv) the Common Shares and the Preferred Shares comprising the Closing Share Consideration have not been and will not be registered under the U.S. Securities Act or the securities laws of any state, and may not be offered or sold and will not be offered or sold in the United States or to a U.S. Person unless registered under the U.S. Securities Act or the securities laws of any state or an exemption from the registration requirements of the U.S. Securities Act is available;

(v) Sea Dragon has no present intention to file a registration statement under the U.S. Securities Act,

(vi) there are restrictions on Golden Crescent's ability or, to the extent applicable, the ability of any of its Affiliates' to resell the Common Shares and the Preferred Shares comprising the Closing Share Consideration under Applicable Canadian Securities Laws or other applicable Laws, and it is the responsibility of Golden Crescent to ascertain what those restrictions are and to comply with them before selling or otherwise disposing of such shares;

(vii) the issuance of the Common Shares and the Preferred Shares comprising the Closing Share Consideration will be made pursuant to appropriate exemptions from the registration and prospectus (or equivalent) requirements of the Applicable Canadian Securities Laws and any other applicable Laws;

(viii) Golden Crescent is not a resident of Canada;

(ix) as a consequence of acquiring the Common Shares and the Preferred Shares comprising the Closing Share Consideration pursuant to the exemptions under Applicable Canadian Securities Laws:

(A) Sea Dragon is relying on an exemption from the requirements to provide Golden Crescent with a prospectus to sell securities through a Person registered to sell securities under the Applicable Canadian Securities Laws and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Canadian Securities Laws, including statutory rights of rescission or damages, will not be available to Golden Crescent;

(B) Golden Crescent may not receive information that might otherwise be required to be provided to Golden Crescent, and Sea Dragon is relieved from certain obligations that would otherwise apply under the Applicable Canadian Securities Laws if the exemptions were not being relied upon by Sea Dragon;

(C) there is no government or other insurance covering the Common Shares and the Preferred Shares comprising the Closing Share Consideration;

(D) there are risks associated with the acquisition of the Common Shares and the Preferred Shares comprising the Closing Share Consideration; and

(E) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Common Shares and the Preferred Shares comprising the Closing Share Consideration; and

(x) Golden Crescent and its applicable officers or directors will execute, deliver, file and otherwise assist Sea Dragon to file or deliver in a timely manner as required by all Applicable Canadian Securities Laws or the policies of the TSX-V all such reports (including insider trading reports and early warning reports), personal information forms, notices, undertakings, agreements, documents and writings, do all acts and things, and provide such further assurances as may be required under Applicable Canadian Securities Laws or policies of the TSX-V with respect to the issuance by Sea Dragon to Golden Crescent of the Common Shares and the Preferred Shares comprising the Closing Share Consideration, the re-sale by Golden Crescent of such shares or as maybe required by the TSX-V in connection with Sea Dragon obtaining the TSX-V Approval.

3.6 Delivery of Estimate Date Statement of Net Working Capital and Closing Date Statement of Net Working Capital

(a) Golden Crescent will prepare and deliver the Estimate Date Statement of Net Working Capital to Sea Dragon no later than the close of business on the Estimate Date.

(b) Within 90 days following the Closing Date, Sea Dragon may elect to prepare and deliver the Closing Date Statement of Net Working Capital to Golden Crescent. In the event that Sea Dragon does not deliver a Closing Date Statement of Net Working Capital to Golden Crescent on or prior to the date which is 90 days following the Closing Date, Sea Dragon will be deemed to have waived its right to do so and to assert that any Negative Working Capital Adjustment is required.

(c) In the event that Sea Dragon makes the election described in Section 3.6(b) above, Sea Dragon will advise Golden Crescent in writing and Golden Crescent and Sea Dragon will co-operate fully with each other and make available to each other in a timely fashion such data and other information as may be reasonably required to prepare and deliver the Closing Date Statement of Net Working Capital and as may be reasonably required to enable Golden Crescent to determine whether Golden Crescent will send an Objection Notice under Section 3.8.

3.7 Net Working Capital Adjustments

(a) If the Estimate Date Net Working Capital is:

(i) less than the Working Capital Minimum (such difference is referred to herein as an "**Estimate Date Shortfall**"), then Golden Crescent will be obligated to pay to Sea Dragon, on a dollar for dollar basis, an amount equal to the Estimate Date Shortfall (such amount is referred to herein as the "**Negative Estimate Date Working Capital Adjustment**"), which amount, subject to Section 3.7(b), will be paid in cash by Golden Crescent at Closing; or

(ii) greater than the Working Capital Minimum (such difference referred to herein as an "**Estimate Date Surplus**"), then Sea Dragon will be obligated to pay to Golden Crescent, on a dollar for dollar basis, an amount equal to the Estimate Date Surplus (such amount is referred to herein as the "**Positive Estimate Date Working Capital Adjustment**"), which amount will be paid in cash by Sea Dragon at Closing.

(b) Where there is a Negative Estimate Date Working Capital Adjustment, Sea Dragon or its nominee(s) shall accept an assignment from Petzed or Golden Crescent or its nominee(s), as applicable, on the Closing Date of Accounts Receivable (the form of which must be acceptable to Sea Dragon, acting reasonably) having a stated value in an amount equal to the Estimate Date Shortfall to offset the Negative Estimate Date Working Capital Adjustment such that no amount will need to be paid in cash by Golden Crescent to Sea Dragon at Closing (and, in such event, no Negative Estimate Date Working Capital Adjustment shall be deemed to have occurred).

(c) In the event that Accounts Receivable are assigned by Petzed or Golden Crescent or its nominee(s), as applicable, to Sea Dragon or its nominee(s) pursuant to Section 3.7(b) or Section 3.7(f), if Sea Dragon or its nominee(s) receive in respect of such Accounts Receivable, amounts in excess of the stated value of the Accounts Receivable (an "**Excess Amount**"), Sea Dragon or its nominee(s) shall hold any such Excess Amounts in trust for Petzed or Golden Crescent or its nominee(s), as applicable, and remit any such Excess Amounts received to Petzed or Golden Crescent or its nominee(s), as applicable, as soon as reasonably practicable, but in any event not later than ten Business Days of the date of receipt of such amount.

(d) All Accounts Receivable existing on the Closing Date and not assigned by Petzed or Golden Crescent or its nominee(s) to Sea Dragon or its nominee(s) pursuant to Section 3.7(b) or Section 3.7(f) shall be the property of Petzed or Golden Crescent or its nominee(s), as applicable, and if any amounts in respect of such Accounts Receivable are received by Sea Dragon or its nominee(s), Sea Dragon or it nominee(s) shall hold any such amounts in trust for Petzed or Golden Crescent or its nominee(s) as applicable and remit any such amounts so received to Petzed or Golden Crescent or its nominee(s) as soon as reasonably practicable, but in any event not later than ten Business Days of the date of receipt of such amount.

(e) Subject to Section 3.8, if Sea Dragon elects to prepare and deliver a Closing Date Statement of Net Working Capital, and:

(i) no Estimate Date Working Capital Adjustment has been made and the Closing Date Net Working Capital is less than (a "**negative adjustment**") or greater than (a "**positive adjustment**") the Working Capital Minimum; or

(ii) an Estimate Date Working Capital Adjustment has been made and the Closing Date Net Working Capital is less than (a "**negative adjustment**") or greater than (a "**positive adjustment**") the Estimate Date Net Working Capital as adjusted by the Estimate Date Working Capital Adjustments,

then (i) where there is a negative adjustment, Golden Crescent will be obligated to pay to Sea Dragon, on a dollar for dollar basis, an amount equal to such difference (a "**Negative Working Capital Adjustment**"), which amount, subject to Section 3.7(f), will be paid in cash by Golden Crescent; or (ii) where there is a positive adjustment, Sea Dragon will be obligated to pay to Golden Crescent, on a dollar for dollar basis, an amount equal to such difference, which amount will be paid in cash by Sea Dragon, in each case, within ten days following the receipt of the Closing Date Statement of Net Working Capital by Golden Crescent unless Golden Crescent elects to dispute the Closing Date Statement of Net Working Capital in the manner set forth in Section 3.8 below.

(f) The obligation of Golden Crescent to pay an amount to Sea Dragon on account of a Negative Working Capital Adjustment can, at the election of Golden Crescent, be satisfied by the assignment by Petzed or Golden Crescent or its nominee(s) to Sea Dragon or its nominee(s) of Accounts Receivable (the form of which must be acceptable to Sea Dragon, acting reasonably) having a stated value in an amount equal to the Negative Working Capital Adjustment.

3.8 Objection to Closing Date Statement of Net Working Capital

(a) <u>Delivery of Objection Notice</u> – In the event that Golden Crescent objects to any item on the Closing Date Statement of Net Working Capital, Golden Crescent shall so advise Sea Dragon by delivery to Sea Dragon of a written notice (the "**Objection Notice**") within 45 days of the date of delivery of the Closing Date Statement of Net Working Capital. The Objection Notice shall set out in reasonable detail the reasons for the objection as well as the amount in dispute and the reasonable details of the calculation of such amount.

(b) <u>Resolution of Disputes</u> – In the event that an Objection Notice is delivered, Golden Crescent and Sea Dragon shall meet and attempt, in good faith, to resolve all of the items in dispute set out in any Objection Notice within 45 days of receipt of the Objection Notice by Sea Dragon. Any items in dispute not resolved within such 45 day period shall be referred as soon as possible thereafter by Golden Crescent and Sea Dragon to the Independent Auditor. The Independent Auditor shall act as expert and not as arbitrator and shall be required to determine the items in dispute that have been referred to it as soon as reasonably practicable but in any event not later than 45 days after the date of referral of the dispute to it. In making its determination, the Independent Auditor will only consider the issues in dispute placed before it. Golden Crescent and Sea Dragon shall provide or make available all documents and information as are reasonably required by the Independent Auditor to make its determination. The determination of the Independent Auditor shall be final and binding on the Parties and the Closing Date Statement of Net Working Capital shall be (or not be) adjusted in accordance with such determination.

(c) Audit Expenses – The fees and expenses of the Independent Auditor in acting in accordance with this Section 3.8 shall be shared equally by Sea Dragon and Golden Crescent, unless the Independent Auditor determines otherwise.

(d) Payment in Accordance with Determination – Within ten Business Days after resolution, by agreement of the Parties, of the dispute which was the subject of the Objection Notice or, failing such resolution, within ten Business Days after the final determination of the Independent Auditor, Golden Crescent or Sea Dragon, as the case may be, shall pay to the other the amount owing as a result of such resolution or final determination, which amount shall be paid in cash.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF GOLDEN CRESCENT

Golden Crescent hereby represents and warrants to Sea Dragon the matters set out below and acknowledges that Sea Dragon is relying upon such representations and warranties in connection with the entering into of this Agreement and the Ancillary Agreements and the consummation of the Transactions:

4.1 Status of Golden Crescent and Right to Sell

(a) Golden Crescent is a BVI business company duly incorporated, validly existing and in good standing under the laws of the British Virgin Islands and has all necessary corporate power, authority and capacity to own, lease and operate its properties and assets and to carry on its business as presently conducted, except where the failure to be so incorporated, validly existing or in good standing, or to have such power, authority and capacity would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(b) Golden Crescent is registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as presently conducted, except for those registrations, licenses, authorizations, permits, consents and approvals the absence of which do not have and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect on the NPC Egypt Group.

(c) Golden Crescent is the sole registered and beneficial owner of the Purchased Shares and other than as disclosed in writing by Golden Crescent, the Purchased Shares are, or will be at Closing, free and clear of all Encumbrances. Golden Crescent has good and marketable title to the Purchased Shares, together with the exclusive right to dispose of the Purchased Shares as provided in this Agreement and, other than as disclosed in writing by Golden Crescent, such disposition will not violate, contravene, breach or constitute a default under the Memorandum and Articles of Association of Golden Crescent, as amended, or under any Order, judgment, decree, agreement, contract, lease, licence, permit or applicable Laws, to which Golden Crescent is a party or subject or by which Golden Crescent is bound or affected. All required corporate consents and approvals as required by applicable Laws (including all director and shareholder approvals) and/or any other constitutional documents governing Golden Crescent have been, or will prior to Closing be, obtained in order to authorize the transfer of the Purchased Shares in the manner contemplated herein.

(d) The Purchased Shares are not subject to any shareholder, pooling, escrow, voting trust or similar agreements or arrangements.

4.2 Incorporation and Corporate Power

NPC Egypt is a BVI business company duly incorporated, validly existing and in good standing under the laws of the British Virgin Islands and has all necessary corporate power, authority and capacity to own, lease and operate its properties and assets and to carry on its business as presently conducted, except where the failure to be so incorporated, validly existing or in good standing, or to have such power, authority and capacity would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect. NPC Egypt is registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as presently conducted, except for those registrations, licenses, authorizations, permits, consents and approvals the absence of which do not have and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

4.3 Capitalization

(a) NPC Egypt is authorized to issue an unlimited number of shares, consisting of one class of unlimited shares of $1.00 par value each. As at the date hereof, 278,601,390 shares have been issued and are outstanding. All of the Purchased Shares have been duly and validly issued and are outstanding as fully paid and non-assessable shares and are not subject to, nor have they been issued in violation of, any pre-emptive rights. No options, warrants or other rights to purchase shares or other securities of NPC Egypt and no securities or obligations convertible into or exchangeable for shares or other securities of NPC Egypt have been authorized or agreed to be issued or are outstanding.

(b) Other than as disclosed in writing by Golden Crescent or as contemplated in connection with the Transactions, no Person has any agreement, option, right or privilege with or against Golden Crescent or any of its Affiliates for the purchase of the Purchased Shares or the purchase, subscription or issuance of any other securities of any member of the NPC Egypt Group or the JV Subsidiaries.

4.4 NPC Egypt Subsidiaries and JV Subsidiaries

(a) Golden Crescent has disclosed in writing the following information with respect to each of the NPC Egypt Subsidiaries and the JV Subsidiaries: (i) its name; (ii) as at the date hereof, the number, type and principal amount, as applicable, of its outstanding equity securities; and (iii) its jurisdiction of incorporation or organization.

(b) Each of the NPC Egypt Subsidiaries and the JV Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has all necessary corporate power and authority to own, lease and operate its respective properties and assets and to carry on its respective business as presently conducted, except where the failure to be so incorporated, validly existing or in good standing, or to have such power, authority and capacity would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(c) The NPC Egypt Subsidiaries and the JV Subsidiaries are all the subsidiaries of NPC Egypt. NPC Egypt is, or will be, directly or indirectly, the registered and beneficial owner of good and marketable title to: (i) all of the outstanding shares or other equity securities of each of the NPC Egypt Subsidiaries; and (ii) one half of the outstanding shares or other equity securities of each of the JV Subsidiaries, free and clear of any Encumbrances (other than those existing under applicable Laws or in the charter documents of such entities). All of the shares in each of the NPC Egypt Subsidiaries and the JV Subsidiaries have been, or will be, duly and validly issued and are outstanding as fully paid and non-assessable shares and are not subject to, nor have they been issued in violation of, any pre-emptive rights.

(d) Other than as contemplated by the Pre-Closing Reorganization Memorandum in connection with the completion of the Pre-Closing Reorganization or any SR Sale Transaction, no options, warrants or other rights to purchase shares or other securities of any of the NPC Egypt Subsidiaries and the JV Subsidiaries and no securities or obligations convertible into or exchangeable for shares or other securities of any of the NPC Egypt Subsidiaries and the JV Subsidiaries have been, or will be, authorized or agreed to be issued or are outstanding.

4.5 Due Authorization and Enforceability of Obligations

(a) The execution, delivery and performance by Golden Crescent of this Agreement and the Ancillary Agreements to which it is a party, and the consummation by Golden Crescent of the Transactions, are within Golden Crescent's corporate powers and have been (or will prior to Closing be) duly authorized, and no other corporate proceedings on the part of Golden Crescent are necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Agreements to which it is a party or shall be necessary to authorize the consummation of the Transactions. This Agreement has been, and the Ancillary Agreements to which Golden Crescent is a party will be, duly executed and delivered by Golden Crescent, and when duly executed and delivered by the other parties hereto and thereto, this Agreement and the Ancillary Agreements shall constitute legal, valid and binding obligations of Golden Crescent, enforceable against it in accordance with their respective terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting the rights of creditors and that equitable remedies including specific performance, are discretionary and may not be ordered.

(b) The execution, delivery and performance by Petzed and the Subcos of the agreements and documents to which they will be a party in respect of Pre-Closing Reorganization, and the consummation by Petzed and the Subcos of the transactions contemplated by the Pre-Closing Reorganization Memorandum in connection with the completion of the Pre-Closing Reorganization are or will be within Petzed's and the Subcos' corporate powers and will be prior to Closing duly authorized, and no other corporate proceedings on the part of Petzed and the Subcos will be necessary to authorize, deliver and perform all agreements to which they will be a party or shall be necessary to authorize the consummation of the Pre-Closing Reorganization. All documents related to the Pre-Closing Reorganization will be duly executed and delivered by Petzed and the Subcos, and when executed and delivered by the other parties thereto, if any, such agreements related to the Pre-Closing Reorganization shall constitute legal, valid and binding obligations of Petzed and the Subcos, enforceable against them in accordance with their respective terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general applicable relating to or affecting the rights of creditors and that equitable remedies including specific performance, are discretionary and may not be ordered.

4.6 Absence of Conflicts

Except as disclosed in writing by Golden Crescent, none of Golden Crescent, the NPC Egypt Group or the JV Subsidiaries is a party to, bound or affected by or subject to any:

(a) Contract;

(b) charter or by-law; or

(c) Laws or Governmental Authorizations,

material to Golden Crescent, the NPC Egypt Group and the JV Subsidiaries, in each case, taken as a whole, which would be violated, breached by, or under which default would occur or an Encumbrance would be created as a result of the execution and delivery of, and the performance of obligations under, this Agreement or any of the Ancillary Agreements to be entered into under the terms of this Agreement, except for such violations, breaches, defaults or encumbrances which do not have a Material Adverse Effect.

4.7 No Sale or Assignment

Except as disclosed in writing by Golden Crescent, there has been no sale, assignment, subletting, licensing or granting of any rights in or other disposition of or in respect of any of the Assets of the NPC Egypt Group or the JV Subsidiaries other than as part of the Concurrent Arrangements, or any granting of any agreement or right capable of becoming an agreement or option for the purchase, assignment, subletting, licensing or granting of any rights in or other disposition of any of such assets other than pursuant to the provisions of, or as disclosed in, this

Agreement, as contemplated by the Concurrent Arrangements or pursuant to purchase orders for Inventory accepted by the NPC Egypt Group or the JV Subsidiaries or, prior to the completion of the Pre-Closing Reorganization, Petzed, in the ordinary course of business.

4.8 Regulatory Approvals

Except as disclosed in writing by Golden Crescent, no approval, Order, consent of or filing with any Governmental Authority is required on the part of Golden Crescent, Petzed, the NPC Egypt Group or the JV Subsidiaries, in connection with the execution, delivery and performance of this Agreement and any other documents and agreements to be delivered under this Agreement or the performance of Golden Crescent's obligations under this Agreement or any other documents and agreements to be delivered under this Agreement other than those approvals, Orders, consents or filings the failure to obtain or perform would not have a Material Adverse Effect.

4.9 NPC Egypt Financial Statements

The NPC Egypt Financial Statements have been prepared in accordance with IFRS or IAS 34, as applicable, applied on a basis consistent with that of the preceding period, and present fairly in all material respects:

(a) the assets, liabilities and financial condition of the NPC Egypt Group on a consolidated or combined consolidated basis as at the reporting dates thereof;

(b) the financial performance, cash flows and the results of operations of the NPC Egypt Group on a consolidated or combined consolidated basis for the periods reflected therein, and in particular, includes all liabilities and financial obligations of any nature, whether accrued, contingent or otherwise, and whether due or to become due as at the reporting dates thereof;

(c) the financial condition of Petzed as at the reporting dates thereof; and

(d) the financial performance and cash flows of Petzed for the periods reflected therein.

4.10 Absence of Undisclosed Liabilities

Except as disclosed in writing by Golden Crescent, or as reflected in the NPC Egypt Financial Statements, neither the NPC Egypt Group nor the JV Subsidiaries have, during the period subsequent to the date of the NPC Egypt Financial Statements, incurred any liabilities or obligations (whether accrued, absolute, contingent or otherwise), which continue to be outstanding, except those liabilities and obligations that have been incurred in the ordinary course of business consistent with past practice or that have not had a Material Adverse Effect.

4.11 Absence of Changes and Unusual Transactions

Since September 30, 2011, except as disclosed in writing by Golden Crescent or forming part of the Concurrent Arrangements, as reflected in the NPC Egypt Financial Statements, or as contemplated by this Agreement:

(a) there has not been any change in the financial condition, operations or prospects of any member of the NPC Egypt Group or the JV Subsidiaries other than changes which do not have or have not had a Material Adverse Effect;

(b) there has not been any damage, destruction, loss, labour dispute, organizing drive, application for certification or other event, development or condition of any character (whether or not covered by insurance) which has had, or could reasonably be expected to have, a Material Adverse Effect;

(c) no member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests), and neither of the JV Subsidiaries has transferred, assigned, sold or otherwise disposed of any of their respective Assets shown or reflected in the NPC Egypt Financial Statements or cancelled any material debts or entitlements, except, in each case, in the ordinary course of business and in a manner consistent with past practice;

(d) no member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) and neither of the JV Subsidiaries has incurred or assumed any obligation or liability (fixed or contingent), except unsecured current obligations and liabilities incurred in the ordinary course of business none of which has had, or could reasonably be expected to have, a Material Adverse Effect;

(e) no member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) and neither of the JV Subsidiaries has discharged or satisfied any Encumbrances, or paid any obligation or liability (fixed or contingent) other than liabilities included in the NPC Egypt Financial Statements and liabilities incurred since the date of the NPC Egypt Financial Statements in the ordinary course of business;

(f) no member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) and neither of the JV Subsidiaries has suffered any unusual or extraordinary loss, waived or omitted to take any action in respect of any rights of substantial value or entered into any commitment or transaction not in the ordinary course of business where such loss, rights, commitment or transaction is or would be material in relation to the NPC Egypt Group and the JV Subsidiaries considered as a whole;

(g) no member of the NPC Egypt Group (or Petzed in respect of Concession Employees) has granted any bonuses, whether monetary or otherwise, or made any general wage or salary increases in respect of its Employees, or changed the terms of employment for any Employee or entered into a written contract with any Employee;

(h) no member of the NPC Egypt Group (or Petzed in respect of Concession Employees) has hired or dismissed any Employees;

(i) no member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) has, directly or indirectly, engaged in any transaction, made any loan or entered into any arrangement with any officer, director, partner, shareholder, Employee (whether current or former or retired), consultant, independent contractor or agent of the NPC Egypt Group;

(j) no member of the NPC Egypt Group and neither of the JV Subsidiaries has, except for any Permitted Encumbrances, created or permitted to exist any Encumbrances affecting any of its Assets;

(k) no member of the NPC Egypt Group and neither of the JV Subsidiaries, directly or indirectly, has declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of their respective shares and has not, directly or indirectly, purchased or otherwise acquired any of their respective shares;

(l) no member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) and neither of the JV Subsidiaries has sustained any material loss or interference with their respective businesses from fire, explosion, flood or other calamity, that is not substantially covered by insurance, or from any labour disturbance or dispute or any action, order or decree of any court or arbitrator or Governmental Authority;

(m) no member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) and neither of the JV Subsidiaries has become liable under any of the Title and Operating Documents for any individual capital expenditure or commitment, or series of related capital expenditures or commitments, exceeding $500,000 that is not expressly contemplated by the current capital and operating plan or budget prepared in accordance with the Title and Operating Documents, as such operating plan or budget has been modified by agreement of the parties to the Title and Operating Documents;

(n) there has not occurred any change in accounting methods or practices (including any change in revenue recognition, capitalization, depreciation or amortization policies or rates) by any member of the NPC Egypt Group or either of the JV Subsidiaries except as may be required to comply with IFRS or IAS 34, as applicable;

(o) no member of the NPC Egypt Group or, where applicable, the JV Subsidiaries has authorized, agreed or otherwise become committed to do any of the foregoing; and

(p) no Material Adverse Change in the assets, liabilities, financial condition, business, capital, operations or results of operations of the NPC Egypt Group and the JV Subsidiaries, taken as a whole, has otherwise occurred.

4.12 Reserves and Accruals

The reserves and accrued liabilities disclosed on or reflected in the NPC Egypt Financial Statements and the Books and Records of the NPC Egypt Group are recorded in amounts equal to the liabilities in respect of which they have been established, and the NPC Egypt Group has paid or provided adequate accruals in the NPC Egypt Financial Statements for Taxes, including income taxes and related future taxes, in conformity with IFRS or IAS 34, as applicable.

4.13 Non-Arm's Length Transactions

No director or officer, former director or officer, shareholder or Employee of, or any other Person not dealing at arm's length with Petzed, any member of the NPC Egypt Group or either of the JV Subsidiaries is engaged in any transaction or arrangement with or is a party to a Contract with, or has any indebtedness, liability or obligation to, any member of the NPC Egypt Group or either of the JV Subsidiaries except for employment arrangements with Employees disclosed in writing by Golden Crescent.

4.14 No Joint Venture Interests or Strategic Alliances

Except as disclosed in writing by Golden Crescent or in connection with the Concurrent Arrangements, other than the JV Subsidiaries and the SR Concession, no member of the NPC Egypt Group is a party to a strategic alliance or co-operative agreement or is a partner, beneficiary, trustee, co-tenant, joint-venturer or otherwise a participant in any partnership, trust, joint venture, co-tenancy or similar jointly owned business undertaking and no member of the NPC Egypt Group has significant investment interests in any business owned or controlled by any Third Party.

4.15 Absence of Contingent Liabilities

Except as reflected in the NPC Egypt Financial Statements or as disclosed in writing by Golden Crescent, no member of the NPC Egypt Group and neither of the JV Subsidiaries has given or agreed to give, or is a party to or bound by, any guarantee, surety or indemnity in respect of indebtedness, or other obligations, of any Person, or any other commitment by which any member of the NPC Egypt Group or either of the JV Subsidiaries is, or is contingently, responsible for such indebtedness or other obligations.

4.16 Business in Compliance with Law

Except as disclosed in writing by Golden Crescent:

(a) the operations of the NPC Egypt Group (which for this purpose includes the NPC Egypt Subsidiaries, Petzed in respect of the Petzed Concession Interests and the NPC Egypt Concessions) and, to Golden Crescent's knowledge, the operations of the JV Subsidiaries are and have been undertaken in compliance with all applicable Laws;

(b) neither the NPC Egypt Group nor, to Golden Crescent's knowledge, the JV Subsidiaries has been threatened to be charged with or given notice of any violation of any applicable Laws; and

(c) there are no investigations presently underway, and there have been no investigations in the past, relating to violations of applicable Laws, except for failures to comply with, investigations related to or violations of applicable Laws that have not had or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

4.17 Governmental Authorizations

Except as disclosed in writing by Golden Crescent:

(a) each member of the NPC Egypt Group (including for this purpose, Petzed to the extent that it holds any NPC Egypt Permits as part of the Petzed Concession Interests) and the JV Subsidiaries own, possess, or have obtained, and are in compliance with, all licences, permits, certificates, Orders, grants, approvals and other authorizations ("**NPC Egypt Permits**") of or from any Governmental Authority that are applicable to or held by any of them, or necessary to conduct their respective business as they are now being conducted, other than those the failure to own, possess or obtain has not, or would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To the knowledge of Golden Crescent, there has not occurred within the last two years any violation of, or any default under, or any event giving rise to or potentially giving rise to any right of termination, revocation, adverse modification, non-renewal or cancellation of any NPC Egypt Permit, and no Governmental Authority has provided any member of the NPC Egypt Group or, to the knowledge of Golden Crescent, the JV Subsidiaries with notice of any of the foregoing, except for any such violation, default or event as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect; and

(b) in the case of material licenses, permits, certificates, Orders, grants, approvals and other authorizations that have been applied for in connection with the EK Concession and the SR Concession, all necessary applications have been made in a timely fashion, and Golden Crescent and the NPC Egypt Group reasonably believe that the EK Concession and the SR Concession will be ratified or approved without undue burden.

4.18 Environmental

Except as disclosed in writing by Golden Crescent, to Golden Crescent's knowledge:

(a) no member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) or the JV Subsidiaries are in material violation of any Environmental Laws;

(b) there are no Orders or directives under any Environmental Laws that require any work, repairs, construction or capital expenditures to which any member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) or either of the JV Subsidiaries are subject, that have not been fully complied with other than those Orders and directives the failure to comply with has not had, or would not reasonably be expected, whether individually or in the aggregate, to have, a Material Adverse Effect;

(c) there are no outstanding demands or notices issued under Environmental Laws with respect to the breach of any Environmental Laws by any member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) or either of the JV Subsidiaries, including in respect of the use, storage, treatment, transportation, handling or disposition of Hazardous Substances, or the protection of the Environment, other than those breaches where the failure to rectify has not had, or would not reasonably be expected, whether individually or in the aggregate, to have, a Material Adverse Effect; and

(d) no member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) or either of the JV Subsidiaries has failed to report to the proper federal, provincial, state, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign, the occurrence of any event which is required to be so reported by any Environmental Laws.

4.19 Employment Matters

(a) Golden Crescent has provided Sea Dragon with a complete list of Employees and consultants engaged in respect of the business of Petzed, the NPC Egypt Group and the NPC Egypt Concessions (the "**NPC Egypt Consultants**"), together with their titles, service dates and terms of employment, including current wages, salaries or hourly rate of pay, benefits, vacation entitlement, commissions and bonus (whether monetary or otherwise) or other compensation paid since the beginning of the most recently completed fiscal year or payable to each such Employee or NPC Egypt Consultant, as applicable, and the date upon which each such term of employment or engagement, as applicable, became effective if it became effective in the 12 month period prior to the date of this Agreement. Except as disclosed in writing by Golden Crescent, no Employees are on inactive status, including lay off, short-term disability leave, long-term disability leave, pregnancy and parental leave or other extended absences, or are receiving benefits pursuant to worker's compensation legislation.

(b) Current and complete copies of all Employment Contracts or, where oral, written summaries of the terms thereof, requested by Sea Dragon have been delivered or made available to Sea Dragon. Except for those Employment Contracts disclosed in writing by Golden Crescent, there are no written Employment Contracts with any Employees which are not terminable on the giving of reasonable notice in accordance with applicable Laws.

(c) There are no Claims, pending Claims nor, to the knowledge of Golden Crescent, threatened Claims pursuant to any Laws relating to the Employees or former Employees, including employment standards, human rights, labour relations, occupational health and safety, workers' compensation, or pay equity. To the knowledge of Golden Crescent, nothing has occurred which might lead to a Claim under any such Laws. To the knowledge of Golden Crescent, there are no outstanding decisions, Orders or settlements or pending settlements which place any obligation upon NPC, Petzed or any member of the NPC Egypt Group relating to any Employee to do or refrain from doing any act.

(d) To the knowledge of Golden Crescent, all current assessments under workers' compensation legislation applicable to any of the Employees or the NPC Egypt Consultants and all contractors and subcontractors engaged by the NPC Egypt Group or, if applicable, by NPC or Petzed in respect of the NPC Egypt Concessions, have been paid or accrued. None of NPC, Petzed or any member of the NPC Egypt Group has been or is subject to any additional or penalty assessment under such legislation which has not been paid or has been given notice of any audit relating to any Employee or NPC Egypt Consultant. There are no pending or, to the knowledge of Golden Crescent, potential assessments, experience rating charges or Claims which could adversely affect any member of the NPC Egypt Group's premium payments or accident cost experience or result in any additional payments in connection with the business of the NPC Egypt Group and the NPC Egypt Concessions.

(e) To the knowledge of Golden Crescent, there have been no fatal or critical accidents in the last three years involving Employees or NPC Egypt Consultants.

(f) Other than as required pursuant to applicable Laws and except as disclosed in writing by Golden Crescent, there are no payments owing or that will become owing in connection with the Transactions to any Employees or NPC Egypt Consultants, any directors or officers of NPC, Petzed or the NPC Egypt Group under any Employee Obligations or Benefits Plans.

(g) None of the NPC Egypt Subsidiaries have any Employees or Employee Obligations.

4.20 No Collective Agreements

Other than as required pursuant to applicable Laws and except as disclosed in writing by Golden Crescent:

(a) no union or employment association has bargaining rights in respect of any member of the NPC Egypt Group, either of the JV Subsidiaries or any Employees or any Persons providing on-site services in connection with the business of the NPC Egypt Group, the JV Subsidiaries and the NPC Egypt Concessions; and

(b) no member of the NPC Egypt Group and neither of the JV Subsidiaries is a party to or bound by, either directly or indirectly, voluntarily or by operation of law, any collective agreement.

4.21 No Pension and Other Benefits Plans

Other than as required pursuant to applicable Laws (including for this purpose, EGPC, EGAS and Ministry of Petroleum regulations) and except as disclosed in writing by Golden Crescent:

(a) no member of the NPC Egypt Group and neither of the JV Subsidiaries has any Benefits Plans;

(b) no member of the NPC Egypt Group and neither of the JV Subsidiaries has made a promise or commitment, whether legally binding or not, to create any Benefits Plans; and

(c) no member of the NPC Egypt Group and neither of the JV Subsidiaries has any Pension Plans.

4.22 Insurance

Petzed, the NPC Egypt Group and the JV Subsidiaries maintain such policies of insurance, issued by responsible insurers, as are appropriate to their operations, property and Assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. All such policies of insurance are in full force and effect (including those maintained by Petzed in respect of the Petzed Concession Interests) and no member of the NPC Egypt Group, Petzed or either of the JV Subsidiaries is in default, as to the payment of premiums or otherwise, under the terms of any such policy. Golden Crescent has provided Sea Dragon with: (a) a complete list of all policies of insurance which the NPC Egypt Group, Petzed (but only to the extent that such policies relate to the Petzed Concession Interests) or the JV Subsidiaries maintain and the particulars of such policies, including the name of the insurer, the risk insured against, the amount of coverage and the amount of any deductible; (b) details of any self-insurance arrangements by or affecting the NPC Egypt Group, Petzed (but only to the extent that such policies relate to the Petzed Concession Interests) and the JV Subsidiaries, including any reserves established thereunder; and (c) details of any insurance coverage provided to Third Parties and details of the policies under which such coverage is provided.

4.23 Material Contracts

Golden Crescent has provided Sea Dragon with a complete list of all Material Contracts of the NPC Egypt Group (including Material Contracts to which Petzed is a party to the extent expressly contemplated in the definition of "Material Contracts" in Section 1.1) and the JV Subsidiaries (excluding those entered into subsequent to the date of this Agreement in connection with the Concurrent Arrangements), all of which are, except as disclosed in writing by Golden Crescent, in full force and effect, unamended, and other than as disclosed in writing by Golden Crescent, there are no outstanding material defaults (or events which would constitute a material default with the passage of time or giving of notice or both) under any such Material Contract on the part of Petzed, any member of the NPC Egypt Group or the JV Subsidiaries or, to the knowledge of Golden Crescent, on the part of any other party to such Material Contracts. Petzed, each member of the NPC Egypt Group and the JV Subsidiaries has the capacity, including the necessary personnel, equipment and supplies, to perform all of its respective obligations under such Material Contracts. True and complete copies of the Material Contracts of the NPC Egypt Group (including Material Contracts to which Petzed is a party to the extent expressly contemplated in the definition of "Material Contracts" in Section 1.1) and the JV Subsidiaries (excluding those entered into subsequent to the date of this Agreement in connection with the Concurrent Arrangements) have been delivered or made available to Sea Dragon prior to the date of this Agreement and, except as disclosed in writing by Golden Crescent, there are no current or pending negotiations with respect to the renewal, repudiation or amendment of any such Material Contracts.

4.24 Litigation

Except as disclosed in writing by Golden Crescent, there are no Claims, investigations, complaints or other proceedings, including appeals and applications for review, in progress, or, to the knowledge of Golden Crescent, pending or threatened against any member of the NPC Egypt Group or either of the JV Subsidiaries before any Governmental Authority, which, if determined adversely to any member of the NPC Egypt Group or either of the JV Subsidiaries, would:

(a) have a Material Adverse Effect;

(b) enjoin, restrict or prohibit the transfer of all or any part of the Purchased Shares as contemplated by this Agreement; or

(c) delay, restrict or prevent any member of the NPC Egypt Group either of or the JV Subsidiaries from fulfilling any of their respective obligations set out in, or arising from, this Agreement or any Ancillary Agreements to which it is a party.

4.25 Oil and Gas Activities

Except as disclosed in writing by Golden Crescent:

(a) The Assets are free and clear of all Encumbrances created by, through or under Petzed, any member of the NPC Egypt Group or either of the JV Subsidiaries other than the Permitted Encumbrances, and no Governmental Authority has challenged, or, to Golden Crescent's knowledge, threatened to challenge, any of the concessions, possessory rights, rights of occupation or other real property interests of the NPC Egypt Group or the JV Subsidiaries.

(b) To the knowledge of Golden Crescent, the Title and Operating Documents (excluding those entered into subsequent to the date of this Agreement in connection with the Concurrent Arrangements) are all in full force and effect and there are no outstanding material defaults (or events which would constitute a material default with the passage of time or giving of notice or both) under any such Title and Operating Documents on the part of Petzed, any member of the NPC Egypt Group or either of the JV Subsidiaries or on the part of any other party to such Title and Operating Documents.

(c) To the knowledge of Golden Crescent and subject to the covenants and conditions of the NPC Egypt Concession Documents to be performed and observed by Petzed, the NPC Egypt Group or the JV Subsidiaries, Petzed, the NPC Egypt Group and the JV Subsidiaries may hold the Petroleum and Natural Gas Rights granted to them pursuant to the NPC Egypt Concession Documents for the remainder of the respective terms thereunder, and all renewals or extensions of such terms, for their own benefit without interruption by any Person claiming by, through or under Petzed, any member of the NPC Egypt Group or either of the JV Subsidiaries.

(d) During the period of time in which any member of the NPC Egypt Group or either of the JV Subsidiaries, as the case may be, was the operator of the Wells, none of the Wells has been produced in excess of applicable production allowables imposed by any applicable Laws or any Governmental Authority, and Golden Crescent does not have any knowledge of any impending change in production allowables imposed by any applicable Laws or any Governmental Authority that may be applicable to any of the Wells, other than changes of general application in the jurisdiction in which the Wells are situated.

(e) No member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) or either of the JV Subsidiaries has received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Authority, and to Golden Crescent's knowledge, none of the Wells is subject to any such penalty or restriction.

(f) None of the Petroleum and Natural Gas Rights are subject to reduction by reference to payout of or production penalty on the working interest of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) or the JV Subsidiaries in any Well or otherwise, or to change to an interest of any other size or nature by virtue of or through any right or interest granted by, through or under any member of the NPC Egypt Group (including for this purpose, Petzed in respect of the Petzed Concession Interests) or either of the JV Subsidiaries.

(g) To the knowledge of Golden Crescent, all royalties and rents payable on or before the date hereof under the NPC Egypt Concession Documents and similar arrangements based upon or measured by the ownership of such assets or the production of Petroleum Substances derived therefrom or allocated thereto or the proceeds of sales thereof payable on or before the date hereof have been properly paid in full and in a timely manner or accrued in the NPC Egypt Financial Statements.

(h) There are no consulting agreements, marketing agreements, assistance agreements or similar agreements to which any member of the NPC Egypt Group (including for this purpose, Petzed, to the extent that it is a party to any consulting agreements, marketing agreements, assistance agreements or similar agreements in respect of the Petzed Concessions) or either of the JV Subsidiaries is a party and pursuant to which any member of the NPC Egypt Group or either of the JV Subsidiaries is required to make a payment to a third party based in whole or in part on levels of production, prices received for production, areas of land included within a concession or license area or similar arrangements relating to the Assets.

(i) No officer, director, employee or any other Person not dealing at arm's length with any member of the NPC Egypt Group, Petzed or either of the JV Subsidiaries or, to the knowledge of Golden Crescent, any associate or Affiliate of any such Person, owns, has or is entitled to any royalty, net profits interest, carried interest or any other Encumbrance or Claims of any nature whatsoever which are based in whole or in part on levels of production, prices received for production, areas of land included within a concession or license area or similar arrangements relating to the Assets.

(j) There are no outstanding AFEs pertaining to any of the Concession Areas or any other commitments, approvals or authorizations approved or received by Petzed, any member of the NPC Egypt Group or either of the JV Subsidiaries, as the case may be, for approval, pursuant to which an expenditure may be required to be made in respect of the Concession Areas after the date of the NPC Egypt Financial Statements in excess of $100,000 for each such commitment, approval or authorization.

(k) There are no active areas of mutual interest or areas of exclusion provisions (or similar arrangements) in any of the Title and Operating Documents or any other material agreements to which the Petroleum and Natural Gas Rights are subject (excluding those Title and Operating Documents and other material agreements entered into subsequent to the date of this Agreement in connection with the Concurrent Arrangements).

(l) Neither the NPC Egypt Group, Petzed nor the JV Subsidiaries has received any written notice that the NPC Egypt Concession Documents are subject to any accrued drilling or off-set obligations which have not been satisfied or permanently waived.

(m) No member of the NPC Egypt Group or either of the JV Subsidiaries have any take or pay obligations of any kind or nature whatsoever.

(n) No member of the NPC Egypt or either of the JV Subsidiaries have any Third Party processing or transportation agreements or any obligations to deliver sales volumes to any other Person that have not been entered into with arm's length Third Parties and in the ordinary course of business of any member of the NPC Egypt Group or either of the JV Subsidiaries.

4.26 Reserve Reports

(a) There has been no material change, adverse in nature, to the oil and natural gas reserves in the aggregate as reported on a consolidated basis in the NPC Egypt Reserve Reports since the respective dates of the NPC Egypt Reserve Reports (other than changes that result from: (i) actual production of such reserves; (ii) changes in the market price (whether on a current or forward basis) of crude oil, natural gas or natural gas liquids; (iii) currency exchange fluctuations; (iv) changes in the assumptions contained in the NPC Egypt Reserve Reports regarding future operating costs, development costs, abandonment and reclamation costs, royalty rates, income taxes and inflation rates; or (v) consummation of any of the Concurrent Arrangements.

(b) The NPC Egypt Reserve Reports present, as at the respective dates thereof, the determination of the aggregate oil and natural gas reserves and resources attributable to the properties evaluated in such NPC Egypt Reserve Reports and the aggregate production profile and costs associated therewith, in accordance with Petroleum Resources Management System and based on the assumptions set forth in such reports.

(c) Petzed made available to Ryder Scott, prior to the issuance of the NPC Egypt Reserve Reports, all information requested by Ryder Scott for the purposes of preparing the NPC Egypt Reserve Reports which would be material to the determination of the oil and natural gas reserves and resources attributable to the properties evaluated in such NPC Egypt Reserve Reports.

4.27 Tax Matters

Other than as disclosed in writing to Sea Dragon, to the knowledge of Golden Crescent:

(a) Each member of the NPC Egypt Group and the JV Subsidiaries, in all material respects, has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Authority and has duly, completely and correctly reported all income and all other amounts and information required to be reported thereon if obliged to do so by Applicable Taxation Legislation.

(b) Each member of the NPC Egypt Group and the JV Subsidiaries, in all material respects, has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by it if obliged to do so by Applicable Taxation Legislation.

(c) No member of the NPC Egypt Group or the JV Subsidiaries has requested or entered into any agreement or other arrangement, or executed any waiver, providing for any material extension of time within which: (i) to file any Tax Return covering any Taxes for which any member of the NPC Egypt Group or the JV Subsidiaries is or may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which any member of the NPC Egypt Group or the JV Subsidiaries is or may be liable; (iii) any member of the NPC Egypt Group or the JV Subsidiaries is required to pay or remit any Taxes or amounts on account of Taxes; or (iv) any Governmental Authority may assess or collect Taxes for which any member of the NPC Egypt Group or the JV Subsidiaries is or may be liable.

(d) Other than those agreements and arrangements described in Section 4.27(c), no member of the NPC Egypt Group or the JV Subsidiaries has within the last three years made, prepared and/or filed any material elections, designations or similar filings relating to Taxes or entered into any material agreement or other arrangement in respect of Taxes or Tax Returns that is not disclosed in the Tax Returns of the relevant member of the NPC Egypt Group or the JV Subsidiaries.

(e) There are no material proceedings, investigations, audits or Claims now pending or threatened against any member of the NPC Egypt Group or the JV Subsidiaries in respect of any Taxes and there are no material matters under discussion, audit or appeal with any Governmental Authority relating to Taxes.

(f) Each member of the NPC Egypt Group and the JV Subsidiaries, in all material respects, has duly and timely withheld all Taxes and other amounts required by Applicable Taxation Legislation to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the account or benefit of any Person, including any Employees, officers or directors and any non-resident Person), and has duly and timely remitted to the appropriate Governmental Authority such Taxes and other amounts required by Applicable Taxation Legislation to be remitted by it.

(g) Each member of the NPC Egypt Group and the JV Subsidiaries, in all material respects, has duly and timely collected all amounts on account of any sales or transfer taxes required by Applicable Taxation Legislation to be collected by it and has duly and timely remitted to the appropriate Governmental Authority any such amounts required by Applicable Taxation Legislation to be remitted by it.

(h) At no time during the 60 month period that ends at the Closing Time was more than 50% of the fair market value of the Purchased Shares derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada; (ii) "Canadian resource property" (as defined in the Tax Act); (iii) "timber resource property" (as defined in the Tax Act); and (iv) options in respect of, or interests in, or for civil law rights in, property described in any of the foregoing, whether or not the property exists;

(i) For the purposes of the Tax Act and any relevant income tax convention, each member of the NPC Egypt Group is a corporation resident in its jurisdiction of incorporation or the jurisdiction in which its business is principally carried on and is not resident in Canada.

4.28 Inventories

All Inventories are valued on the Books and Records of the NPC Egypt Group using the weighted average cost method, subject to a reasonable allowance for obsolescence.

4.29 Books and Records

The Books and Records of each member of the NPC Egypt Group and the Petzed Books and Records have been maintained in accordance with generally accepted business practices and fairly disclose in all material respects the financial position of the NPC Egypt Group and all material financial transactions relating to the businesses carried on by the NPC Egypt Group have been accurately recorded in all material respects in such books and records.

4.30 Corporate Records

The corporate records and minute books of each member of the NPC Egypt Group have been delivered or made available, or will be delivered or made available, to Sea Dragon at Closing. The minute books contain, or will contain at Closing, complete and true copies of each member of the NPC Egypt Group's constitutional and other constating documents (including all amendments thereto), and the minutes of all meetings of the directors or shareholders held to date, all resolutions passed by the directors and shareholders and the registers of shareholders, share transfers and directors of each member of the NPC Egypt Group, as applicable, contained, or to be contained therein are, or will be, complete and accurate in all material respects.

4.31 Personal Information

Golden Crescent's use and disclosure of Personal Information in connection with its evaluation of the Transactions has been carried out in compliance with all applicable Laws.

4.32 No Broker

Neither Golden Crescent, Petzed, the NPC Egypt Group nor the JV Subsidiaries has incurred any obligation or liability for brokerage, finder's or other fees or commissions, in connection with the Transactions for which Sea Dragon shall have any obligation or liability whatsoever.

4.33 Disclaimer of Additional Representations and Warranties

Golden Crescent makes no representation or warranty, express or implied, in fact or by law, with respect to:

(a) any member of the NPC Egypt Group's or the JV Subsidiaries' title to the Assets other than as expressly provided in Section 4.25;

(b) the quality, condition, merchantability, serviceability or suitability or fitness for any particular purpose of the Assets other than expressly provided in Section 4.28;

(c) the quality, quantity or recoverability of the Petroleum Substances within, upon or under the Concession Areas;

(d) the future revenues from the Assets or cash flows applicable thereto;

(e) any engineering, geological, production or other information or interpretations thereof, or any economic evaluations respecting the Assets other than as expressly provided in Section 4.26;

(f) the Environmental condition of any of the Concession Areas or Assets or any Environmental Liability other than as expressly provided in Section 4.18; or

(g) the Title and Operating Documents other than as expressly provided in Section 4.25.

Sea Dragon acknowledges that with the exception of the representations and warranties that are expressly being made in Section 4.1 through to Section 4.32, as set forth in the Ancillary Agreements or in certificates delivered at Closing, Golden Crescent is not making any representation or warranty in connection with the Transactions, and that Sea Dragon is relying solely on its own counsel (including all tax and legal counsel) and its own investigations and due diligence of Petzed, the NPC Egypt Group, the JV Subsidiaries, the Assets and the financial condition and liabilities of Petzed, the NPC Egypt Group and the JV Subsidiaries (including Environmental Liabilities) and that it has made, or has had others make, such evaluation and inspection of Petzed, the NPC Egypt Group and the JV Subsidiaries, the Assets, their respective financial condition, all liabilities (including Environmental Liabilities) and results of operations as it deems appropriate, and is not relying on any representation, warranty or covenant not expressly set forth in Section 4.1 through to Section 4.32, in the Ancillary Agreements or in certificates delivered at Closing, or on any statement by or discussions with Golden Crescent, its Related Parties or any of their Representatives.

4.34 Nature and Survival

(a) The representations and warranties of Golden Crescent contained in this Article 4 shall survive the execution and delivery of this Agreement and shall survive Closing and shall continue in effect until no party can make a claim for indemnification under Section 13.1 in light of the limitations set forth in Section 13.4.

(b) After expiry of the applicable survival period specified above, if no Claim shall have been made hereunder prior to expiry of such survival periods against Golden Crescent by Sea Dragon with respect to any incorrectness in or breach of any representations or warranty contained herein, Golden Crescent shall have no further liability hereunder with respect to any such representation or warranty.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF SEA DRAGON

Sea Dragon hereby represents and warrants to Golden Crescent the matters set out below and acknowledges that Golden Crescent is relying upon such representations and warranties in connection with the entering into of this Agreement and the Ancillary Agreements and the consummation of the Transactions:

5.1 Incorporation and Corporate Power

Sea Dragon is a corporation, duly incorporated, validly subsisting and in good standing under the laws of Canada and has all necessary corporate power, authority and capacity to own, lease and operate its properties and assets and to carry on its business as presently conducted, except where the failure to be so incorporated, validly existing or in good standing, or to have such power, authority and capacity would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect. Sea Dragon is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as presently conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which have not had, and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

5.2 Capitalization

(a) The authorized share capital of Sea Dragon consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series.

As at the date hereof, there are 376,459,358 Common Shares issued and outstanding in the capital of Sea Dragon and the number of Common Shares outstanding on a fully diluted basis is 426,469,358, which for greater certainty, in connection with the 426,469,358 Common Shares represented as being outstanding on a fully diluted basis, includes all rights to Common Shares issuable under the Sea Dragon Warrants and the Sea Dragon Options issued pursuant to the provisions of the Sea Dragon Option Plan. As at the date hereof, there are no preferred shares of Sea Dragon issued and outstanding. All of the outstanding Common Shares have been duly and validly issued and are outstanding as fully paid and non-assessable shares.

(b) Other than as disclosed in writing by Sea Dragon or as contemplated in connection with the Transactions, no Person has any agreement, option, right or privilege with or against any member of the Sea Dragon Group for the purchase, subscription or issuance of any securities of any other member of the Sea Dragon Group except for agreements, options, rights or privileges to acquire Common Shares pursuant to:

(i) the exercise of Sea Dragon Options or the exercise of Sea Dragon Warrants, in each case as outstanding on the date hereof; or

(ii) the completion of the IFC Private Placement on or prior to the Closing Date,

all as more particularly disclosed in writing by Sea Dragon.

5.3 Sea Dragon Subsidiaries

(a) Sea Dragon has disclosed in writing the following information with respect to each of the Sea Dragon Subsidiaries: (i) its name; (ii) as at the date hereof, the number, type and principal amount, as applicable, of its outstanding equity securities of the subsidiary and a list of registered holders thereof; and (iii) its jurisdiction of incorporation or organization.

(b) Each of the Sea Dragon Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has all necessary corporate power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted, except where the failure to be so incorporated, validly existing or in good standing, or to have such power, authority and capacity would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(c) The Sea Dragon Subsidiaries are all the subsidiaries of Sea Dragon. Sea Dragon is, directly or indirectly, the registered and beneficial owner of all of the outstanding shares or other equity securities of each of the Sea Dragon Subsidiaries, free and clear of any Encumbrances. All of the shares in each of the Sea Dragon Subsidiaries have been duly and validly issued and are outstanding as fully paid and non-assessable shares and are not subject to, nor have they been issued in violation of, any pre-emptive rights.

(d) No options, warrants or other rights to purchase shares or other securities of any of the Sea Dragon Subsidiaries and no securities or obligations convertible into or exchangeable for shares or other securities of any of the Sea Dragon Subsidiaries have been authorized or agreed to be issued or are outstanding.

5.4 Due Authorization and Enforceability of Obligations

The execution, delivery and performance by Sea Dragon of this Agreement and the Ancillary Agreements to which it is a party, and the consummation by Sea Dragon of the Transactions, are within Sea Dragon's corporate powers and have been (or will prior to Closing be) duly authorized, and no other corporate proceedings on the part of Sea Dragon are necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Agreements to which it is a party or shall be necessary to authorize the consummation of the Transactions other than in connection with the approval of the Sea Dragon Meeting Circular by the Sea Dragon Board and the Sea Dragon Shareholder Approval, each in the manner required by applicable Laws. This Agreement has been, and the Ancillary Agreements to which Sea Dragon is a party will be, duly executed and delivered by Sea Dragon, and when duly executed and delivered by the other parties hereto and thereto, this Agreement and the Ancillary Agreements shall constitute legal, valid and binding obligations of Sea Dragon, enforceable against it in accordance with their respective terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting the rights of creditors and that equitable remedies including specific performance, are discretionary and may not be ordered.

5.5 Absence of Conflicts

Except as disclosed in writing by Sea Dragon, no member of the Sea Dragon Group is a party to, bound or affected by or subject to any:

(a) Contract;

(b) charter or by-law; or

(c) Laws or Governmental Authorizations;

material to the Sea Dragon Group, taken as a whole, which would be violated, breached by, or under which default would occur or an Encumbrance would be created as a result of the execution and delivery of, and the performance of obligations under, this Agreement or any of the Ancillary Agreements to be entered into under the terms of this Agreement, except for such violations, breaches, defaults or encumbrances which do not have a Material Adverse Effect.

5.6 Canadian Securities Law Matters

(a) Sea Dragon is a "reporting issuer" in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is not on the list of reporting issuers in default under the Applicable Canadian Securities Laws (except in respect of Newfoundland who does not maintain such a list), and is not in default of any material requirements of any Applicable Canadian Securities Laws, whether in relation to the Transactions or otherwise.

(b) The Common Shares are listed and posted for trading on the TSX-V, and Sea Dragon is in compliance in all material respects with the policies and requirements of the TSX-V.

(c) No order, ruling or decision granted by any securities commission, stock exchange, court of competent jurisdiction or regulatory or administrative body or other Governmental Authority having jurisdiction is in effect, pending or, to the knowledge of Sea Dragon, threatened, that restricts any trades in any securities of Sea Dragon and, to the knowledge of Sea Dragon, no facts or circumstances exist which could reasonably be expected to give rise to any such order, ruling or decision or other similar claims or investigations.

(d) No securities commission or similar regulatory authority or stock exchange has issued any orders which are currently outstanding preventing or suspending trading in any securities of Sea Dragon, no such proceedings are pending, or, to the knowledge of Sea Dragon, contemplated or threatened.

(e) The documents comprising the Sea Dragon Filings comply as filed or furnished, or shall comply when filed or furnished, in all material respects with the requirements of Applicable Canadian Securities Laws, did not at the time filed with or furnished to, and shall not at any time filed with or furnished to, the Canadian Securities Regulatory Authorities, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made.

(f) Sea Dragon has timely filed with the Canadian Securities Regulatory Authorities and the TSX-V all material forms, reports, schedules, certifications, statements, agreements and other documents required to be filed by Sea Dragon with the Canadian Securities Regulatory Authorities and the TSX-V since December 31, 2008. Sea Dragon has not filed any confidential material change report with the Canadian Securities Regulatory Authorities which at the date hereof remains confidential.

5.7 Closing Share Consideration

(a) The Common Shares comprising the Common Share Consideration have been, or will at Closing be, duly authorized for issuance and sale by all necessary action on the part of Sea Dragon and, when issued and delivered by Sea Dragon, will be validly issued, will be outstanding as fully paid and non-assessable shares in the capital of Sea Dragon, will be free from all Encumbrances created by or through Sea Dragon, will rank *pari passu* in all respects with all other outstanding Common Shares, will not have been issued in violation of or subject to any pre-emptive rights or other contractual rights to purchase securities issued by Sea

Dragon, and upon compliance with customary listing conditions imposed by the TSX-V in connection with the Transactions, will be listed and posted for trading on the TSX-V.

(b) The Preferred Shares comprising the Preferred Share Consideration, and the Common Shares issuable upon conversion of the Preferred Share Consideration, have been, or will at Closing be, duly authorized for issuance and sale by all necessary action on the part of the Preferred Share Issuer and, when issued and delivered by the Preferred Share Issuer, will be validly issued, will be outstanding as fully paid and non-assessable shares in the capital of the Preferred Share Issuer, will be free from all Encumbrances created through or by the Preferred Share Issuer or Sea Dragon and will not have been issued in violation of or subject to any pre-emptive rights or other contractual rights to purchase securities from Sea Dragon. The Common Shares issuable upon due conversion of the Preferred Share Consideration will, when issued and delivered by Sea Dragon, upon such due conversion, be validly issued, will be outstanding as fully paid and non-assessable shares in the capital of Sea Dragon, will be free from all Encumbrances created by or through Sea Dragon, will rank *pari passu* in all respects with all other outstanding Common Shares, will not have been issued in violation of or subject to any pre-emptive rights or other contractual rights to purchase securities issued by Sea Dragon, and upon compliance with listing conditions imposed by the TSX-V, will be listed and posted for trading on the TSX-V.

5.8 Transfer Agent

Equity Financial Trust Company, at its principal office in Calgary, Alberta, has been duly appointed as the registrar and transfer agent of the Common Shares.

5.9 Regulatory Approvals

Other than the TSX-V Approval and the Sea Dragon Shareholder Approval and except as disclosed in writing by Sea Dragon, no approval, Order, consent of or filing with any Governmental Authority is required on the part of any member of the Sea Dragon Group, in connection with the execution, delivery and performance of this Agreement and any other documents and agreements to be delivered under this Agreement or the performance of Sea Dragon's obligations under this Agreement or any other documents and agreements to be delivered under this Agreement, other than:

(a) the filing with the Canadian Securities Regulatory Authorities and the TSX-V, as applicable, of the Sea Dragon Meeting Circular, certain documents prescribed by the policies of the TSX-V, a report of exempt distribution, press releases, material change reports and a business acquisition report in connection with the Transactions as required under Applicable Canadian Securities Laws; and

(b) those approvals, Orders, consents or filings the failure to obtain or perform would not have a Material Adverse Effect.

5.10 Disclosure Controls

Sea Dragon has established and maintains controls and procedures to ensure that material information required to be disclosed by Sea Dragon, including the Sea Dragon Subsidiaries, under Applicable Canadian Securities Laws is accumulated and communicated to management of Sea Dragon, including Sea Dragon's Chief Executive Officer and Chief Financial Officer, by others within those entities, as appropriate to allow timely decisions regarding required disclosure.

5.11 Sea Dragon Financial Statements

(a) The Sea Dragon Financial Statements:

(i) have been prepared in accordance with Canadian GAAP or IFRS, as applicable, applied on a basis consistent with that of the preceding period;

(ii) present fairly in all material respects:

(A) the assets, liabilities and financial condition of Sea Dragon and the Sea Dragon Subsidiaries on a consolidated basis as at the reporting dates thereof; and

(B) the financial performance, cash flows and the results of operations of the Sea Dragon Group on a consolidated basis for the periods reflected therein and in particular, include all liabilities and financial obligations of any nature, whether accrued, contingent or otherwise, and whether due or to become due as at the reporting dates thereof; and

(iii) comply in all material respects with the requirements of Applicable Canadian Securities Laws.

(b) No Employee or officer or director of Sea Dragon has refused to execute any certification, or any nature whatsoever, required by Applicable Canadian Securities Laws.

5.12 Absence of Undisclosed Liabilities

Except as disclosed in writing by Sea Dragon, the Sea Dragon Group has not, during the period subsequent to the date of the Sea Dragon Financial Statements, incurred any liabilities or obligations (whether accrued, absolute, contingent or otherwise), which continue to be outstanding, except those liabilities and obligations that have been incurred in the ordinary course of business consistent with past practice or that have not a Material Adverse Effect.

5.13 Absence of Changes and Unusual Transactions

Since December 31, 2011, except as disclosed in writing by Sea Dragon or as contemplated by this Agreement:

(a) there has not been any change in the financial condition, operations or prospects of any member of the Sea Dragon Group other than changes which do not have or have not had a Material Adverse Effect;

(b) there has not been any damage, destruction, loss, labour dispute, organizing drive, application for certification or other event, development or condition of any character (whether or not covered by insurance) which has had, or could reasonably be expected to have, a Material Adverse Effect;

(c) no member of the Sea Dragon Group has transferred, assigned, sold or otherwise disposed of any of their respective Assets shown or reflected in the Sea Dragon Financial Statements or cancelled any material debts or entitlements, except, in each case, in the ordinary course of business and in a manner consistent with past practice;

(d) no member of the Sea Dragon Group has incurred or assumed any obligation or liability (fixed or contingent), except unsecured current obligations and liabilities incurred in the ordinary course of business none of which has had, or could reasonably be expected to have, a Material Adverse Effect;

(e) no member of the Sea Dragon Group has discharged or satisfied any Encumbrances, or paid any obligation or liability (fixed or contingent) other than liabilities included in the Sea Dragon Financial Statements and liabilities incurred since the date of the Sea Dragon Financial Statements in the ordinary course of business;

(f) no member of the Sea Dragon Group has suffered any unusual or extraordinary loss, waived or omitted to take any action in respect of any rights of substantial value or entered into any commitment or transaction not in the ordinary course of business where such loss, rights, commitment or transaction is or would be material in relation to the Sea Dragon Group considered as a whole;

(g) no member of the Sea Dragon Group has granted any bonuses, whether monetary or otherwise, or made any general wage or salary increases in respect of its Employees, or changed the terms of employment for any Employee or entered into a written contract with any Employee;

(h) no member of the Sea Dragon Group has hired or dismissed any Employees;

(i) no member of the Sea Dragon Group has, directly or indirectly, engaged in any transaction, made any loan or entered into any arrangement with any officer, director, partner, shareholder, Employee (whether current or former or retired), consultant, independent contractor or agent of Sea Dragon or any of the Sea Dragon Subsidiaries;

(j) no member the Sea Dragon Group has, except for any Permitted Encumbrances, created or permitted to exist any Encumbrances affecting any of its Assets;

(k) no member of the Sea Dragon Group, directly or indirectly, has declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of its shares and has not, directly or indirectly, purchased or otherwise acquired any of its shares;

(l) no member of the Sea Dragon Group has sustained any material loss or interference with their respective businesses from fire, explosion, flood or other calamity, that is not substantially covered by insurance, or from any labour disturbance or dispute or any action, order or decree of any court or arbitrator or Governmental Authority;

(m) no member of the Sea Dragon Group has become liable under any of the Title and Operating Documents for any individual capital expenditure or commitment, or series of related capital expenditures or commitments, exceeding $500,000 that is not expressly contemplated by the current capital and operating plan or budget prepared in accordance with the Title and Operating Documents, as such operating plan or budget has been modified by agreement of the parties to the Title and Operating Documents;

(n) there has not occurred any change in accounting methods or practices (including any change in revenue recognition, capitalization, depreciation or amortization policies or rates) by or any member of the Sea Dragon Group except as may be required to comply with Canadian GAAP or IFRS, as the case may be;

(o) no member of the Sea Dragon Group has authorized, agreed or otherwise become committed to do any of the foregoing; and

(p) no Material Adverse Change in the assets, liabilities, financial condition, business, capital, operations or results of operations of the Sea Dragon Group, taken as a whole, has otherwise occurred.

5.14 Reserves and Accruals

The reserves and accrued liabilities disclosed on or reflected in the Sea Dragon Financial Statements and the Books and Records of Sea Dragon are recorded in amounts equal to the liabilities in respect of which they have been established, and Sea Dragon has paid or provided adequate accruals in the Sea Dragon Financial Statements for Taxes, including income taxes and related future taxes, in conformity with Canadian GAAP or IFRS, as applicable.

5.15 Non-Arm's Length Transactions

No director or officer, former director or officer, shareholder or Employee of, or any other Person not dealing at arm's length with any member of the Sea Dragon Group is engaged in any transaction or arrangement with or is a party to a Contract with, or has any indebtedness, liability or obligation to, any member of the Sea Dragon Group except for employment arrangements with Employees disclosed in writing by Sea Dragon.

5.16 No Joint Venture Interests or Strategic Alliances

Except as disclosed in writing by Sea Dragon, no member of the Sea Dragon Group is a party to a strategic alliance or co-operative agreement or is a partner, beneficiary, trustee, co-tenant, joint-venturer or otherwise a participant in any partnership, trust, joint venture, co-tenancy or similar jointly owned business undertaking and no member of the Sea Dragon Group has significant investment interests in any business owned or controlled by any Third Party.

5.17 Absence of Contingent Liabilities

Except as reflected in the Sea Dragon Financial Statements or as disclosed in writing by Sea Dragon, no member of the Sea Dragon Group has given or agreed to give, or is a party to or bound by, any guarantee, surety or indemnity in respect of indebtedness, or other obligations, of any Person, or any other commitment by which any member of the Sea Dragon Group is, or is contingently, responsible for such indebtedness or other obligations.

5.18 Business in Compliance with Law

Except as disclosed in writing by Sea Dragon:

(a) the operations of the Sea Dragon Group are and have been undertaken in compliance with all applicable Laws;

(b) no member of the Sea Dragon Group has been threatened to be charged with or given notice of any violation of any applicable Laws; and

(c) there are no investigations presently underway, and there have been no investigations in the past, relating to violations of applicable Laws,

except for failures to comply with, investigations related to or violations of applicable Laws that have not had or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

5.19 Governmental Authorizations

Except as disclosed in writing by Sea Dragon, each member of the Sea Dragon Group owns, possesses, or has obtained, and is in compliance with, all licences, permits, certificates, Orders, grants, approvals and other authorizations ("**Sea Dragon Permits**") of or from any Governmental Authority that are applicable to or held by any of them, or necessary to conduct their respective business as they are now being conducted, other than those the failure to own, possess or obtain has not, or would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as disclosed in writing by Sea Dragon, to the knowledge of Sea Dragon, there has not occurred within the last two years any violation of, or any default under, or any event giving rise to or potentially giving rise to any right of termination, revocation, adverse modification, non-renewal or cancellation of any Sea Dragon Permit, and no Governmental Authority has provided any member of the Sea Dragon Group with notice of any of the foregoing, except for any such violation, default or event as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

5.20 Environmental

Except as disclosed in writing by Sea Dragon, to Sea Dragon's knowledge:

(a) no member of the Sea Dragon Group is in material violation of any Environmental Laws;

(b) there are no Orders or directives under any Environmental Laws that require any work, repairs, construction or capital expenditures to which any member of the Sea Dragon Group is subject, that have not been fully complied with other than those Orders and directives the failure to comply with has not had, or would not reasonably be expected, whether individually or in the aggregate, to have, a Material Adverse Effect;

(c) there are no outstanding demands or notices issued under Environmental Laws with respect to the breach of any Environmental Laws by any member of the Sea Dragon Group, including in respect of the use, storage, treatment, transportation, handling or disposition of Hazardous Substances, or the protection of the Environment, other than those breaches where the failure to rectify has not had, or would not reasonably be expected, whether individually or in the aggregate, to have, a Material Adverse Effect; and

(d) no member of the Sea Dragon Group has failed to report to the proper federal, provincial, state, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign, the occurrence of any event which is required to be so reported by any Environmental Laws.

5.21 Employment Matters

(a) Sea Dragon has provided Golden Crescent with a complete list of Employees and the Sea Dragon Group's consultants, together with their titles, service dates and terms of employment, including current wages, salaries or hourly rate of pay, benefits, vacation entitlement, commissions and bonus (whether monetary or otherwise) or other compensation paid since the beginning of the most recently completed fiscal year or payable to each such Employee or consultant as applicable, and the date upon which each such term of employment or engagement, as applicable, became effective if it became effective in the 12 month period prior to the date of this Agreement. Except as disclosed in writing by Sea Dragon, no Employees are on inactive status, including lay-off, short-term disability leave, long-term disability leave, pregnancy and parental leave or other extended absences, or are receiving benefits pursuant to workers' compensation legislation.

(b) Current and complete copies of all Employment Contracts or, where oral, written summaries of the terms thereof, requested by Golden Crescent have been delivered or made available to Golden Crescent. Except for those Employment Contracts disclosed in writing by Sea Dragon, there are no written Employment

Contracts with any Employees which are not terminable on the giving of reasonable notice in accordance with applicable Laws.

(c) There are no Claims, pending Claims nor, to the knowledge of Sea Dragon, threatened Claims pursuant to any Laws relating to the Employees or former Employees, including employment standards, human rights, labour relations, occupational health and safety, workers' compensation, or pay equity. To the knowledge of Sea Dragon, nothing has occurred which might lead to a Claim under any such Laws. To the knowledge of Sea Dragon, there are no outstanding decisions, Orders or settlements or pending settlements which place any obligation upon any member of the Sea Dragon Group to do or refrain from doing any act.

(d) To the knowledge of Sea Dragon, all current assessments under workers' compensation legislation applicable to the Sea Dragon Group and all of their respective contractors and subcontractors have been paid or accrued. No member of the Sea Dragon Group has been or is subject to any additional or penalty assessment under such legislation which has not been paid or has been given notice of any audit. There are no pending or, to the knowledge of Sea Dragon, potential assessments, experience rating charges or Claims which could adversely affect any member of the Sea Dragon Group's premium payments or accident cost experience or result in any additional payments in connection with the business of the Sea Dragon Group and the Sea Dragon Concessions.

(e) To the knowledge of Sea Dragon, there have been no fatal or critical accidents involving Employees or consultants of the Sea Dragon Group.

(f) Other than as required pursuant to applicable Laws and except as disclosed in writing by Sea Dragon, there are no payments owing or that will become owing in connection with the Transactions to directors, officers, Employees and consultants of any member of the Sea Dragon Group under any Employee Obligations or Benefits Plans.

5.22 No Collective Agreements

Other than as required pursuant to applicable Laws and except as disclosed in writing by Sea Dragon:

(a) no union or employment association has bargaining rights in respect of any member of the Sea Dragon Group, any Employees or any Persons providing on-site services in respect of any member of the Sea Dragon Group; and

(b) no member of the Sea Dragon Group is a party to or bound by, either directly or indirectly, voluntarily or by operation of law, any collective agreement.

5.23 No Pension and Other Benefits Plans

Other than as required pursuant to applicable Laws (including for this purpose, EGPC, EGAS and Ministry of Petroleum regulations) and except as disclosed in writing by Sea Dragon:

(a) no member of the Sea Dragon Group has any Benefits Plans;

(b) no member of the Sea Dragon Group has made a promise or commitment, whether legally binding or not, to create any Benefits Plans; and

(c) no member of the Sea Dragon Group has any Pension Plans.

5.24 Insurance

The Sea Dragon Group maintains such policies of insurance, issued by responsible insurers, as are appropriate to its operations, property and Assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. All such policies of insurance are in full force and effect and no member of the Sea Dragon Group is in default, as to the payment of premiums or otherwise, under the terms of any such policy. Sea Dragon has provided Golden Crescent with: (a) a complete list of all policies of insurance which the Sea Dragon Group maintains and the particulars of such policies, including the name of the insurer, the risk insured against, the amount of coverage and the amount of any deductible and a summary of all claims under each such policy for the past three years; (b) details of any self-insurance arrangements by or affecting the Sea Dragon Group, including any reserves established thereunder; and (c) details of any insurance coverage provided to Third Parties and details of the policies under which such coverage is provided.

5.25 Material Contracts

Sea Dragon has provided Golden Crescent with a complete list of all Material Contracts of the Sea Dragon Group, all of which are, except as disclosed in writing by Sea Dragon, in full force and effect, unamended, and other than as disclosed in writing by Sea Dragon, there are no outstanding material defaults (or events which would constitute a material default with the passage of time or giving of notice or both) under any such Material Contract on the part of any member of the Sea Dragon Group or, to the knowledge of Sea Dragon, on the part of any other party to such Material Contracts. Each member of the Sea Dragon Group has the capacity, including the necessary personnel, equipment and supplies, to perform all its obligations under the Material Contracts. True and complete copies of the Material Contracts of the Sea Dragon Group have been delivered or made available to Golden Crescent prior to the date of this Agreement and, except as disclosed in writing by Sea Dragon, there are no current or pending negotiations with respect to the renewal, repudiation or amendment of any such Material Contracts.

5.26 Litigation

Except as disclosed in writing by Sea Dragon, there are no Claims, investigations, complaints or other proceedings, including appeals and applications for review, in progress or, to the knowledge of Sea Dragon, pending or threatened against any member of the Sea Dragon Group before any Governmental Authority, which, if determined adversely to any member of the Sea Dragon Group, would:

(a) have a Material Adverse Effect;

(b) enjoin, restrict or prevent Sea Dragon from paying the consideration due to Golden Crescent as contemplated by this Agreement; and

(c) delay, restrict or prevent any member of the Sea Dragon Group from fulfilling any of their respective obligations set out in, or arising from, this Agreement or any Ancillary Agreements to which it is a party.

5.27 Oil and Gas Activities

Except as disclosed in writing by Sea Dragon:

(a) The Assets are free and clear of all Encumbrances created by, through or under any member of the Sea Dragon Group other than the Permitted Encumbrances, and no Governmental Authority has challenged, or, to Sea Dragon's knowledge, threatened to challenge, any of the concessions, possessory rights, rights of occupation or other real property interests of the Sea Dragon Group.

(b) To the knowledge of Sea Dragon, the Title and Operating Documents are all in full force and effect and there are no outstanding material defaults (or events which would constitute a material default with the passage of time or giving of notice or both) under any such Title and Operating Documents on the part of any member of the Sea Dragon Group or on the part of any other party to such Title and Operating Documents.

(c) To the knowledge of Sea Dragon and subject to the covenants and conditions of the Sea Dragon Concession Documents to be performed and observed by the Sea Dragon Group, the Sea Dragon Group may hold the Petroleum and Natural Gas Rights granted to them pursuant to the Sea Dragon Concession Documents for the remainder of the respective terms thereunder, and all renewals or extensions of such terms, for their own benefit without interruption by any Person claiming by, through or under any member of the Sea Dragon Group.

(d) During the period of time in which any member of the Sea Dragon Group was the operator of the Wells, none of the Wells have been produced in excess of applicable production allowables imposed by any applicable Laws or any Governmental Authority, and Sea Dragon does not have any knowledge of any impending change in production allowables imposed by any applicable Laws or any Governmental Authority that may be applicable to any of the Wells, other than changes of general application in the jurisdiction in which the Wells are situated.

(e) No member of the Sea Dragon Group has received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Authority, and to Sea Dragon's knowledge, none of the Wells are subject to any such penalty or restriction.

(f) None of the Petroleum and Natural Gas Rights are subject to reduction by reference to payout of or production penalty on the working interest of the Sea Dragon Group in any Well or otherwise, or to change to an interest of any other size or nature by virtue of or through any right or interest granted by, through or under any member of the Sea Dragon Group.

(g) To the knowledge of Sea Dragon, all royalties and rents payable on or before the date hereof under the Sea Dragon Concession Documents and similar arrangements based upon or measured by the ownership of such assets or the production of Petroleum Substances derived therefrom or allocated thereto or the proceeds of sales thereof payable on or before the date hereof have been properly paid in full and in a timely manner or accrued in the Sea Dragon Financial Statements.

(h) Other than the royalty interests, each of which is set forth in Schedule "B", and as contemplated by this Agreement, there are no consulting agreements, marketing agreements, assistance agreements or similar agreements to which any member of the Sea Dragon Group is a party and pursuant to which any member of the Sea Dragon Group is required to make a payment to a third party based in whole or in part on levels of production, prices received for production, areas of land included within a concession or license area or similar arrangements relating to the Assets.

(i) No officer, director, Employee or any other Person not dealing at arm's length with any member of the Sea Dragon Group or, to the knowledge of Sea Dragon, any associate or Affiliate of any such Person, owns, has or is entitled to any royalty, net profits interest, carried interest or any other Encumbrance or Claims of any nature whatsoever which are based in whole or in part on levels of production, prices received for production, areas of land included within a concession or license area or similar arrangements relating to the Assets.

(j) There are no outstanding AFEs pertaining to any of the Concession Areas or any other commitments, approvals or authorizations approved or received by any member of the Sea Dragon Group for approval, pursuant to which an expenditure may be required to be made in respect of the Concession Areas after the date of the most recent Sea Dragon Financial Statement in excess of $100,000 for each such commitment, approval or authorization.

(k) There are no active areas of mutual interest or areas of exclusion provisions (or similar arrangements) in any of the Title and Operating Documents or any other material agreements to which the Petroleum and Natural Gas Rights are subject.

(l) The Sea Dragon Group has not received any written notice that the Sea Dragon Concession Documents are subject to any accrued drilling or off-set obligations which have not been satisfied or permanently waived.

(m) No member of the Sea Dragon Group has any take or pay obligations of any kind or nature whatsoever.

(n) No member of the Sea Dragon Group has any third party processing or transportation agreements or any obligations to deliver sales volumes to any other Person that have not been entered into with arm's length Third Parties and in the ordinary course of business of the Sea Dragon Group.

5.28 Reserve Reports

(a) There has been no material change, adverse in nature, to the oil and natural gas reserves in the aggregate as reported on a consolidated basis in the Sea Dragon Reserve Reports since the respective dates of the Sea Dragon Reserve Reports (other than changes that result from: (i) actual production of such reserves; (ii) changes in the market price (whether on a current or forward basis) of crude oil, natural gas or natural gas liquids; (iii) currency exchange fluctuations; or (iv) changes in the assumptions contained in the Sea Dragon Reserve Reports regarding future operating costs, development costs, abandonment and reclamation costs, royalty rates, income taxes and inflation rates).

(b) The Sea Dragon Reserve Reports present, as at the respective dates thereof, the determination of the aggregate oil and natural gas reserves, attributable to the properties evaluated in such Sea Dragon Reserve Reports and the aggregate production profile and costs associated therewith, in each case in accordance with Applicable Canadian Securities Laws and the Canadian Oil and Gas Evaluation Handbook and based on the assumptions set forth in such reserve reports.

(c) Sea Dragon made available to Ryder Scott and GCA, prior to the issuance of the Sea Dragon Reserve Reports, all information requested by Ryder Scott and GCA for the purposes of preparing the Sea Dragon Reserve Reports which would be material to the determination of the oil and natural gas reserves attributable to the properties evaluated in such Sea Dragon Reserve Reports.

5.29 Tax Matters

Other than as disclosed in writing to Golden Crescent, to the knowledge of Sea Dragon:

(a) Each member of the Sea Dragon Group, in all material respects, has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Authority and has duly, completely and correctly reported all income and all other amounts and information required to be reported thereon if obliged to do so by Applicable Taxation Legislation.

(b) Each member of the Sea Dragon Group, in all material respects, has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by it if obliged to do so by Applicable Taxation Legislation.

(c) No member of the Sea Dragon Group has requested or entered into any agreement or other arrangement, or executed any waiver, providing for any material extension of time within which: (i) to file any Tax Return covering any Taxes for which any member of the Sea Dragon Group is or may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which any member of the Sea Dragon Group is or may be liable; (iii) any member of the Sea Dragon Group is required to pay or remit any Taxes or amounts on account of Taxes; or

(iv) any Governmental Authority may assess or collect Taxes for which any member of the Sea Dragon Group is or may be liable.

(d) Other than those agreements and arrangements described in Section 5.29(c), no member of the Sea Dragon Group has within the last three years made, prepared and/or filed any material elections, designations or similar filings relating to Taxes or entered into any material agreement or other arrangement in respect of Taxes or Tax Returns that is not disclosed in the Tax Returns of the relevant member of the Sea Dragon Group.

(e) There are no material proceedings, investigations, audits or Claims now pending or threatened against any member of the Sea Dragon Group in respect of any Taxes and there are no material matters under discussion, audit or appeal with any Governmental Authority relating to Taxes.

(f) Each member of the Sea Dragon Group, in all material respects, has duly and timely withheld all Taxes and other amounts required by Applicable Taxation Legislation to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the account or benefit of any Person, including any Employees, officers or directors and any non-resident Person), and has duly and timely remitted to the appropriate Governmental Authority such Taxes and other amounts required by Applicable Taxation Legislation to be remitted by it.

(g) Each member of the Sea Dragon Group, in all material respects, has duly and timely collected all amounts on account of any sales or transfer taxes required by Applicable Taxation Legislation to be collected by it and has duly and timely remitted to the appropriate Governmental Authority any such amounts required by Applicable Taxation Legislation to be remitted by it.

(h) At no time during the 60 month period that ends at the Closing Time was more than 50% of the fair market value of the Common Shares or the Preferred Shares derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada; (ii) "Canadian resource property" (as defined in the Tax Act); (iii) "timber resource property" (as defined in the Tax Act); and (iv) options in respect of, or interests in, or for civil law rights in, property described in any of the foregoing, whether or not the property exists.

(i) For the purposes of the Tax Act and any relevant income tax convention, each member of the Sea Dragon Group is a corporation resident in its jurisdiction of incorporation or the jurisdiction in which its business is principally carried on and is not resident in Canada.

5.30 Financial Ability

Sea Dragon has the financial resources to replace the Golden Crescent Bank Guarantees so as to procure the release of the Golden Crescent Bank Guarantees on the Closing Date and to otherwise meet its obligations hereunder.

5.31 Books and Records

The Books and Records of each member of the Sea Dragon Group have been maintained in accordance with generally accepted business practices and fairly disclose in all material respects the financial position of the Sea Dragon Group and all material financial transactions relating to the businesses carried on by the Sea Dragon Group have been accurately recorded in all material respects in such books and records.

5.32 Corporate Records

The corporate records and minute books of each member of the Sea Dragon Group have been delivered or made available to Golden Crescent. The minute books contain complete and true copies of each member of the Sea Dragon Group's constitutional and other constating documents (including all amendments thereto), and the minutes of all meetings of the directors or shareholders held to date, all resolutions passed by the directors and shareholders and the registers of shareholders, share transfers and directors of each member of the Sea Dragon Group, as applicable, contained therein are complete and accurate in all material respects.

5.33 No Change of Control

(a) None of the Employment Contracts to which Sea Dragon is a party contain any change of control provisions that would be triggered as a result of the completion of the Transactions.

(b) Except as disclosed in writing by Sea Dragon, neither the completion of the Transactions, nor the completion of the IFC Financing constitute or will result in a change of control of Sea Dragon under the terms of the Sea Dragon Option Plan.

5.34 Personal Information

Sea Dragon's use and disclosure of Personal Information in connection with its evaluation of the Transactions has been carried out in compliance with all applicable Laws.

5.35 No Broker

The Sea Dragon Group has not incurred any obligation or liability for brokerage, finder's or other fees or commissions, in connection with the Transactions for which Golden Crescent or any member of the NPC Egypt Group shall have any obligation or liability whatsoever.

5.36 Disclaimer of Additional Representations and Warranties

Sea Dragon makes no representation or warranty, express or implied, in fact or by law, with respect to:

(a) any member of the Sea Dragon Group's title to the Assets other than as expressly provided in Section 5.27;

(b) the quality, condition, merchantability, serviceability or suitability or fitness for any particular purpose of the Assets;

(c) the quality, quantity or recoverability of the Petroleum Substances within, upon or under the Concession Areas;

(d) the future revenues from the Assets or cash flows applicable thereto;

(e) any engineering, geological, production or other information or interpretations thereof, or any economic evaluations respecting the Assets other than as expressly provided in Section 5.28;

(f) the Environmental condition of any of the Concession Areas or Assets or any Environmental Liability other than as expressly provided in Section 5.20; or

(g) the Title and Operating Documents other than as expressly provided in Section 5.27.

Golden Crescent acknowledges that with the exception of the representations and warranties that are expressly being made in Section 5.1 through to Section 5.35, as set forth in the Ancillary Agreements or in certificates delivered at Closing, Sea Dragon is not making any representation or warranty in connection with the Transactions, and that Golden Crescent is relying solely on its own counsel (including all tax and legal counsel) and its own investigations and due diligence of the Sea Dragon Group, the Assets and the financial condition and liabilities of the Sea Dragon Group (including Environmental Liabilities) and that it has made, or has had others make, such evaluation and inspection of the Sea Dragon Group, the Assets, their respective financial condition, all liabilities (including Environmental Liabilities) and results of operations as it deems appropriate, and is not relying on any representation, warranty or covenant not expressly set forth in Section 5.1 through to Section 5.35, in the Ancillary Agreements or in certificates delivered at Closing, or on any statement by or discussions with Sea Dragon, its Related Parties or any of their Representatives.

5.37 Nature and Survival

(a) The representations and warranties of Sea Dragon contained in this Article 5 shall survive the execution and delivery of this Agreement and shall survive Closing and shall continue in effect until no party can make a claim for indemnification under Section 13.2 in light of the limitations set forth in Section 13.4.

(b) After expiry of the applicable survival period specified above, if no Claim shall have been made hereunder prior to expiry of such survival periods against Sea Dragon by Golden Crescent with respect to any incorrectness in or breach of any representations or warranty contained herein, Sea Dragon shall have no further liability hereunder with respect to any such representation or warranty.

ARTICLE 6
COVENANTS AND ACKNOWLEDGMENTS

6.1 Representations, Warranties and Covenants of Sea Dragon Relating to the Sea Dragon Meeting Circular and Sea Dragon Meeting

(a) Sea Dragon hereby represents and warrants to Golden Crescent that:

(i) the Sea Dragon Meeting was duly called and held on April 30, 2012 at which the Sea Dragon Shareholder Approval was obtained;

(ii) the Sea Dragon Meeting Circular was duly mailed to Sea Dragon Shareholders and filed with all applicable regulatory and other Governmental Authorities in all jurisdictions where the same are required to be mailed and filed;

(iii) the Sea Dragon Meeting Circular complied in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, the Sea Dragon Meeting Circular:

(A) provided the Sea Dragon Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters placed before them at the Sea Dragon Meeting; and

(B) as of March 30, 2012 did not contain any misrepresentation (provided that Sea Dragon shall not be responsible for the accuracy of any information furnished by Golden Crescent in writing specifically for the purpose of inclusion in the Sea Dragon Meeting Circular); and

(iv) the Sea Dragon Meeting was conducted in accordance with the articles and by-laws of Sea Dragon and as otherwise required by applicable Laws.

(b) Sea Dragon hereby covenants and agrees with Golden Crescent that:

(i) except for proxies and other non-substantive communications with Sea Dragon Shareholders, it shall furnish promptly to Golden Crescent or Golden Crescent's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Sea Dragon from Sea Dragon Shareholders or regulatory agencies in connection with:

(A) the Transactions;

(B) the Sea Dragon Meeting;

(C) any filings under applicable Laws that are proposed to be made in connection with the Transactions; and

(D) any dealings with Governmental Authorities in connection with the Transactions; and

(ii) it shall use its reasonable commercial efforts to cooperate with Golden Crescent in connection with the performance by Golden Crescent of its obligations under Sections 6.3 and 6.4 including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between the Representatives of each Party, subject in all cases to the Confidentiality Agreement.

6.2 Representations, Warranties and Covenants of Golden Crescent Relating to the Sea Dragon Meeting Circular

(a) Golden Crescent hereby represents and warrants to Sea Dragon that as of March 22, 2012, the NPC Egypt Information did not contain any misrepresentation.

(b) Golden Crescent hereby covenants and agrees with Sea Dragon that it shall use its reasonable commercial efforts to cooperate with Sea Dragon in connection with the performance by Sea Dragon of its obligations under Section 6.4 including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between Representatives of each Party, subject in all cases to the Confidentiality Agreement.

6.3 Covenants Regarding Pre-Closing Reorganization

(a) Prior to Closing, Golden Crescent covenants and agrees to, and shall cause its Affiliates at the sole cost and expense of Golden Crescent to undertake and complete the Pre-Closing Reorganization in the manner set out in the Pre-Closing Reorganization Memorandum. In particular, the transfer of all of the outstanding shares in the capital of NPC EEOO to an Affiliate of Golden Crescent that is not a member of the NPC Egypt Group contemplated at paragraph III of the Pre-Closing Reorganization Memorandum will be undertaken on a basis that will not result in any liability to any member of the NPC Egypt Group and so as to ensure that following such transfer, no member of the NPC Egypt Group will have any liability to NPC EEOO.

(b) Golden Crescent covenants and agrees that it shall provide Sea Dragon and its legal counsel with a reasonable opportunity to review and comment on drafts of all documents, agreements and other documentation relating to the Pre-Closing Reorganization and shall give reasonable consideration to comments thereon made by Sea Dragon and its legal counsel.

(c) Sea Dragon shall use reasonable commercial efforts to provide assistance in completing and implementing the Pre-Closing Reorganization.

(d) Sea Dragon acknowledges and agrees that the planning for and implementation of the Pre-Closing Reorganization shall not be considered a breach of any representation, warranty or covenant under this Agreement and shall not be considered in determining whether a representation or warranty of Golden Crescent hereunder has been breached. Golden Crescent shall use its reasonable commercial efforts to prepare prior to Closing all documentation necessary and do such other acts and things as are necessary to give effect to the Pre-Closing Reorganization.

(e) Following Closing, Golden Crescent covenants and agrees to, and shall cause its Affiliates to use reasonable commercial efforts to provide assistance to Sea Dragon in obtaining the ratification of the EK Concession Agreement by the People's Assembly of Egypt, as well as any required EGPC consents necessary to complete the assignment by Petzed of:

(i) its right, title and interest in and to the letter of award signed on April 17, 2007 from EGPC to Sea Dragon with respect to the EK Concession; and

(ii) the SR Concession Agreement,

to the applicable Subcos pursuant to Section 6.3(a).

(f) At Closing, Golden Crescent covenants and agrees to, and shall cause Petzed and/or the Subcos, as the case may be, to enter into trust agreements, substantially in form and content attached hereto as Schedule "L" (the "**Trust Agreements**"), to ensure that prior to recognition by EGPC of the transfer of the EK Concession and the SR Concession to the Subcos, Petzed shall hold all beneficial interests of the Subcos in the EK Concession Interests and the SR Concession Interests in trust for the sole and exclusive benefit of the Subcos.

6.4 Mutual Covenants Relating to the Transactions

Each of Golden Crescent and Sea Dragon covenants and agrees, one to the other, that:

(a) it shall use its reasonable commercial efforts to satisfy (or cause the satisfaction of) its obligations hereunder and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under applicable Laws so as to ensure compliance with each of the conditions and covenants set forth herein which are for the benefit of the other Party and to complete the Transactions, including:

(i) to notify, either orally or in writing, the Egyptian Ministry of Petroleum and EGPC or EGAS, as applicable, of the Transactions;

(ii) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the Transactions; and

(iii) to effect all necessary registrations and filings and submission of information requested by Governmental Authorities required to be effected by it in connection with the Transactions;

(b) it shall promptly notify the other Party in writing upon:

(i) becoming aware of:

(A) any misrepresentation or alleged misrepresentation in the Sea Dragon Meeting Circular including information included therein by reference; and

(B) any Order or any complaint requesting an Order restraining or enjoining the execution of this Agreement or the consummation of the Transactions;

(ii) receiving any notice from any Governmental Authority of its intention:

(A) to institute a suit or proceeding to restrain or enjoin the execution of this Agreement or the consummation of the Transactions; or

(B) to nullify or render ineffective this Agreement or such Transactions if consummated;

(c) it shall settle arrangements with respect to Accounts Receivable such that:

(i) subject to any assignment pursuant to Section 3.7(b) or Section 3.7(f), Accounts Receivable as of the Closing Date that are to remain with Petzed or that are assigned by the NPC Egypt Group, as applicable, to Golden Crescent or its nominee(s) pursuant to Section 3.4(a), shall be the property of Petzed, Golden Crescent or its nominee(s), as applicable;

(ii) subject to any assignment pursuant to Sections 3.4(b) and 3.7(c), Accounts Receivable as of the Closing Date that are assigned by Petzed or by Golden Crescent or its nominee(s), as applicable, to Sea Dragon or its nominee(s) pursuant to Section 3.7(b) shall be the property of Sea Dragon or its nominee(s), as applicable; and

(iii) Golden Crescent shall instruct, or cause to be instructed, by way of an irrevocable direction, EGPC and/or EGAS to pay the proceeds from all purchases by EGPC and/or EGAS, as applicable, following Closing of oil and natural gas from the NPC Egypt Concessions due to the NPC Egypt Group or the JV Subsidiaries to an account to be specified by Sea Dragon; and

(d) it shall use its reasonable commercial efforts to complete the Transactions on or before the Long Stop Date.

6.5 Covenants of Golden Crescent to Operate in the Ordinary Course

Golden Crescent hereby covenants and agrees with Sea Dragon that, except (i) as expressly contemplated in this Agreement (which, for this purpose, includes negotiation and/or consummation of any of the Concurrent Arrangements), (ii) disclosed in writing by Golden Crescent, or (iii) agreed to in writing by the Parties, that from the date hereof until the earlier of the Closing Date or the termination of this Agreement in accordance with Article 12, Golden Crescent shall cause the NPC Egypt Group, the JV Subsidiaries and Petzed to:

(a) conduct their respective businesses only in the usual and ordinary course consistent with past practice;

(b) not directly or indirectly do or permit to occur any of the following:

(i) amend its constating documents;

(ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares;

(iii) issue, grant, sell, lease, encumber or pledge or agree to issue, grant, sell, lease, encumber or pledge:

(A) any of its shares or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, its shares; or

(B) except in the ordinary and regular course of business, consistent with past practice, any Assets (other than Inventories), as applicable, having an individual value in excess of $250,000 (except as part of the Pre-Closing Reorganization or pursuant to any NEM Farmout Transaction or any SR Sale Transaction);

(iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities except as required pursuant to the terms thereof;

(v) split, combine or reclassify any of its securities;

(vi) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, merger, consolidation or reorganization (except as part of the Pre-Closing Reorganization);

(vii) pursue or complete any corporate acquisition or disposition, amalgamation, merger, arrangement or purchase or sale of assets or make any material change to its business, capital or affairs (except as part of the Pre-Closing Reorganization or pursuant to any NEM Farmout Transaction or any SR Sale Transaction);

(viii) reduce the stated capital in respect of any of its outstanding shares;

(ix) pay, discharge or satisfy any material claims, liabilities or obligations, other than in the ordinary course of business consistent with past practice or other than in respect of the TransOcean Litigation;

(x) terminate any Employees or pay any bonuses (in cash or otherwise) to any Employees or NPC Egypt Consultants other than in accordance with past practice or pursuant to obligations existing on the date hereof under applicable Laws or Employment Contracts;

(xi) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly prevent, impede or materially delay the consummation of the Transactions;

(xii) expend or commit to expend any amount with respect to any capital expenditures having an individual value in excess of $250,000 outside the ordinary course of business (except as part of the Muzhil Field Development Expenditures);

(xiii) acquire or agree to acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof which is not its Subsidiary or Affiliate as of the date hereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer;

(xiv) acquire any assets with an acquisition cost in excess of $250,000 outside the ordinary course of business (except as part of the Muzhil Field Development Expenditures);

(xv) authorize, recommend or propose any release or relinquishment of any right arising under any Material Contract;

(xvi) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material licence, lease, contract, production sharing agreement, government land concession or other material document;

(xvii) enter into or terminate any hedges, swaps or other financial instruments or like transactions outside the ordinary course of business;

(xviii) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing; or

(xix) incur, assume or guarantee any indebtedness for borrowed money or enter into any notes, bonds, debentures or other corporate securities or grant any option, warrant or right to purchase any thereof other than in the ordinary course of business consistent with past practice;

(c) not take any action, or permit any action to be taken, that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Transactions or termination of this Agreement in accordance with its terms, whichever first occurs;

(d) promptly notify Sea Dragon in writing of any material change (actual, anticipated, contemplated or, to its knowledge threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licences, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change in any one of its representations or warranties provided in this Agreement which change is or may be of such a nature to render any representation or warranty set forth herein misleading or untrue in any material respect and it shall in good faith discuss with Sea Dragon any change in circumstances (actual, anticipated, contemplated, or to its knowledge threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to Sea Dragon pursuant to this provision;

(e) promptly notify Sea Dragon upon becoming aware of any facts or circumstances that would serve as a basis for a Claim by Sea Dragon against Golden Crescent;

(f) use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverages thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and it shall pay all premiums in respect of such insurance policies that become due prior to the Closing Date; and

(g) promptly notify Sea Dragon in writing if Golden Crescent, Petzed, any member of the NPC Egypt Group or either of the JV Subsidiaries receives notice that there exists a material violation of any Environmental Law or a material condition requiring removal or other remedial measures with respect to any of the Concession Areas and, unless such notice is being contested in good faith, Golden Crescent shall, or shall cause Petzed, the NPC Egypt Group or the JV Subsidiaries, as applicable, to promptly (and in any event within the time permitted by applicable Laws) (i) as to areas over which Petzed, the NPC Egypt Group or JV Subsidiaries, as applicable, exercises control, use its reasonable commercial efforts to remove or remedy such violation or condition in accordance with applicable Environmental Laws and (ii) as to other areas, use commercially reasonable efforts to endeavour to have such violation or condition removed or remedied in accordance with all Environmental Laws.

6.6 Acknowledgements and Covenants Regarding Concurrent Arrangements

(a) Sea Dragon acknowledges and agrees that:

(i) it has been advised by Golden Crescent that NPC Egypt is in advanced discussions with a Third Party regarding the contracting out to such party of the development of the Muzhil field forming part of the SAZ Concession (the "**Muzhil Field**") and partially funding such development (the "**Muzhil Field Arrangements**"); and

(ii) nothing in this Agreement shall prevent, impede or delay the NPC Egypt Group from continuing to pursue the Muzhil Field Arrangements with the Third Party described in paragraph (i) above during the Option Period.

(b) During the Option Period, Golden Crescent:

(i) shall ensure that no member of the NPC Egypt Group enters into any binding agreements with the Third Party described in Section 6.6(a)(ii) in respect of the development of the Muzhil Field; and

(ii) subject to existing confidentiality agreements, shall reasonably inform Sea Dragon of the status of its discussions with the Third Party described in Section 6.6(a)(ii).

(c) During the Pre-Closing Period:

(i) the Parties acknowledge and agree that Golden Crescent shall be entitled to draw upon the funds comprising the Escrow Amount to fund expenditures relating to the development of the Muzhil Field ("**Muzhil Field Development Expenditures**"); provided, however, that Sea Dragon shall not be required to replace any funds comprising the Escrow Amount that may be released from escrow to fund the payment of any Muzhil Field Development Expenditures pursuant to this Section 6.6(c). Any such funds released from escrow as aforesaid shall reduce, on a dollar for dollar basis, the amount of the Non-Completion Fee payable by Sea Dragon pursuant to Section 12.2;

(ii) all Muzhil Field Development Expenditures shall:

(A) be jointly agreed to by the Parties, each acting reasonably, in advance of NPC SAZ and/or Petrozenima, as applicable, contracting with any Third Party for the related goods and/or services and incurring such expenditures; and

(B) not create any liabilities or obligations on either Party or any member of the NPC Egypt Group or the JV Subsidiaries other than those Muzhil Field Development Expenditures that are fully funded out of the funds comprising the Escrow Amount as set out in the applicable Expenditure Notice;

(iii) at least 14 Business Days prior to the payment for the goods and/or services described in subparagraph (A) above becoming due, NPC SAZ and/or Petrozenima, as applicable, shall deliver a written notice (an "**Expenditure Notice**") to the Parties requesting the remittance of the necessary funds to make such payment. Golden Crescent and Sea Dragon shall, not later than two Business Days following receipt of an Expenditure Notice, provide a joint written notice to the Escrow Agent authorizing and directing the immediate release and payment of an amount equal to the Muzhil Field Development Expenditures specified in the Expenditure Notice to NPC SAZ and/or Petrozenima, or as NPC SAZ and/or Petrozenima shall direct, as applicable, from the funds then comprising the Escrow Amount in order to fund the payment of the Muzhil Field Development Expenditures specified in the Expenditure Notice; and

(iv) all data or other proprietary information generated or obtained from, and all tangible assets acquired as a result of, any Muzhil Field Development Expenditures funded by the release of funds comprising the Escrow Amount as aforesaid shall become the property of NPC SAZ and/or Petrozenima, as applicable.

(d) Notwithstanding anything in this Agreement to the contrary, Golden Crescent shall be entitled during the Option Period to:

(i) take or carry out any actions otherwise restricted by Section 6.12 to solicit, assist, facilitate, encourage, initiate or entertain any discussions or negotiations with any Third Party which may lead to:

(A) any actual or potential transaction involving the farmout of not more than half of NPC NEM's participating interest in the NEM Concession (a "**NEM Farmout Transaction**"); or

(B) any actual or potential transaction involving the sale or disposition of all or any portion of the SR Concession (a "**SR Sale Transaction**");

(ii) make available to any Third Party non-public information relating to the NPC Egypt Group, the JV Subsidiaries, Petzed or the NPC Egypt Concessions or afford any Third Party access to the business, properties, assets, books or records of any member of the NPC Egypt Group, either of the JV Subsidiaries or Petzed in connection with any NEM Farmout Transaction or any SR Sale Transaction; and/or

(iii) receive, accept, approve, endorse and consummate, or propose publicly to receive, accept, approve, endorse and consummate, any proposal relating to any NEM Farmout Transaction or any SR Sale Transaction from any Third Party whatsoever;

provided, however, that, in connection with the foregoing:

(A) any cash proceeds received upon the consummation of any NEM Farmout Transaction or any SR Sale Transaction prior to Closing or the termination of this Agreement shall be:

(1) used to fund the development of the NEM Concession (which, for this purpose, includes NPC NEM's share of the minimum work commitments set out in the NEM Concession Agreement with respect to exploration operations on the NEM Concession and the satisfaction of NPC NEM's obligation to obtain and deliver letters of guarantee in favour of EGAS in the amounts disclosed in Schedule "E");

(2) used to fund work undertaken by NPC SAZ and/or Petrozenima, as applicable, subsequent to the date of this Agreement with respect to the development of the Muzhil Field as set out in its letter dated February 9, 2012 to EGPC in connection with NPC SAZ's request to delay the start date of production from the Muzhil Field or in accordance with the draft Muzhil Field Development Base Line Schedule dated March 26, 2012 prepared by Worley Parsons;

(3) used to fund cash call obligations issued by OSOCO and/or the South Ramadan Concession management committee; or

(4) retained by NPC Egypt either directly or through a member of the NPC Egypt Group; and

(B) in connection with any NEM Farmout Transaction or any SR Sale Transaction, Golden Crescent shall act in a commercially reasonable manner and use reasonable efforts to keep Sea Dragon and its legal counsel informed as to the status of any such transaction and shall provide Sea Dragon and its legal counsel with a reasonable opportunity to review and comment on the definitive documentation in respect of any NEM Farmout Transaction or any SR Sale Transaction and shall give reasonable consideration to any comments made by Golden Crescent and its legal counsel.

The transactions permitted to be undertaken prior to Closing pursuant to the operation of this Section 6.6, including the Muzhil Field Arrangements, the Muzhil Field Development Expenditures, the NEM Farmout Transaction and the SR Sale Transaction, are collectively referred to as the "**Concurrent Arrangements**".

6.7 Covenants of Sea Dragon to Operate in the Ordinary Course

Sea Dragon hereby covenants and agrees with Golden Crescent that, except (i) as expressly contemplated in this Agreement, (ii) disclosed in writing by Sea Dragon, or (iii) agreed to in writing by the Parties, that from the date hereof until the earlier of the Closing Date or the termination of this Agreement in accordance with Article 12, Sea Dragon shall:

(a) conduct the Sea Dragon Group's business only in the usual and ordinary course consistent with past practice;

(b) not, unless otherwise approved in advance in writing by Golden Crescent, issue any Common Shares, Preferred Shares, other preferred shares in the capital of Sea Dragon or any securities convertible into, exercisable or exchangeable for Common Shares, Preferred Shares or other preferred shares in the capital of Sea Dragon other than:

(i) Common Shares in connection with the IFC Private Placement;

(ii) Sea Dragon Options in the ordinary course and in a manner consistent with past practice; or

(iii) Common Shares issued upon the exercise or conversion of Sea Dragon Warrants or Sea Dragon Options,

during the Pre-Closing Period;

(c) not take any action, or permit any action to be taken, that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Transactions or termination of this Agreement in accordance with its terms, whichever first occurs;

(d) promptly notify Golden Crescent in writing of any material change (actual, anticipated, contemplated or, to its knowledge threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licences, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change in any one of its representations or warranties provided in this Agreement which change is or may be of such a nature to render any representation or warranty set forth herein misleading or untrue in any material respect and it shall in good faith discuss with Golden Crescent any change in circumstances (actual, anticipated, contemplated, or to its knowledge threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to Golden Crescent pursuant to this provision;

(e) promptly notify Golden Crescent upon becoming aware of any facts or circumstances that would serve as a basis for a Claim by Golden Crescent against Sea Dragon;

(f) use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverages thereunder to lapse (and shall promptly notify Golden Crescent in writing if it receives notice that its current insurance will, or has been, cancelled or terminated), unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and it shall pay all premiums in respect of such insurance policies that become due prior to the Closing Date; and

(g) promptly notify Golden Crescent in writing if any member of the Sea Dragon Group receives notice that there exists a material violation of any Environmental Law or a material condition requiring removal or other remedial measures with respect to any of the Concession Areas and, unless such notice is being contested in good faith, Sea Dragon shall promptly (and in any event within the time permitted by applicable Laws) (i) as to areas over which the Sea Dragon Group exercises control, use its reasonable commercial efforts to remove or remedy such violation or condition in accordance with applicable Environmental Laws and (ii) as to other areas, use commercially reasonable efforts to endeavour to have such violation or condition removed or remedied in accordance with all Environmental Laws.

6.8 Filings, Applications and Regulatory Approvals

(a) The Parties shall cooperate in making all filings and applications and submissions of information under all applicable Laws in connection with the Transactions.

(b) Each Party shall keep the other Party reasonably informed of the status of the review process in connection with any filings, applications, approvals or submissions required in connection with the Transactions, including the TSX-V Approvals, and in this regard, each Party shall:

(i) promptly notify the other Party of any written communication to that Party or its Affiliates from the TSX-V or any Governmental Authority and, subject to applicable Laws, provide the other Party (or its counsel in respect of competitively sensitive or confidential information) with a copy of any written communication to any of the foregoing; and

(ii) not make any filings or submissions or participate in any substantive meeting or discussion with the TSX-V or any Governmental Authority in respect of any filings, investigation or inquiry concerning the Transactions unless it consults with the other Party in advance and, to the extent permitted by the TSX-V or such Governmental Authority, gives the other Party (or their counsel in respect of competitively sensitive or confidential matters) the opportunity to attend and participate thereat.

(c) Sea Dragon shall file, or cause to be filed, a conformed copy of the execution version this Agreement on SEDAR under its profile no later than five days following the execution of this Agreement.

(d) Sea Dragon shall not later than three Business Days prior to the expiry of the Option Period cause SD NPC Egypt Holdco, SD GOS and, provided that the Preferred Share Issuer is not Sea Dragon, SD NPC Egypt Holdco or SD GOS, the Preferred Share Issuer, to be incorporated pursuant to charter documents and within the organizational structure of the Sea Dragon Group in a form and manner acceptable to Golden Crescent, acting reasonably.

(e) Golden Crescent shall provide to Sea Dragon, no later than one Business Day prior to the completion of the Option Period, written confirmation as to whether or not the TSX-V Approval is in a form acceptable to Golden Crescent.

6.9 Preservation of Books and Records

Sea Dragon shall take all reasonable steps to preserve and maintain in good order the Books and Records of the NPC Egypt Group, including those delivered to it in connection with the completion of the Transactions, for a period of six years from the Closing Date, or for any longer period as may be required by any applicable Laws or Governmental Authority, and shall make such records available to Golden Crescent on a timely basis, as may be requested by it.

6.10 Employment Matters

(a) Sea Dragon shall interview those Employees of NPC, Petzed and the NPC Egypt Group who are exclusively engaged in the management or operation of the NPC Egypt Group or the NPC Egypt Concessions ("**Concession Employees**") that Sea Dragon has identified as potential candidates for employment with Sea Dragon or the NPC Egypt Group following Closing (which shall be disclosed in writing to Golden Crescent), with such interviews to be completed within 30 Business Days of execution of this Agreement, or such other time as the Parties may mutually agree upon in writing.

(b) Based on Sea Dragon's good faith assessment of its applicable requirements and the results of the interviews referenced in paragraph (a) above, Sea Dragon may determine, at its sole discretion, to make contract offers ("**Contract Offers**") to any of the Concession Employees. Any such Contract Offers shall be in accordance with applicable Laws and on terms and conditions of employment, including salary, bonus, benefits and position, no less favourable in the aggregate than those received by the Employees immediately prior to Closing and shall recognize all past service of such Concession Employees with NPC, Petzed or the NPC Egypt Group, as applicable, through to the Closing Time, for all purposes ("**Recognized Past Service**").

(c) Sea Dragon shall advise Golden Crescent, forthwith after completing the interviews as to those Employees to whom Sea Dragon proposes to provide Contract Offers as well as copies of the Contract Offers for Golden Crescent's prior approval. The Parties acknowledge and agree that Sea Dragon may not provide a Contract Offer to a Concession Employee without Golden Crescent's express, prior written consent, such consent not to be unreasonably withheld, conditioned or delayed. To that end, Golden Crescent shall, not later than five Business Days after being provided with the aforementioned list and copies of the Contract Offers, provide to Sea Dragon a list of Concession Employees that Golden Crescent consents to being provided with a Contract Offer ("**Authorized Employees**") as well as its comments on the Contract Offers, if any.

(d) Subject to the Contract Offers being approved by Golden Crescent as aforesaid, on or before the Business Day that is 10 Business Days prior to the Closing Date, or such other time as the Parties may mutually agree upon in writing, Golden Crescent shall deliver written notices to the Authorized Employees that Sea Dragon has designated as receiving a Contract Offer, advising them that Sea Dragon intends to make written offers to such Employees subject to the provisions hereof (collectively, "**Offers**"). The Offers shall become effective upon Closing and shall be made conditional on Closing. Sea Dragon shall advise Golden Crescent forthwith upon acceptance of any Offers. Authorized Employees accepting an Offer are referred to herein as "**Transferred Employees**".

(e) On or before the Business Day that is five Business Days prior to the Closing Date, or such other time as the Parties may mutually agree upon in writing, Golden Crescent shall issue written notices to all Concession Employees employed by a member of the NPC Egypt Group who have not been designated as an Authorized Employee, as well as all Authorized Employees that have declined an Offer (the "**Remaining Employees**") that such Remaining Employees will either be terminated on the day prior to the Closing Date, or will be re-assigned to Golden Crescent or one of its Affiliates (other than the NPC Egypt Group).

(f) No later than two Business Days prior to the Closing Date, Sea Dragon shall deliver executed Contract Offers (conditional upon Closing) to each of the

Transferred Employees (which shall be in the form approved by Golden Crescent as aforesaid).

(g) Golden Crescent, or its Affiliates (other than the NPC Egypt Group) shall:

(i) satisfy, prior to the Closing Time, all accrued but unpaid financial obligations owed by NPC, Petzed or members of the NPC Egypt Group, as applicable, to all Transferred Employees (but on a basis that does not diminish the obligations of Sea Dragon in connection with Recognized Past Service); and

(ii) be liable for any costs related to the termination or re-assignment of the Remaining Employees, including, without limitation, costs with respect to accrued but unpaid compensation, severance costs, relocation costs, costs of benefits arising on termination or reassignment or similar costs.

(h) The Parties acknowledge that Sea Dragon shall not be obligated to extend any Contract Offers.

(i) Within three Business Days after the Closing Date, Sea Dragon shall provide Golden Crescent with unconditional resignation letters and unconditional releases executed by the Transferred Employees in forms acceptable to Golden Crescent, acting reasonably.

(j) Golden Crescent shall jointly plan and co-ordinate the Employee interview process described in paragraph (a) above and all communications with Employees shall be joint communications and shall be in a form mutually agreed upon by Golden Crescent and Sea Dragon, acting reasonably.

(k) During the 18 month period following Closing, neither Sea Dragon nor any of its Affiliates, nor Golden Crescent, nor any of its Affiliates may solicit, offer employment to, or employ any Remaining Employees (in the case of Sea Dragon and its Affiliates) or Transferred Employees (in the case of Golden Crescent and its Affiliates) without the express, prior written consent of Golden Crescent or Sea Dragon, as applicable, which may be given or withheld by Golden Crescent or Sea Dragon, as applicable, in its sole discretion or given on such terms as Golden Crescent or Sea Dragon, as applicable, may determine.

6.11 Directors' and Officers' Indemnification

For a period of six years following Closing, the provisions of any document or instrument, including indemnification agreements, maintained by any member of the NPC Egypt Group or either of the JV Subsidiaries at Closing, concerning the elimination or minimization of liability and indemnification of officers and directors (including former officers and directors and persons serving in analogous capacities) shall not be amended in any manner that would adversely affect the rights thereunder of any person that is currently, or has in the past been, an officer or director of, or serves or has served in the past in an analogous capacity with any member of the NPC Egypt Group or either of the JV Subsidiaries.

6.12 No Solicitation

(a) Except as expressly provided in Sections 6.6 and 6.14 and this Section 6.12, Golden Crescent shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of Golden Crescent or any of its Affiliates (collectively, for the purposes of this Section 6.12, the "**Representatives**"):

(i) solicit, assist, facilitate, knowingly encourage or initiate (in each case including by way of discussion, negotiation, furnishing information, or entering into any understanding, arrangement or agreement) any inquiries, requests or proposals regarding an Acquisition Proposal;

(ii) encourage or participate in any discussions or negotiations, including by furnishing any information relating to any member of the NPC Egypt Group, either of the JV Subsidiaries, Petzed or the NPC Egypt Concessions, or affording access to the business, properties, assets, books or records of any member of the NPC Egypt Group, either of the JV Subsidiaries or Petzed, with any Person (other than Sea Dragon) regarding an Acquisition Proposal;

(iii) accept, approve, or endorse, or propose publicly to accept, approve or endorse, any Acquisition Proposal; or

(iv) accept, approve, endorse, recommend or enter into, or publicly propose to accept, approve, endorse, recommend or enter into, any Contract in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 6.12(c) or Section 6.14(a)).

(b) Except as expressly provided in Sections 6.6 and 6.14 and this Section 6.12, Golden Crescent shall, and shall cause its Affiliates and Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any persons conducted heretofore by Golden Crescent, its Affiliates or any Representatives with respect to any actual or potential Acquisition Proposal (excluding, for this purpose, discussions regarding the Concurrent Arrangements or any Competing Transaction), and, in connection therewith, Golden Crescent shall discontinue access to the Golden Crescent Physical Data Room and the Golden Crescent Virtual Data Room (and not establish or allow access to any other data rooms, virtual or otherwise or otherwise furnish information) and shall as soon as possible request, to the extent that it is entitled to do so (and exercise all rights it has to require) the return or destruction of all confidential information regarding the NPC Egypt Group, the JV Subsidiaries, Petzed or the NPC Egypt Concessions previously provided to any such person or any other person (other than any Third Parties involved in the Concurrent Arrangements or any Competing Transaction) and shall request (and exercise all rights it has to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding the NPC Egypt Group, the JV Subsidiaries, Petzed or the NPC Egypt Concessions. Golden Crescent agrees that neither it, nor any of its Affiliates, shall terminate, waive, release, amend, modify or otherwise forebear from the enforcement of, and agrees to actively prosecute and enforce, any agreement containing standstill provisions and any provision of any existing confidentiality agreement or any standstill agreement to which it or any of its Affiliates is a party (except that Sea Dragon acknowledges that the automatic termination of the standstill provisions of any such agreements as a result of the entering into and announcement of this Agreement shall not be a violation of this Section 6.12(b)).

(c) Notwithstanding Section 6.12(a) and 6.12(b) or any other provision of this Agreement, if at any time following the expiry of the Option Period, Golden Crescent receives a written Acquisition Proposal not resulting from a breach of this Section 6.12 and Golden Crescent determines in good faith, that such Acquisition Proposal constitutes or could reasonably be expected to constitute a Superior Proposal, then Golden Crescent may, in compliance with Section 6.12(d):

(i) furnish information with respect to the NPC Egypt Group, the JV Subsidiaries, Petzed or the NPC Egypt Concessions to the person making such Acquisition Proposal; and/or

(ii) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the Person making such Acquisition Proposal;

provided that Golden Crescent shall not, and shall not allow its Affiliates and Representatives to, disclose any non-public information with respect to any member of the NPC Egypt Group, either of the JV Subsidiaries, Petzed or the NPC Egypt Concessions to such person without having entered into a confidentiality and standstill agreement with such person that contains provisions that are no less favourable to Golden Crescent than those contained in the provisions of the Confidentiality Agreement, and shall promptly provide to Sea Dragon any material non-public information concerning any member of the NPC Egypt Group, either of the JV Subsidiaries, Petzed or the NPC Egypt Concessions provided to such other person which was not previously provided to Sea Dragon.

(d) Golden Crescent shall promptly (and in any event within 24 hours following receipt) notify Sea Dragon (at first orally and thereafter in writing) in the event it receives after the expiry of the Option Period an Acquisition Proposal or a potential Acquisition Proposal (including any request for non-public information relating to any member of the NPC Egypt Group, either of the JV Subsidiaries, Petzed or the NPC Egypt Concessions or for access to the properties, books or records of the any member of the NPC Egypt Group, either of the JV Subsidiaries or Petzed, in each case, in connection with an Acquisition Proposal or a potential Acquisition Proposal), and shall regularly and promptly inform Sea Dragon as to the status of developments and negotiations with respect to such Acquisition Proposal or potential Acquisition Proposal, including any changes to the material terms or conditions, of such Acquisition Proposal or potential Acquisition Proposal.

(e) Notwithstanding anything in this Agreement to the contrary, if at any time following expiry of the Option Period, Golden Crescent receives an Acquisition Proposal not resulting from a breach of this Section 6.12 that Golden Crescent concludes in good faith, constitutes a Superior Proposal, Golden Crescent may, subject to compliance with the procedures set forth in Section 6.12(f), terminate this Agreement and contemporaneously enter into a definitive agreement with respect to such Superior Proposal if and only if:

(i) Golden Crescent has complied with its obligations under this Section 6.12 required to be completed prior to such time; and

(ii) it has provided Sea Dragon with a copy of the Superior Proposal document and all supporting materials, including any financing documents supplied to Golden Crescent in connection therewith, and written confirmation from Golden Crescent that it has determined that the proposal constitutes a Superior Proposal.

(f) During the five day period commencing on the Business Day following the day on which Sea Dragon receives the information and confirmation set out in Section 6.12(e)(ii) (the "**Matching Period**"), Golden Crescent agrees that Sea Dragon shall have the right, but not the obligation, to offer to amend the terms of this Agreement and the Transactions. Golden Crescent shall review any offer by Sea Dragon to amend the terms of this Agreement and the Transactions in good faith in order to determine, whether Sea Dragon's amended offer, upon acceptance by Golden Crescent would cause the Superior Proposal giving rise to the Matching Period to cease to be a Superior Proposal. If Golden Crescent so determines, Golden Crescent shall enter into an amended agreement with Sea Dragon reflecting Sea Dragon's amended offer. If, after the expiry of the Matching Period, Golden Crescent continues to believe, in good faith, that such Superior Proposal remains a Superior Proposal and therefore rejects Sea Dragon's amended offer, if any, or Sea Dragon fails to offer to amend the Agreement and the Transactions, Golden Crescent may, subject to payment of the Break Fee as set forth in Section 12.3, terminate this Agreement to enter into a definitive agreement in respect of the Superior Proposal.

(g) Golden Crescent acknowledges that each successive modification to any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of the requirement under Section 6.12(f) and shall initiate a Matching Period.

(h) Golden Crescent shall ensure that its Affiliates and its and their Representatives are aware of the obligations in this Section 6.12.

6.13 Access to Information

(a) From the date hereof until the termination of this Agreement, subject to compliance with applicable Laws and the terms of any Contract of the Parties or their respective Affiliates:

(i) Golden Crescent shall provide Sea Dragon and its Representatives with:

(A) reasonable access to the offices, properties and management and operations personnel of the NPC Egypt Group, the JV Subsidiaries and Petzed; and

(B) subject to Section 6.6(b)(ii), such financial and operating data, engineering reports and other information in respect of the NPC Egypt Group, the JV Subsidiaries, Petzed and the NPC Egypt Concessions, as Sea Dragon may reasonably request; and

(ii) Sea Dragon shall provide Golden Crescent and its Representatives with:

(A) reasonable access to the offices, properties and management and operations personnel of the Sea Dragon Group; and

(B) such financial and operating data, engineering reports and other information in respect of the Sea Dragon Group and the Sea Dragon Concessions, as Golden Crescent may reasonably request.

(b) Any investigation pursuant to this Section 6.13 shall be conducted during normal business hours and in such manner as not to interfere unreasonably with the conduct of the respective businesses of the Parties. Neither Sea Dragon nor any of its Representatives shall contact officers or employees of the NPC Egypt Group, the JV Subsidiaries or Petzed except after receiving the prior written approval of Golden Crescent, which approval shall not be unreasonably withheld, conditioned or delayed. Neither Golden Crescent nor any of its Representatives shall contact officers or employees of the Sea Dragon Group except after receiving the prior written approval of Sea Dragon, which approval shall not be unreasonably withheld, conditioned or delayed.

(c) Notwithstanding Section 6.13(a), neither Party shall be obligated to provide access to, or to disclose, any information to the other Party if the first Party reasonably determines that such access or disclosure would violate applicable Laws or jeopardize any solicitor-client privilege claim by:

(i) in the case of Golden Crescent, it, the NPC Egypt Group, the JV Subsidiaries or Petzed; or

(ii) in the case of Sea Dragon, it or its Subsidiaries,

as applicable, provided that each Party shall use its reasonable best efforts to put in place an arrangement to permit such disclosure without loss of solicitor-client privilege.

(d) In connection with the IFC Financing and any Lender Approval, Sea Dragon shall inform Golden Crescent and its legal counsel on at least a bi-weekly basis, in writing or by e-mail, as to the status of such transactions and shall provide Golden Crescent and its legal counsel with a reasonable opportunity to review all documentation in respect of the IFC Financing and any Lender Approval (collectively, the "**Financing Documentation**") by no later than the earlier of (i) the date such Financing Documentation is substantially in final form and content, or (ii) at least seven Business Days prior to the expiry of the Option Period. Golden Crescent shall notify Sea Dragon of any objections that it may have relating to the terms and conditions of the Financing Documentation that are inconsistent with the terms of this Agreement or any of the Ancillary Agreements or that may be materially adverse to the interests of Golden Crescent or the consummation of the Transactions no later than four Business Days following receipt of the Financing Documentation from Sea Dragon.

6.14 Option Period

(a) Notwithstanding anything in this Agreement to the contrary, Golden Crescent shall be entitled during the period from the date of this Agreement to and including 12:00 p.m. (Calgary time) on August 1, 2012 (the "**Option Period**") to:

(i) take or carry out any actions otherwise restricted by Section 6.12 to solicit, assist, facilitate, encourage, initiate, entertain or otherwise continue any activities, discussions or negotiations with any Third Party which may lead to any actual or potential Acquisition Proposal (a "**Competing Transaction**");

(ii) make available to any Third Party non-public information relating to the NPC Egypt Group, the JV Subsidiaries, Petzed or the NPC Egypt Concessions or afford any Third Party access to the business, properties, assets, books or records of any member of the NPC Egypt Group, either of the JV Subsidiaries or Petzed; and/or

(iii) receive, accept, approve or endorse, or propose publicly to receive, accept, approve or endorse, any Acquisition Proposal from any Third Party whatsoever;

provided however, that, during the Option Period:

(A) Golden Crescent shall have entered into a confidentiality agreement with such Third Parties on terms no more favourable to such Third Parties (including with respect to standstill restrictions) than those in the Confidentiality Agreement as of the date it was executed prior to providing any Third Parties with access to any non-public information relating to the NPC Egypt Group, the JV Subsidiaries, Petzed or the NPC Egypt Concessions; and

(B) Golden Crescent shall not disclose to any such Third Parties any non-public information relating to the Transactions.

(b) The Parties acknowledge and agree that Section 6.12 shall not apply with respect to any discussions or negotiations by Golden Crescent with any Third Parties during the Option Period. If, during the Option Period, Golden Crescent determines to accept, approve, endorse, recommend or enter into, or publicly proposes to accept, approve, endorse, recommend or enter into, any Acquisition

Proposal relating to a Competing Transaction that includes any amount of cash as part of the total consideration payable by the prospective acquiror to Golden Crescent upon the completion of the proposed Competing Transaction, Golden Crescent may rescind and terminate this Agreement as provided for in Section 12.5 by delivering a written notice to Sea Dragon at any time prior to the expiry of the Option Period.

(c) From and after the expiration of the Option Period, Golden Crescent shall be obligated to comply with all of the provisions of Section 6.12 with respect to all Acquisition Proposals, including any Acquisition Proposal received prior to the expiration of the Option Period.

6.15 Reimbursement of EK Concession Signature Bonus

In the event that the EK Concession Agreement is ratified by the People's Assembly of Egypt and is executed and delivered by EGPC such that the $5 million signature bonus due on execution of the EK Concession Agreement becomes payable by NPC EK or one of its Affiliates (the "**EK Signature Bonus**") and the EK Signature Bonus is in fact paid to EGPC by or on behalf of NPC EK or one of its Affiliates, as applicable, Sea Dragon shall, on or prior to Closing, reimburse to Golden Crescent the full amount of the EK Signature Bonus.

ARTICLE 7
POST-CLOSING COVENANTS

7.1 Notification of Sale of Common Shares

In addition to any notifications required under Applicable Canadian Securities Laws, Golden Crescent shall provide written notice to Sea Dragon of any intended sales of Common Shares in excess of 5% of the total number of Prospectus Shares in any single transaction or series of related transactions at least ten days prior to such sale until such time as Golden Crescent or any of its Affiliates holds less than 3% of the then issued and outstanding Prospectus Shares.

7.2 Listing of Common Shares

For so long as Golden Crescent or any of its Affiliates shall hold Prospectus Shares or other securities convertible into Prospectus Shares representing not less than 5% of the total number of Prospectus Shares, Sea Dragon shall use its best efforts to maintain a listing of the Common Shares on the TSX-V and any other stock exchange on which the Common Shares may be listed and maintain its status as a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

7.3 Preferred Share Consideration Hold Period

Golden Crescent covenants and agrees that it shall, or shall cause its Affiliates and pledgees to, for a period of 12 months after the Closing Date, retain and not sell, assign or otherwise dispose of all or any part of the Preferred Share Consideration without the prior written consent of Sea Dragon, such consent not to be unreasonably withheld, conditioned or delayed.

7.4 Preferred Share Issuer

For so long as any outstanding Preferred Shares are owned by any Person other than Sea Dragon or any of the Sea Dragon Subsidiaries:

(a) Sea Dragon shall:

(i) be and remain the direct or indirect beneficial owner of all of the issued and outstanding voting shares in the capital of the Preferred Share Issuer;

(ii) not pay any dividend, make any distribution or return or reduce stated capital in respect of class of securities in the capital of Sea Dragon;

(iii) not, without the express, prior written consent of the holders of the Preferred Shares, cause or permit any of the Sea Dragon Subsidiaries to initiate, authorize or undertake any Preferred Shareholder Consent Matter;

(iv) take all such actions and do all such things as are necessary or desirable to cause the Preferred Share Issuer to:

(A) declare and pay in full any and all dividends on the Preferred Shares promptly, when due, in accordance with the Preferred Share Provisions;

(B) enable the Preferred Share Issuer to perform fully all of its obligations in connection with the exercise by the Preferred Share Issuer of its redemption rights under the Preferred Share Provisions ("**Redemption Rights**");

(C) enable the Preferred Share Issuer to perform fully all of its obligations in connection with the exercise by any holder of Preferred Shares of its conversion rights under the Preferred Share Provisions ("**Conversion Rights**");

(D) pay and/or otherwise perform its obligations in respect of each outstanding Preferred Share upon the liquidation, dissolution or winding up of the Preferred Share Issuer or any other distribution of the assets of the Preferred Share Issuer among its shareholders for the purpose of winding up its affairs in accordance with the Preferred Share Provisions; and

(E) give effect to any other rights of the holder or holders of Preferred Shares from time to time and to enable and permit the Preferred Share Issuer to fully and punctually perform its obligations arising upon the exercise of such rights.

(b) In connection with the Conversion Rights, Sea Dragon covenants and agrees to provide to the Preferred Share Issuer, or as the Preferred Share Issuer shall direct, fully-paid and non-assessable Common Shares, free and clear of any and all Encumbrances, and to undertake all such other acts and do all such other things as are required to permit the Preferred Share Issuer to fully perform its obligations in connection with the Conversion Rights;

(c) Sea Dragon hereby unconditionally guarantees the full and punctual performance by the Preferred Share Issuer of all of its obligations under the Preferred Share Provisions;

(d) in the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Sea Dragon or the Common Shares (an "**Common Share Offer**") is made or proposed, Sea Dragon shall not accept nor recommend any such Common Share Offer unless the holders of the Preferred Shares (other than Sea Dragon or any Sea Dragon Subsidiary) are entitled to participate in such Common Share Offer through an exercise of Preferred Shares into Common Shares conditional upon completion of such Common Share Offer;

(e) Sea Dragon shall not consummate any transaction whether by way of: (x) a statutory procedure (such as an amalgamation, reorganization, consolidation or merger); or (y) a transfer, sale or lease whereby all or substantially all of Sea Dragon's undertaking, property and assets would become the property of another Person or, in the case of a merger, of the continuing corporation resulting therefrom, unless:

    (i) such other Person or continuing corporation (the "**Successor**") executes, prior to or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any), in each case, in form acceptable to Golden Crescent as are reasonably necessary or advisable to evidence the assumption by the Successor of all of the obligations of Sea Dragon hereunder and the covenant of such Successor to pay and deliver or cause to be paid and delivered the same and its agreement to observe and perform all such covenants and obligations of Sea Dragon under this Agreement; and

    (ii) such transaction shall be upon such terms and conditions as substantially to preserve and not to impair in any material respect any of the rights, duties, powers and authorities of Golden Crescent or other holders of the Preferred Shares hereunder or under the Preferred Share Provisions; and

(f) In connection with the Redemption Rights, Golden Crescent covenants and agrees on its own behalf and on behalf of any of its Affiliates that hold Preferred Shares (a "**GC Holder**") that upon redemption of the Preferred Shares in accordance with the terms of the Preferred Share Provisions, any Preferred Shares held by a GC Holder that are being redeemed shall be surrendered to the Preferred Share Issuer for cancellation, and such GC Holder shall undertake all such other acts and do all such other things as are required to permit the Preferred Share Issuer to fully enforce its rights in connection with its Redemption Rights.

ARTICLE 8
BOARD NOMINEE RIGHTS

8.1 Board Nominee Rights

For so long as Golden Crescent or any of its Affiliates hold Prospectus Shares or other securities convertible into Prospectus Shares representing not less than 10% of the issued and outstanding Common Shares (the "**Board Nominee Right Minimum Holding**"), Golden Crescent shall be entitled, but not obligated, to designate in writing one nominee for election to the Sea Dragon Board (the "**Golden Crescent Board Nominee**"), and subject to compliance by such Golden Crescent Board nominee with Section 105 of the CBCA and all requirements of the TSX-V (or such other stock exchange on which the Common Shares are then listed and posted for trading), Sea Dragon shall be obligated to include such Golden Crescent Board Nominee(s), among the nominees that are recommended to Sea Dragon Shareholders for election to the Sea Dragon Board in advance of any meeting of Sea Dragon Shareholders at which directors of Sea Dragon are to be elected, unless the Parties agree in writing otherwise. In the event that the Golden Crescent Board Nominee is elected to the Sea Dragon Board, the Golden Crescent Board Nominee shall, subject to applicable Laws applied reasonably, have the right to be a member of each committee of the Sea Dragon Board that has been, or may be, established and be entitled to be compensated for serving on the Sea Dragon Board in the same manner as the other nominees who have been elected to the Sea Dragon Board.

8.2 Limitations on Actions if Golden Crescent Board Nominee is not Elected

In the event that the Golden Crescent Board Nominee is included in the nominees that are recommended to the Sea Dragon Shareholders in accordance with Section 8.1, and the Golden Crescent Board Nominee is not elected to the Sea Dragon Board by the Sea Dragon Shareholders, then Sea Dragon will forthwith, and in any event, not later than three months following the date on which the Golden Crescent Board Nominee failed to be elected to the Board, call another meeting of Sea Dragon Shareholders (a "**Second Meeting**") for purposes of electing the members of the Sea Dragon Board and will again include the Golden Crescent Board Nominee in the slate of nominees that are recommended to the Sea Dragon Shareholders for election to the Sea Dragon Board. For greater certainty, Golden Crescent is entitled to select another individual, other than the individual who acted as the Golden Crescent Board Nominee at the prior meeting of Sea Dragon Shareholders at which members of the Sea Dragon Board were elected, to serve as the Golden Crescent Board Nominee at the Second Meeting.

8.3 Voting Support

For a period of two years from the Closing Date, Golden Crescent shall, or shall cause its Affiliates to, vote all Common Shares then held by it in favour of the election of Mr. Said Arrata, Mr. A.D. (Tony) Anton and Mr. Ahmed Farid Ahmed Moaaz to the Sea Dragon Board to the extent that such persons are:

(a) included in the slate of nominees that are recommended to the Sea Dragon Shareholders to serve as the Sea Dragon Board; and

(b) subject to a Senior Management Lock-Up Agreement (in the form executed prior to or concurrently with the execution of this Agreement) that remains in effect.

ARTICLE 9
ANTI-DILUTION RIGHTS

9.1 Anti-Dilution Rights

(a) For so long as Golden Crescent or any of its Affiliates hold Prospectus Shares or other securities convertible into Prospectus Shares representing not less than 5% of the issued and outstanding Common Shares and subject to any Exempt Sea Dragon Share Transaction described in Section 9.2, Golden Crescent shall, in the event of any issuance (a "**Dilutive Issuance**") of:

(i) any Common Shares or any securities convertible into, exchangeable or exercisable for, or ranking in preference or priority to such shares or any securities deriving their value principally from such shares, including any preferred shares of Sea Dragon; or

(ii) any Preferred Shares or other preferred shares of Sea Dragon,

(collectively, "**Dilutive Securities**") that are offered from treasury to one or more Persons, have the right (the "**Pre-Emptive Right**") to subscribe for or purchase, at Golden Crescent's option, on a *pro rata* basis and on the same terms and at substantially the same time as such issuance of Dilutive Securities to other acquirors, such Dilutive Securities so as to maintain its *pro rata* equity percentage in Sea Dragon (as measured at the time the Participation Notice is delivered), after giving effect to such issuance.

(b) Sea Dragon shall, in connection with the Golden Crescent's Pre-Emptive Right, provide Golden Crescent with a written notice of any such Dilutive Issuance (the "**Participation Notice**") at least ten Business Days prior to the date upon which the Dilutive Securities are to be issued (the "**Notice Period**"). The Participation Notice shall describe (to the extent known) the number, price, payment terms, closing date, the material terms of the Dilutive Securities to be issued and all other material terms of such Dilutive Issuance. Any material information not provided to Golden Crescent in the Participation Notice because it is not then known shall be provided to Golden Crescent forthwith upon becoming known to Sea Dragon (the "**Pending Deal Terms**").

(c) In order to exercise the Pre-Emptive Right, Golden Crescent must notify Sea Dragon as to whether it will be exercising its Pre-Emptive Right within the later of seven Business Days of receiving the Participation Notice or three Business Days after it is provided with the last of the Pending Deal Terms (the "**Exercise Deadline**").

(d) If the Dilutive Securities are comprised of, or include securities that are not Common Shares or securities convertible into or exchangeable or exercisable for Common Shares ("**non-common equity securities**"), the number of Dilutive Securities that are non-common equity securities to be acquired by Golden Crescent upon exercise of the Pre-emptive Right shall be equal to the product of

Golden Crescent's equity interest in Sea Dragon at the date of the Participation Notice and the aggregate number of such Dilutive Securities to be issued.

(e) If, upon the exercise by Golden Crescent of its Pre-Emptive Right, Golden Crescent becomes entitled to a fractional interest in Common Shares, any such fractional Common Share that is (i) less than 0.5 of a Common Share will be rounded down to the nearest whole Common Share, and (ii) 0.5, or greater, of a Common Share will be rounded up to the nearest whole Common Share.

(f) If the Dilutive Securities are to be issued for consideration other than cash consideration, the consideration payable by Golden Crescent upon exercise of its Pre-Emptive Right shall be the cash equivalent of the fair market value of the non-cash consideration to be paid by other acquirors of Dilutive Securities as determined by the Sea Dragon Board, in its sole discretion, acting reasonably and with the advice of its financial advisors.

9.2 Exempt Sea Dragon Share Transactions

For greater certainty, the Pre-Emptive Right will not apply to any issue of Common Shares or other securities of Sea Dragon pursuant to any of the following transactions (each, an "**Exempt Sea Dragon Share Transaction**"):

(a) the issuance of Sea Dragon Options to employees, officers and directors of Sea Dragon pursuant to the Sea Dragon Option Plan which have been approved by the Sea Dragon Board and the issuance of Common Shares on the exercise of the Sea Dragon Options;

(b) the issuance of Common Shares on the exercise of the Sea Dragon Warrants;

(c) the issuance of Common Shares in connection with the IFC Private Placement;

(d) the issuance of Common Shares on the conversion of all or any part of the Preferred Share Consideration;

(e) the issuance of Common Shares or other securities in consideration for the acquisition of assets or shares of another entity from Persons that are not Sea Dragon Shareholders and are otherwise at arm's-length to Sea Dragon;

(f) dividends, share splits or consolidations of the Common Shares;

(g) internal reorganizations of the Sea Dragon Group not resulting in a Change of Control of Sea Dragon;

(h) securities issued upon the exercise or conversion of any Dilutive Securities issued in compliance with Section 9.1 of this Agreement; and

(i) securities issued to any Person other than Golden Crescent or any of its Affiliates, so long as Golden Crescent approved the waiver of its Pre-emptive Right with respect to such issuance.

ARTICLE 10
PROSPECTUS RIGHTS

10.1 Prospectus Rights

(a) In the circumstances set out in Sections 10.2 and 10.3 and subject to Sections 10.1(b), 10.1(c) and 10.1(d), Golden Crescent shall have the right to require that Sea Dragon qualify, through a Prospectus, the Common Shares comprising the Common Share Consideration and the Common Shares issuable upon conversion of the Preferred Share Consideration (collectively, the "**Prospectus Shares**") for Distribution in the manner set out in Sections 10.2 and 10.3 (collectively, the "**Prospectus Rights**").

(b) The exercise by Golden Crescent of the Prospectus Rights shall be limited as follows:

(i) during the first 12 month period following Closing (the "**Piggy-Back Offering Period**"), Golden Crescent may not sell more than 25% of the Common Shares comprising the Common Share Consideration on the exercise of its Piggy-Back Rights in the manner set out in Section 10.2; and

(ii) during the first 12 month period following the Piggy-Back Offering Period, Golden Crescent may not sell more than 35% of the Prospectus Shares on the exercise of its Canadian Demand Distribution Rights in the manner set out in Section 10.3;

provided, however, but subject to the following sentence, that if either (x) Mr. Said Arrata, or (y) any two other members of the Sea Dragon Senior Management Team, cease, for any reason, to be in the employ of Sea Dragon, Golden Crescent shall be entitled to require that Sea Dragon qualify, through a Prospectus, of all of the Prospectus Shares then held by Golden Crescent for Distribution. Notwithstanding the foregoing, in the event that Said Arrata ceases to be in the employ of Sea Dragon directly as a result of the failure by Golden Crescent to vote all Common Shares then held by Golden Crescent in favour of Said Arrata's election as a director of Sea Dragon, then Golden Crescent shall not be entitled to require Sea Dragon to qualify, through a Prospectus, a Distribution of all of the Prospectus Shares then held by Golden Crescent as aforesaid in the event that Said Arrata ceases to be in the employ of Sea Dragon.

(c) Golden Crescent may only exercise its Prospectus Rights, whether in accordance with the Piggy-Back Rights or the Canadian Demand Distribution Rights, in aggregate, in respect of four separate Distributions; provided, however, that:

(i) Golden Crescent may not exercise its Canadian Demand Distribution Rights in the manner set out in Section 10.3 on more than one occasion during the Piggy-Back Offering Period; and

(ii) Golden Crescent shall be permitted to exercise its Canadian Demand Distribution Rights in respect of no more than three separate Distributions during the 24 month period following the completion of the Piggy-Back Offering Period notwithstanding that Golden Crescent may not have exercised its Canadian Demand Distribution Rights during the Piggy-Back Offering Period.

(d) Golden Crescent's Prospectus Rights shall terminate on the third anniversary of the Closing Date.

10.2 Piggy-Back Rights

(a) If at any time during the Piggy-Back Offering Period, Sea Dragon proposes to file a preliminary prospectus and a final prospectus (collectively, a "**Prospectus**") with any of the Canadian Securities Regulatory Authorities to qualify the Distribution of any Common Shares (a "**Canadian Offering**"), then Sea Dragon shall give to Golden Crescent a written notice (a "**Piggy-Back Notice**") not later than 30 days prior to the date of filing of any Prospectus with any of the Canadian Securities Regulatory Authorities to be used in connection with a Canadian Offering, indicating its intention to so file a Prospectus and specifying the date, which shall not be less than 20 days from the date the Piggy-Back Notice was received by Golden Crescent, by which the Supplemental Prospectus Notice referred to in Section 10.2(b) below must be returned to Sea Dragon.

(b) Subject to Section 10.1, in the event that a Piggy-Back Notice shall have been so given, Golden Crescent, at its election, may give to Sea Dragon a written notice (a "**Supplemental Prospectus Notice**"):

(i) specifying the number of Common Shares ("**Supplemental Prospectus Shares**") proposed to be sold or otherwise transferred by Golden Crescent and/or any of its Affiliates; and

(ii) requesting the inclusion thereof for Distribution under such Prospectus,

provided, however, that (i) the number of Supplemental Prospectus Shares may not exceed 30% of the total number of Common Shares that Sea Dragon is proposing to qualify through the Prospectus for Distribution and (ii) such Supplemental Prospectus Notice shall be so given by Golden Crescent not later than the date specified in the Piggy-Back Notice (the "**Piggy-Back Rights**");

(c) From and after receipt of a Supplemental Prospectus Notice given by Golden Crescent in connection with a Canadian Offering, Sea Dragon shall in a timely manner cause the Supplemental Prospectus Shares of Golden Crescent to be qualified for Distribution pursuant to the Prospectus filed with the Canadian Securities Regulatory Authorities in connection with such Canadian Offering and to effect and to comply with all such regulatory qualifications, compliances and requirements as may be necessary to permit the offer and sale or other transfer of the Supplemental Prospectus Shares in Canada, including pursuant to any underwriting of the Canadian Offering.

(d) If (i) the lead underwriter advises Sea Dragon and Golden Crescent that the inclusion of some or all of the Supplemental Prospectus Shares would, in such lead underwriter's judgment, materially interfere with the proposed Canadian Offering; or (ii) Sea Dragon determines, acting reasonably, and with the advice of its financial advisor, that the inclusion of some or all of the Supplemental Prospectus Shares would materially impair the ability of Sea Dragon to fund its budgeted working capital requirements for its existing properties, then the number of Common Shares that may be included shall be allocated:

(i) first to Sea Dragon, such that Sea Dragon's working capital requirements in respect of its existing properties (as set out in the use of proceeds section of the Prospectus) are fully funded from the proceeds of the Canadian Offering; and

(ii) second to Golden Crescent, in accordance with the number of Supplemental Prospectus Shares requested to be included by Golden Crescent,

(collectively, the "**Cutback Rights**").

(e) If as a result of the Cutback Rights, Golden Crescent is entitled to qualify for Distribution, less than 15% of the total number of Common Shares being offered pursuant to the Prospectus prepared in connection with the Canadian Offering, Golden Crescent shall be entitled to participate in such Canadian Offering, but shall be deemed not to have exercised its Prospectus Rights.

(f) Golden Crescent shall have the right to withdraw all or part of its Supplemental Prospectus Shares provided Golden Crescent provides written notice of such withdrawal to Sea Dragon at least 24 hours prior to first filing of the Prospectus qualifying such Supplemental Prospectus Shares for Distribution and if all of the Supplemental Prospectus Shares are withdrawn, Golden Crescent shall be deemed not to have exercised its Prospectus Rights.

10.3 Demand Distribution Rights

(a) Subject to Section 10.1, Golden Crescent shall, at any time during the Piggy-Back Offering Period and the 24 month period following the completion of the Piggy-Back Offering Period (collectively, the "**Demand Offering Period**"), have the right at any time to make a written request (a "**Prospectus Request**") that Sea Dragon effect the filing of a Prospectus with any of the Canadian Securities Regulatory Authorities (which request shall specify the Canadian Securities Regulatory Authorities with which the Prospectus shall be filed) to qualify for Distribution the Prospectus Shares beneficially owned by the Golden Crescent and/or any of its Affiliates (the Prospectus Shares so requested to be qualified are the "**Demand Prospectus Shares**", and the right of Golden Crescent and/or any of its Affiliates to make such a request under this Section 10.3(a) is the "**Canadian Demand Distribution Rights**"); provided, however, that such request shall specify the intended method of offer and sale by Golden Crescent of Common Shares (which may include by way of an underwritten public offering).

(b) Golden Crescent shall have the right to withdraw all or a part of its Demand Prospectus Shares provided that Golden Crescent provides written notice of such withdrawal to Sea Dragon at least 24 hours prior to first filing of the Prospectus qualifying such Demand Prospectus Shares for Distribution and in such event, Golden Crescent shall be deemed not to have exercised its Prospectus Rights.

(c) In the event that the Canadian Demand Distribution Rights are exercised, Sea Dragon shall in a timely manner, use its reasonable best efforts to (i) cause the Demand Prospectus Shares to be qualified for Distribution pursuant to a Prospectus filed with the Canadian Securities Regulatory Authorities identified in the Prospectus Request; and (ii) effect and comply with all such regulatory qualifications, compliances and requirements prescribed under Applicable Canadian Securities Laws to permit the offer and sale or other transfer of the Demand Prospectus Shares in the manner described in the Prospectus Request.

(d) Sea Dragon shall have, during the Demand Offering Period, the right to delay the filing of a Prospectus required pursuant to this Section 10.3, or suspend the use thereof, on no more than two occasions in each of the three 12 month periods comprising the Demand Offering Period through declaration of a black-out period (a "**Black-Out Period**") in the event that:

  (i) Sea Dragon is seized with material non-public information that it does not then wish to disclose publicly; or

  (ii) the Sea Dragon Board has resolved to undertake or explore an offering of Sea Dragon securities from treasury where the use of proceeds from such offering is to fund the working capital requirement of Sea Dragon's then existing operations,

provided, however, that the maximum length of a Black-Out Period declared in the circumstances described in paragraph (i) above shall be six weeks and the maximum length of a Black-Out Period declared in the circumstances described in paragraph (ii) above shall be eight weeks. Sea Dragon shall promptly give Golden Crescent written notice of the declaration of any Black-Out Period containing a general statement of the reasons for such Black-Out Period and an approximation of the maximum anticipated delay. For greater certainty, the delivery of a Prospectus Request by Golden Crescent in circumstances where following such delivery, Sea Dragon declares a Black-Out Period shall be deemed not to constitute an exercise by Golden Crescent of its Prospectus Rights and forthwith following expiry of a Black-Out Period as aforesaid, Golden Crescent shall be entitled to deliver to Sea Dragon a Prospectus Request or resume the use of a previously filed Prospectus.

(e) Neither Sea Dragon nor any other holders of Common Shares shall be permitted to sell any Common Shares as part of any Distribution to which this Section 10.3 applies unless, and only to the extent that, Golden Crescent consents in writing.

10.4 Allocation of Qualification Expenses

(a) All out-of-pocket expenses incurred by Sea Dragon in connection with the qualification for Distribution of Supplemental Prospectus Shares on the exercise by Golden Crescent of its Piggy-Back Rights shall be for the account of, and shall be paid by, Sea Dragon.

(b) In connection with the qualification for Distribution of Demand Prospectus Shares on the exercise by Golden Crescent of its Canadian Demand Distribution Rights:

(i) all out-of-pocket expenses reasonably incurred by Sea Dragon shall be for the account of Golden Crescent and shall be reimbursed by Golden Crescent to Sea Dragon upon receipt of evidence satisfactory to Golden Crescent acting reasonably that Sea Dragon actually incurred such out-of-pocket expenses in connection with the qualification of Demand Prospectus Shares for Distribution; and

(ii) upon receipt by Sea Dragon of a Prospectus Request, Sea Dragon shall, within five Business Days of receiving the request, acting reasonably and in good faith, prepare and deliver to Golden Crescent an itemized estimate of the out-of-pocket costs anticipated to be incurred by Sea Dragon in connection with the qualification of Demand Prospectus Shares for Distribution (the "**Estimate**"). If, upon being provided with such Estimate, Golden Crescent elects:

(A) not to proceed with the exercise of its Canadian Demand Distribution Rights, it shall so advise Sea Dragon in writing of its determination whereupon it shall be deemed to have withdrawn its Prospectus Request and not to have exercised a Canadian Demand Distribution Right; or

(B) to proceed with the exercise of its Canadian Demand Distribution Rights, whereupon Sea Dragon shall use its reasonable commercial efforts to qualify the Demand Prospectus Shares for Distribution on a basis where the Estimate is not exceeded and will forthwith advise Golden Crescent in the event it reasonably believes that the Estimate will be exceeded.

(c) Each Party shall pay its proportionate share (based on the number of Prospectus Shares sold in the case of Golden Crescent or Common Shares issued and sold in the case Sea Dragon) of any underwriters' or agents' commission which are payable in connection with any prospectus offering of Common Shares undertaken pursuant to Section 10.2 or Section 10.3.

(d) For purposes of this Section 10.4, "out-of-pocket expenses" shall not include compensation paid to directors, officers, employees and in-house consultants of Sea Dragon or its Affiliates.

10.5 Underwriters' Lock-Up Covenant

(a) In the event that Sea Dragon determines to undertake a Canadian Offering during the Piggy-Back Offering Period, and the underwriters appointed in connection with such offering require that Golden Crescent covenant to refrain from trading some or all of the Common Shares that it then holds or controls during a prescribed period of time (an "**Underwriters' Lock-Up Covenant**"), then Golden Crescent shall provide such covenant provided that:

(i) the prescribed period of time does not exceed 180 days from the date of closing of such Canadian Offering;

(ii) the Sea Dragon Senior Management Team remains in place and Sea Dragon and its directors and senior officers are subject to the same Underwriters' Lock-Up Covenant; and

(iii) the lock-up covenant that Golden Crescent is asked to provide is no more onerous than that which other significant shareholders of Sea Dragon have agreed to provide.

(b) During the Demand Offering period, Golden Crescent shall reasonably consider any request by Sea Dragon to provide an Underwriters' Lock-Up Covenant.

(c) If on completion of the Piggy-Back Offering Period and the Demand Offering Period, Golden Crescent has been subject to Underwriters' Lock-Up Covenants for a material length of time, Sea Dragon shall, acting reasonably, give due consideration to extending the Demand Offering Period.

10.6 Protection of Golden Crescent Prospectus Rights

After the date hereof, Sea Dragon shall not grant to any Person Prospectus Rights more favourable than those granted by Sea Dragon to Golden Crescent pursuant to this Agreement.

ARTICLE 11
CONDITIONS PRECEDENT

11.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the Transactions, are subject to the satisfaction, on or before the Closing Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

(a) Sea Dragon Shareholder Approval shall have been obtained;

(b) TSX-V Approval shall have been obtained on terms satisfactory to each of Golden Crescent and Sea Dragon, acting reasonably;

(c) no action shall have been taken under any existing applicable Laws by any court, department, commission, board, regulatory body, government or Governmental Authority or similar agency, domestic or foreign, of competent authority, that:

(i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Transactions; or

(ii) results in a judgment or assessment of material damages directly or indirectly against Golden Crescent, any member of the NPC Egypt Group, either of the JV Subsidiaries, Petzed or any member of the Sea Dragon Group relating to the Transactions; and

(d) there shall have been no action taken under any existing applicable Laws or any statute, rule, regulation or Order enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, other Governmental Authorities or similar agency, domestic or foreign, entitled to exercise jurisdiction over Golden Crescent, the NPC Egypt Group, the JV Subsidiaries, Petzed, the NPC Egypt Concessions, the Sea Dragon Group or the Sea Dragon Concessions:

(i) that makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Transactions or any other activities contemplated herein which are necessary to complete the Transactions;

(ii) that results, or could reasonably result, in a judgment or assessment of material damages directly or indirectly against Golden Crescent, the NPC Egypt Group, the JV Subsidiaries, Petzed, the NPC Egypt Concessions, the Sea Dragon Group or the Sea Dragon Concessions, relating to the Transactions; or

(iii) in furtherance of the exercise of any material right of first refusal or right of first offer in connection with the NPC Egypt Concessions.

The foregoing conditions are for the benefit of each of Golden Crescent and Sea Dragon and may be asserted by each of Golden Crescent or Sea Dragon regardless of the circumstances and may be waived by Golden Crescent or Sea Dragon (with respect to such Party) in their sole discretion but acting jointly, in whole or in part, at any time and from time to time without prejudice to any other rights which Golden Crescent or Sea Dragon may have.

11.2 Additional Conditions to the Obligations of Sea Dragon

The obligation of Sea Dragon to consummate the Transactions is subject to the satisfaction of, or compliance with, at or before the Closing Time or such other time specified, each of the following conditions precedent:

(a) The representations and warranties made by Golden Crescent in this Agreement which are qualified by the expression "material", "Material Adverse Change" or "Material Adverse Effect" shall be true and correct as of the date of this Agreement and as of the Closing Date as if made on such date (except to the extent that such representations and warranties expressly speak of an earlier date, in which event, such representations and warranties shall be true and correct as of such earlier date) and all other representations and warranties made by Golden Crescent in this Agreement which are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as if made on such date (except to the extent that such representations and warranties expressly speak of an earlier date, in which event, such representations and warranties shall be true and correct in all material respects as of such earlier date), and Golden Crescent shall have provided to Sea Dragon a certificate of two qualified directors or senior officers of Golden Crescent certifying such accuracy on the Closing Date (on behalf of Golden Crescent and not in their personal capacity).

(b) Golden Crescent shall have complied in all material respects with all of its agreements and covenants herein and shall have performed fully all of the obligations required to be performed by it on or prior to the Closing Time, and Golden Crescent shall have provided to Sea Dragon a certificate of two qualified directors or senior officers of Golden Crescent dated as of the Closing Date certifying that Golden Crescent has so complied with its covenants herein (on behalf of Golden Crescent and not in their personal capacity).

(c) No Material Adverse Change respecting the NPC Egypt Group (including for this purpose, the JV Subsidiaries), whether as a result of any existing litigation or otherwise, shall have occurred or been disclosed subsequent to the date of this Agreement, except for those contemplated in this Agreement or accepted in writing by Sea Dragon.

(d) All of the outstanding shares in the capital of NPC EEOO shall have been transferred to an Affiliate of Golden Crescent that is not a member of the NPC Egypt Group in the manner described at Section 6.3(a).

(e) The Pre-Closing Reorganization shall have been completed in the manner contemplated by Section 6.3.

(f) The Assets, Purchased Shares, the shares of each member of the NPC Egypt Group and the JV Subsidiaries and the NPC Egypt Concessions shall be free and clear of all Encumbrances other than the Permitted Encumbrances or Encumbrances arising under the charter documents of such entities.

(g) Each of the directors and officers of each member of the NPC Egypt Group and the NPC Egypt Group director and officer nominees of the JV Subsidiaries shall have resigned and executed and delivered a comprehensive waiver and general release in favour of the NPC Egypt Group and/or the JV Subsidiaries, as applicable, as contemplated in Section 2.1(f).

(h) Sea Dragon shall have received copies of all such documentation and other evidence as it may reasonably request in order to establish the consummation of the Transactions and the taking of all proceedings in connection with such Transactions in accordance with the provisions hereof.

The conditions in this Section 11.2 are for the exclusive benefit of Sea Dragon and may be asserted by Sea Dragon regardless of the circumstances or may be waived by Sea Dragon in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Sea Dragon may have.

11.3 Additional Conditions to the Obligations of Golden Crescent

The obligation of Golden Crescent to consummate the Transactions is subject to the satisfaction of, or compliance with, at or before the Closing Time or such other time specified, each of the following conditions precedent:

(a) The representations and warranties made by Sea Dragon in this Agreement which are qualified by the expression "material", "Material Adverse Change" or "Material Adverse Effect" shall be true and correct as of the date of this Agreement and as of the Closing Date as if made on such date (except to the extent that such representations and warranties expressly speak of an earlier date, in which event, such representations and warranties shall be true and correct as of such earlier date) and all other representations and warranties made by Sea Dragon in this Agreement which are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as if made on such date (except to the extent that such representations and warranties expressly speak of an earlier date, in which event, such representations and warranties shall be true and correct in all material respects as of such earlier date), and Sea Dragon shall have provided to Golden Crescent a certificate of two qualified directors or senior officers of Sea Dragon certifying such accuracy on the Closing Date (on behalf of Sea Dragon and not in their personal capacity).

(b) Sea Dragon shall have complied in all material respects with all of its agreements and covenants herein and shall have performed fully all of the obligations required to be performed by it on or prior to the Closing Time, and Sea Dragon shall have provided to Golden Crescent a certificate of two qualified directors or senior officers of Sea Dragon dated as of the Closing Date certifying that Sea Dragon has so complied with its covenants herein (on behalf of Sea Dragon and not in their personal capacity).

(c) No Material Adverse Change respecting the Sea Dragon Group shall have occurred or been disclosed subsequent to the date of this Agreement.

(d) Sea Dragon shall have obtained all necessary consents and approvals from its lenders under the Senior Secured Reserve-Based Credit Facility to undertake the Transactions, including an amendment by Sea Dragon of its charter documents to create the Preferred Shares.

(e) All finance and other documents relating to the proposed amendments to the Senior Secured Reserve-Based Credit Facility set out in the term sheet dated December 19, 2011 shall have been executed and delivered by all of the parties thereto, and such amendments shall have come into full force and effect (together with the condition precedent set out in paragraph (d) above, the "**Lender Approvals**").

(f) Sea Dragon shall have completed the IFC Financing:

(i) with the result that Sea Dragon shall have received not less than $10 million in equity subscription proceeds in respect of the IFC Private Placement and IFC shall have unconditionally committed to complete the balance of the equity financing within six months of Closing; and

(ii) Golden Crescent shall have been provided with evidence reasonably satisfactory to it that Sea Dragon can satisfy the Drawdown Conditions within two months of Closing.

(g) Sea Dragon shall have provided to Golden Crescent, prior to the completion of the Option Period, a certificate of two qualified directors or senior officers of Sea Dragon confirming that Sea Dragon will be able to complete the Transactions not later than the Closing Date on the terms and subject to the conditions set forth in this Agreement, together with reasonable evidence supporting such confirmation, including:

(i) evidence of receipt of the Sea Dragon Shareholder Approval; and

(ii) receipt of the TSX-V Approval,

in a form satisfactory to Golden Crescent, acting reasonably (the "**Closing Confirmation**");

(h) The Preferred Share Issuer shall have filed or amended its charter documents to create the Preferred Shares in a form acceptable to Golden Crescent, acting reasonably.

(i) Sea Dragon shall have, prior to Closing, executed and delivered the Net Profits Interest Agreement.

(j) Golden Crescent shall have been provided with evidence satisfactory to it, acting reasonably, that at Closing:

(i) all guarantees provided by it or any of its Affiliates with respect to any of the liabilities or obligations of the NPC Egypt Group, the JV Subsidiaries or Petzed, including the Golden Crescent Bank Guarantees, have been, or will be, released on a basis that does not result in any further liability to Golden Crescent or its Affiliates and otherwise on terms acceptable to Golden Crescent; and

(ii) new guarantees in favour of EGPC and/or EGAS in replacement of the Golden Crescent Bank Guarantees have been obtained and have been or will be delivered by Sea Dragon to EGPC and/or EGAS.

(k) The NPC Egypt Group and/or the JV Subsidiaries, as applicable, shall have executed and delivered comprehensive releases in favour of each resigning director and officer in a form acceptable to Golden Crescent, acting reasonably, subject to usual exceptions related to breach of fiduciary duty, acts of bad faith and acts of fraud.

(l) Golden Crescent shall have received copies of all such documentation or other evidence as it may reasonably request in order to establish the consummation of the Transactions and the taking of all proceedings in connection with such Transactions in accordance with the provisions hereof.

The conditions in this Section 11.3 are for the exclusive benefit of Golden Crescent and may be asserted by Golden Crescent regardless of the circumstances or may be waived by Golden Crescent in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Golden Crescent may have.

11.4 Notice and Effect of Failure to Comply with Conditions

(a) Each of Golden Crescent and Sea Dragon shall give prompt notice to the other of any event or state of facts which would, or would be likely to:

(i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect;

(ii) result in the failure of any of the conditions set out in this Article 11 to be satisfied or complied with prior to or at Closing; or

(iii) result in a breach of any covenant, condition or agreement to be complied with or satisfied by any Party hereunder;

provided, however, that no such notification shall affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

(b) If any of the conditions set forth in Sections 11.1, 11.2 or 11.3 have not been fulfilled on or before the Closing Date, then the Party for whose benefit the condition is provided may, provided that such Party is not then in material breach of its covenants in this Agreement, rescind and terminate this Agreement as provided for in Section 12.5 by delivering a written notice to the other Party, specifying in reasonable detail, all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition. In such event, the Party receiving such notice shall be entitled to cure the breach of a covenant or representation and warranty or other matters within five Business Days after receipt of such notice (the "**Cure Period**") except that no Cure Period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any Cure Period extend the Long Stop Date. More than one such notice may be delivered by a Party.

11.5 Deemed Satisfaction and Waiver

All of the conditions contained in Sections 11.1, 11.2 and 11.3 shall be deemed to have been satisfied or waived on Closing.

ARTICLE 12
TERMINATION

12.1 Termination

(a) This Agreement may be terminated at any time prior to the Closing Date:

(i) by mutual written consent of Golden Crescent and Sea Dragon;

(ii) as provided in Section 11.4(b), other than in connection with the failure of the conditions set out at Sections 11.1(a), 11.1(b), 11.3(d), 11.3(e), 11.3(f) and 11.3(g) to be satisfied on the Closing Date;

(iii) by Golden Crescent or Sea Dragon if:

(A) the Sea Dragon Shareholder Approval is not obtained; or

(B) the TSX-V Approval is not obtained;

(iv) by Golden Crescent if:

(A) the Sea Dragon Board withdraws, modifies or changes its recommendation of the Transactions in a manner adverse to Golden Crescent;

(B) the Sea Dragon Board does not reaffirm its recommendation of the Transactions to Sea Dragon Shareholders in a press release within three Business Days of a written request to do so by Golden Crescent;

(C) Sea Dragon fails to obtain any Lender Approval; or

(D) the IFC Financing is not completed;

(v) by Golden Crescent if:

(A) Sea Dragon is notified in writing by Golden Crescent of a Superior Proposal in accordance with Section 6.12 and Sea Dragon does not deliver an offer to amend the Agreement and the Transactions within the Matching Period; or

(B) Sea Dragon delivers an offer to amend the Agreement and the Transactions within the Matching Period but the board of directors of Golden Crescent determines, acting in good faith, that the Superior Proposal continues to be a Superior Proposal in comparison to the Agreement after giving effect to the proposed amendments;

(vi) by Sea Dragon if Golden Crescent enters into any agreement to give effect to a Superior Proposal but at no prejudice to the obligation of Golden Crescent to pay the Break Fee in the manner set out in Section 12.3(a); or

(b) This Agreement may be terminated at any time after the expiry of the Option Period by Golden Crescent if Sea Dragon fails to deliver the Closing Confirmation to Golden Crescent in accordance with Section 11.3(g).

(c) This Agreement may be terminated at any time prior to the expiry of the Option Period by Golden Crescent if Sea Dragon is notified in writing by Golden Crescent at any time prior to the expiry of the Option Period of an Acquisition Proposal in respect of a Competing Transaction that includes any amount of cash as part of the total consideration payable by the prospective acquiror to Golden Crescent upon the completion of the proposed Competing Transaction in accordance with Section 6.14 that Golden Crescent wishes to accept.

12.2 Non-Completion Fee

(a) Sea Dragon shall pay to Golden Crescent, or as Golden Crescent otherwise directs, a fee in the amount of $2,500,000, as such amount may be reduced, on a dollar for dollar basis, by the Legal Fee Amount and pursuant to Section 6.6(c)(i) (the "**Non-Completion Fee**"), if this Agreement is terminated:

(i) by Golden Crescent or Sea Dragon pursuant to Section 12.1(a)(iii) unless the failure of Sea Dragon to obtain TSX-V Approval results directly, and exclusively, from the failure of Golden Crescent to provide:

(A) personal information forms in respect of directors and officers of Golden Crescent and its Affiliates which are required by the TSX-V in connection with the Transactions in a form acceptable to the TSX-V; and

(B) the NPC Egypt Information and the NPC Financial Statements in a form acceptable to the Alberta Securities Commission (in its capacity as lead regulator) and the TSX-V;

(ii) by Golden Crescent pursuant to Section 12.1(a)(iv); or

(iii) by Golden Crescent pursuant to Section 12.1(b),

(each, a "**Non-Completion Event**").

(b) The Parties acknowledge and agree that the amount of the Non-Completion Fee represents liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which Golden Crescent will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and is not a penalty. Sea Dragon irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

(c) Golden Crescent and Sea Dragon agree that the Non-Completion Fee will be paid to Golden Crescent by 5:00 p.m. (Calgary time) on the second Business Day following the date on which this Agreement is terminated by Golden Crescent or Sea Dragon as contemplated pursuant to Section 12.2(a) to the account designated by Golden Crescent.

(d) The Non-Completion Fee shall be paid by Sea Dragon to Golden Crescent or its assignee by same day wire transfer in immediately available funds.

(e) Upon written notice to Sea Dragon, Golden Crescent may assign its right to receive the Non-Completion Fee to any Affiliate of Golden Crescent.

(f) For greater certainty, Sea Dragon shall not be obligated to make more than one payment under this Section 12.2 if one or more of the Non-Completion Events specified herein occurs. The obligations of Sea Dragon under this Section 12.2 shall survive the termination of this Agreement, regardless of the circumstances thereof.

12.3 Break Fee

(a) Sea Dragon shall be entitled to a cash termination payment (the "**Break Fee**") in an amount equal to $2,500,000, upon the occurrence of any of the following events (each, a "**Break Fee Event**"):

(i) this Agreement is terminated pursuant to Section 12.1(a)(v); or

(ii) this Agreement is terminated pursuant to Section 12.1(a)(vi),

in which event, the Break Fee shall be paid to Sea Dragon by 5:00 p.m. (Calgary time) on the second Business Day following the date on which this Agreement was so terminated.

(b) The Parties acknowledge and agree that the amount of the Break Fee represents liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which Sea Dragon will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and is not a penalty. Golden Crescent irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

(c) The Break Fee shall be paid by Golden Crescent to Sea Dragon or its assignee by same day wire transfer in immediately available funds to an account specified by Sea Dragon.

(d) Upon written notice to Golden Crescent, Sea Dragon may assign its right to receive the Break Fee to any Affiliate of Sea Dragon.

(e) For greater certainty, Golden Crescent shall not be obligated to make more than one payment under this Section 12.3 if one or more of the Break Fee Events specified herein occurs. The obligations of Golden Crescent under this Section 12.3 shall survive the termination of this Agreement, regardless of the circumstances thereof.

12.4 Reimbursement of Muzhil Field Development Costs

(a) In the event that this Agreement is terminated by Golden Crescent pursuant to Section 12.1(c), Golden Crescent shall reimburse Sea Dragon for all amounts paid by Sea Dragon to Worley Parsons Engineers Egypt Ltd. ("**Worley Parsons**") and, if applicable, The Petroleum Projects and Technical Consultation Co. ("**Petrojet**"), in connection with the development of the Muzhil Field up to a maximum of $500,000 provided that:

(i) in the case of all costs incurred by Sea Dragon on or prior to March 8, 2012, Golden Crescent shall be satisfied that the work completed by Worley Parsons and, if applicable, Petrojet, relates to the development of the Muzhil Field; and

(ii) in the case of all costs incurred by Sea Dragon subsequent to March 8, 2012, the prior written approval of Golden Crescent of the work to be completed by Worley Parsons and, if applicable, Petrojet, has been obtained,

(collectively, the "**Development Costs**").

(b) Golden Crescent and Sea Dragon agree that Golden Crescent shall reimburse Sea Dragon for the full amount of the Development Costs by 5:00 p.m. (Calgary time) on the second Business Day following the date on which this Agreement is terminated by Golden Crescent as contemplated pursuant to Section 12.1(c).

(c) The full amount of the Development Costs shall be paid by Golden Crescent to Sea Dragon or its assignee by same day wire transfer in immediately available funds to the account designated by Sea Dragon.

(d) All work completed by Worley Parsons and, if applicable, Petrojet, in connection with the development of Muzhil Field for which Sea Dragon has been reimbursed by Golden Crescent as aforesaid shall become the property of Golden Crescent.

12.5 Contribution to SAZ Development Lease Extension Cost

(a) Subject to the completion of the Transactions and upon the approval by EGPC of an extension to the existing obligation of NPC SAZ to deliver first oil by not later than six months from June 30, 2012 such that the obligation is to deliver first oil by not later than six months from December 31, 2012 (the "**Extended First Oil Date**") in respect of the SAZ Development Lease, Golden Crescent shall reimburse Sea Dragon for all amounts required to be paid by Sea Dragon to EGPC or any other Egyptian Governmental Authority up to a maximum of

$100,000 per month for the first three months of 2013 in the event that EGPC or such other Egyptian Governmental Authority requires an extension payment or other analogous fee to be paid by NPC SAZ as a condition of its agreement to extend the obligation of NPC SAZ to deliver first oil to the Extended First Oil Date (the "**Reimbursable Extension Costs**").

(b) Golden Crescent and Sea Dragon agree that Golden Crescent shall reimburse Sea Dragon for the full amount of the Reimbursable Extension Costs, on a monthly basis, by 5:00 p.m. (Calgary time) on the second Business Day following the delivery of notification in writing by Sea Dragon that it has paid the Reimbursable Extension Costs to EGPC or other Egyptian Governmental Authority, as appropriate.

(c) The full amount of the Reimbursable Extension Costs shall be paid by Golden Crescent to Sea Dragon or its assignee on a monthly basis by same day wire transfer in immediately available funds to the account designated by Sea Dragon.

12.6 Effect of Termination

(a) A Party wishing to terminate this Agreement in accordance with Section 12.1, shall provide written notice of such termination to the other Party, specifying the provision pursuant to which the termination is being made.

(b) In the event that the Agreement is terminated pursuant to Section 12.6(a), each Party shall be deemed to have released, remised and forever discharged the other Party in respect of any and all claims arising in respect of this Agreement; provided that no Party will be relieved from liability for any breach of any agreement, covenant, representation or warranty contained in this Agreement occurring prior to such termination except as set out in Sections 12.6(c), 12.6(d) and 12.6(e) below.

(c) In the event that Golden Crescent has paid the Break Fee as aforesaid, Golden Crescent shall have no further obligations or liabilities under the Agreement (other than as set out in Article 15), other than in circumstances where the termination of this Agreement results from the wilful misconduct or intentional breach of this Agreement by Golden Crescent.

(d) In the event that Sea Dragon has paid the Non-Completion Fee as aforesaid, Sea Dragon shall have no further obligations or liabilities under the Agreement (other than as set out in Article 15), other than in circumstances where the termination of this Agreement results from the wilful misconduct or intentional breach of this Agreement by Sea Dragon.

(e) In the event that Golden Crescent has reimbursed Sea Dragon for the full amount of the Development Costs as aforesaid, Golden Crescent shall have no further obligations or liabilities under the Agreement (other than as set out in Article 15), other than in circumstances where the termination of this Agreement results from the wilful misconduct or intentional breach of this Agreement by Golden Crescent.

(f) The termination of this Agreement shall not affect each Party's obligations under the Confidentiality Agreement, which shall survive such termination.

ARTICLE 13
INDEMNIFICATION

13.1 Indemnification by Golden Crescent

Subject to the limitations set forth in this Article 13, Golden Crescent shall indemnify and save harmless Sea Dragon, its directors, officers, employees and agents (collectively referred to as the "**Sea Dragon Indemnified Parties**") from and against any and all valid Claims, whether or not arising due to Claims made by a Third Party, which may be made or brought against the Sea Dragon Indemnified Parties or any of them, or which they may suffer or incur, directly or indirectly, as a result of or in connection with or relating to:

(a) any non-fulfilment or breach of any covenant or agreement on the part of Golden Crescent contained in this Agreement;

(b) any misrepresentation or any incorrectness in or breach of any representation or warranty of Golden Crescent contained in Article 4 of this Agreement or in any certificate furnished by or on behalf of Golden Crescent pursuant to this Agreement;

(c) the TransOcean Litigation; or

(d) any misrepresentation in the NPC Egypt Information.

13.2 Indemnification by Sea Dragon

Subject to the limitations set forth in this Article 13, Sea Dragon shall indemnify and save harmless Golden Crescent , its directors, officers, employees and agents (collectively referred to as the "**Golden Crescent Indemnified Parties**") from and against any and all valid Claims, whether or not arising due to Claims made by a Third Party, which may be made or brought against the Golden Crescent Indemnified Parties or any of them, or which they may suffer or incur, directly or indirectly as a result of or in connection with or relating to:

(a) any non-fulfilment or breach of any covenant or agreement on the part of Sea Dragon contained in this Agreement;

(b) any misrepresentation or any incorrectness in or breach of any representation or warranty of Sea Dragon contained in this Agreement or in any certificate furnished by or on behalf of Sea Dragon pursuant to this Agreement; or

(c) any misrepresentation in the Sea Dragon Meeting Circular,

provided, however, that Sea Dragon shall not be liable for any Claims under Section 13.2(c) based solely on a misrepresentation contained in the NPC Egypt Information forming part of the Sea Dragon Meeting Circular.

13.3 Indemnification Procedures for Third Party Claims

(a) In the case of Claims made by a Third Party with respect to which indemnification is sought, the Party seeking indemnification (the "**Indemnified Party**") shall give prompt notice, and in any event within 20 days, to the other Party (the "**Indemnifying Party**") of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defense.

(b) The Indemnifying Party shall have the right, by notice to the Indemnified Party given not later than 30 days after receipt of the notice described in Section 13.3(a), to assume the control of the defence, compromise or settlement of the Claim, provided that such assumption shall, by its terms, be without cost to the Indemnified Party and provided the Indemnifying Party acknowledges in writing its obligation to indemnify the Indemnified Party in accordance with the terms contained in this Section 13.3 in respect of that Claim.

(c) Upon the assumption of control of any Claim by the Indemnifying Party as set out in Section 13.3(b), the Indemnifying Party shall diligently proceed with the defence, compromise or settlement of the Claim at its sole expense, including if necessary, employment of counsel and experts reasonably satisfactory to the Indemnified Party and, in connection therewith, the Indemnified Party shall cooperate fully, but at the expense of the Indemnifying Party with respect to any out-of-pocket expenses incurred, to make available to the Indemnifying Party all pertinent information and witnesses under the Indemnified Party's control, make such assignments and take such other steps as in the opinion of counsel for the Indemnifying Party are reasonably necessary to enable the Indemnifying Party to conduct such defence. The Indemnified Party shall also have the right to participate in the negotiation, settlement or defence of any Claim at its own expense. The Indemnifying Party shall not settle any Claim without the prior written consent of the Indemnified Party, such consent not to be unreasonably withheld, conditioned or delayed.

(d) The final determination of any Claim pursuant to this Section, including all related costs and expenses, shall be binding and conclusive upon the Parties as to the validity or invalidity, as the case may be, of such Claim against the Indemnifying Party.

(e) If the Indemnifying Party does not assume control of a Claim as permitted in Section 13.3(b), the obligation of the Indemnifying Party to indemnify the Indemnified Party in respect of such Claim shall terminate if the Indemnified Party settles such Claim without the consent of the Indemnifying Party, such consent not to be unreasonably withheld, delayed or conditioned.

13.4 Limitations on Indemnification Rights

The respective indemnification obligations of Golden Crescent and Sea Dragon under this Article 13 are subject to the following rules and limitations:

(a) subject to Sections 13.4(b), 13.4(c) and 13.4(d), the respective obligations of Golden Crescent and Sea Dragon under Section 13.1(b) and 13.2(b) shall terminate on the first anniversary of the Closing Date, except with respect to any Claims by a Party entitled to indemnification pursuant to Section 13.1(b) or Section 13.2(b) set forth in written notices delivered to the Indemnifying Party prior to such date;

(b) the obligations of Golden Crescent under Section 13.1(b) with respect to any Claims based on any incorrectness in or breach of the representations and warranties set out in Section 4.27 relating to Taxes shall terminate on the fourth anniversary of the Closing Date, except with respect to any Claims by Sea Dragon pursuant to Section 13.1(b) in respect of such matters set forth in written notices delivered to Golden Crescent prior to such date;

(c) the obligations of Sea Dragon under Section 13.2(b) with respect to any Claims based on any incorrectness in or breach of the representations and warranties set out in Section 5.29 relating to Taxes shall terminate on the fourth anniversary of the Closing Date, except with respect to any Claims by Golden Crescent pursuant to Section 13.2(b)) in respect of such matters set forth in written notices delivered to Sea Dragon prior to such date;

(d) there shall be no limitation on the respective obligations of Golden Crescent and Sea Dragon under this Article 13 with respect to Claims based on fraud;

(e) for Claims made under Section 13.1, Golden Crescent shall not be required to pay any amount until the aggregate of all Claims exceeds $250,000 and upon the aggregate of all Claims exceeding $250,000, Golden Crescent shall be required to pay the amount owing in respect of all such Claims in excess of $250,000, except that the foregoing limitation shall not apply to fraud;

(f) for Claims made under Section 13.2, Sea Dragon shall not be required to pay any amount until the aggregate of all Claims exceeds $250,000 and upon the aggregate of all Claims exceeding $250,000, Sea Dragon shall be required to pay the amount owing in respect of all such Claims in excess of $250,000, except that the foregoing limitation shall not apply to fraud;

(g) the maximum aggregate liability of Sea Dragon and its Affiliates with respect to any and all Claims for indemnification made:

    (i) pursuant to Section 13.2; and

    (ii) in respect of the Assignment and Assumption Indemnification Obligations, shall in no event exceed the amount of $30,000,000;

(h) the maximum liability of Golden Crescent with respect to any and all Claims for indemnification made pursuant to:

(i) Section 13.1(a), Section 13.1(b) and Section 13.1(d) shall in no event exceed $30,000,000; and

(ii) Section 13.1(c) shall in no event exceed $60,000,000,

provided that the aggregate maximum liability of Golden Crescent with respect to any and all Claims for indemnification hereunder shall in no event exceed $60,000,000; and

(i) the amount of any loss in respect of a Claim for which indemnification is provided under this Article 13 will be reduced by any amounts actually recovered by any Sea Dragon Indemnified Parties or Golden Crescent Indemnified Parties, as applicable, under insurance policies with respect to such Claim (less any costs, expenses or premiums incurred in connection therewith).

13.5 Financial Support for Indemnification

(a) Subject to Section 13.5(g), Golden Crescent covenants and agrees that in support of its indemnification obligations hereunder, it shall, for a period of 12 months after the Closing Date, retain and shall not sell, encumber, assign, pledge or otherwise dispose of, in its discretion, either:

(i) a block of 300,000,000 Common Shares;

(ii) all of the Preferred Shares; or

(iii) some combination of Common Shares and Preferred Shares with an aggregate fair market value of not less $60,000,000 (but valuing the Common Shares in accordance with paragraph (d) and the Preferred Shares in accordance with paragraph (f) below),

issued to it by Sea Dragon as part of the Closing Share Consideration; provided, however, that Golden Crescent may, in its discretion, substitute other liquid assets, including cash, shares, bonds or insurance policies, having a fair market value of not less than $60,000,000 and may substitute other security with the prior written consent of Sea Dragon, such consent not to be unreasonably withheld, conditioned or delayed (the "**Indemnification Security Package**").

(b) Golden Crescent shall hold the Indemnification Security Package, separate from its other assets, in a separate account with a financial institution of recognized standing (the "**Claim Account**") and shall advise Sea Dragon of the location of such account.

(c) Following the completion of the 12 month period noted at paragraph (a) above, Golden Crescent may sell, encumber, assign, pledge or otherwise dispose of the

Indemnification Security Package in its discretion, provided that, if prior to the expiry of such period, a Sea Dragon Indemnified Party, in good faith and acting reasonably, makes a written Claim for indemnification hereunder pursuant to Section 13.1 and otherwise in accordance with this Article 13 and provides reasonable details of the basis of such Claim as well as the monetary amount reasonably claimed in good faith in connection therewith (the "**Claim Amount**"), Golden Crescent will retain in the Claim Account, property forming part of the Indemnification Security Package with a fair market value (but valuing the Common Shares in accordance with paragraph (d) and the Preferred Shares in accordance with paragraph (f) below) equal to the Claim Amount (the "**Retained Amount**") until such time as the Claim is resolved either through agreement of the parties or as a result of the issuance of an arbitration award that has become non-appealable. In addition, and in such event if so requested by Sea Dragon, Golden Crescent will lodge the Retained Amount with an escrow agent resident in Canada reasonably acceptable to the Parties on such terms as the Parties and such escrow agent shall reasonably agree. In the event that the Parties cannot so agree as to either selection of the escrow agent or the terms of the related escrow agreement, such disagreement shall be deemed to be an Expert Matter and may, notwithstanding the provisions of Section 17.2, be forthwith referred by either Party to a Third Party Expert in accordance with Section 17.3.

(d) The Common Shares shall, for purposes of Golden Crescent's indemnification obligations hereunder, be valued at the greater of:

(i) $0.20 per Common Share (subject to adjustment in connection with share consolidations, share splits, reorganizations and analogous events); or

(ii) the volume weighted average trading price ("**VWAP**") of a Common Share on the TSX-V (or any other recognized exchange on which the Common Shares are listed and posted for trading in substitution for the TSX-V) for the twenty consecutive trading days preceding the relevant valuation date,

and the Sea Dragon Indemnified Parties shall accept Common Shares valued as aforesaid in satisfaction of Golden Crescent's indemnification obligations hereunder, whether in whole or in part.

(e) In the event that the VWAP of the Common Shares for 20 consecutive trading days exceeds the amount of $0.20 per share with the result that the fair market value of the Indemnification Security Package (but valuing the Common Shares in the manner set out at paragraph (d) above) exceeds the amount of $60,250,000 (the "**Threshold Amount**"), Golden Crescent may release to itself, such number of Common Shares such that following such release, the fair market value of the Indemnification Security Package (but valuing the Common Shares in the manner set out at paragraph (d) above) meets or exceeds the Threshold Amount.

(f) The Preferred Shares shall, for purposes of Golden Crescent's indemnification obligations hereunder, be valued at $1,000 per Preferred Share (subject to adjustment in connection with share consolidations, share splits, reorganizations and analogous events) and include the amount of any accrued, but unpaid dividends on the Preferred Shares, and the Sea Dragon Indemnified Parties shall accept Preferred Shares valued as aforesaid in satisfaction of Golden Crescent's indemnification obligations hereunder, whether in whole or in part.

(g) The number of Common Shares and/or Preferred Shares comprising the Closing Share Consideration required to be retained by Golden Crescent as part of the Indemnification Security Package to be held by Golden Crescent in support of its indemnification obligations under this Section 13.5 shall be reduced by the number of Common Shares and/or Preferred Shares subject to any escrow or exchange hold period imposed by the TSX-V in connection with the Transactions such that the aggregate fair market value of:

(i) the Common Shares and/or Preferred Shares, comprising part of the Indemnification Security Package; plus

(ii) those Common Shares and/or Preferred Shares comprising the Closing Share Consideration that, at Closing, are subject to any escrow or exchange hold period imposed by the TSX-V,

(but valuing the Common Shares in accordance with paragraph (d) and the Preferred Shares in accordance with paragraph (f) above) shall not exceed $60,000,000.

13.6 Tax Status of Indemnification Payments

Any payment made by Golden Crescent pursuant to this Article 13 shall constitute a reduction of the aggregate consideration paid by Sea Dragon to Golden Crescent at Closing in connection with the completion of the Transactions and any payment made by Sea Dragon pursuant to this Article 13 shall constitute an increase in the aggregate consideration paid by Sea Dragon to Golden Crescent at Closing in connection with the completion of the Transactions. In either case, each of Golden Crescent and Sea Dragon shall, within a reasonable time of payment and receipt of such payment, as applicable, and in any event within two months of such payment, request all amendments to its current or past Tax Returns as may be necessary to reflect the foregoing.

13.7 Exclusive Remedy

Subject to the last sentence of this Section 13.7, the rights of indemnity set forth in this Article 13 are the sole and exclusive remedy of each Party in respect of the matters described in Section 13.1 or Section 13.2, as applicable, but are at no prejudice to Golden Crescent's rights as a securityholder of Sea Dragon. Accordingly, the Parties waive, from and after the Closing, any and all rights, remedies and claims that one Party may have against the other, whether at law, under any statute or in equity, or otherwise, directly or indirectly, relating to the matters described in Section 13.1 or Section 13.2, as applicable. This Article 13 shall remain in full force and effect in all circumstances and shall not be terminated by any breach of this Agreement (fundamental, negligent or otherwise) by any Party of its representations, warranties or covenants under this Agreement or under any Closing document or by any termination or rescission of this

Agreement by any Party. Notwithstanding the foregoing, either Party may bring an action for specific performance or injunction in connection with the rights and obligations set forth herein.

13.8 One Recovery

A Party shall not be entitled to double recovery for any Claims even though they may have resulted from the breach of more than one of the representations, warranties, agreements and covenants made by the other Party in this Agreement.

13.9 Trustee and Agent

Each Party acknowledges that the other Party is acting as trustee and agent for the remaining Sea Dragon Indemnified Parties or Golden Crescent Indemnified Parties, as the case may be, on whose behalf and for whose benefit the indemnity in Section 13.1 or Section 13.2, as the case may be, is provided and that such remaining Indemnified Parties shall have the full right and entitlement to take the benefit of and enforce such indemnity notwithstanding that they may not individually be parties to this Agreement. Each Party agrees that the other Party may enforce the indemnity for and on behalf of such remaining Indemnified Parties and, in such event, the Party from whom indemnification is sought will not in any proceeding to enforce the indemnity by or on behalf of such remaining Indemnified Parties assert any defence thereto based on the absence of authority or consideration or privity of contract and irrevocably waives the benefit of any such defence.

ARTICLE 14
NOTICE

14.1 Notice

Any notice, consent or approval required or permitted to be given in connection with this Agreement (in this Section 14.1 referred to as a "**Notice**") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile or e-mail:

(a) in the case of a Notice to Golden Crescent at:

Golden Crescent Investments Ltd.
c/o Citadel Capital
Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish El-Nile
Cairo, Egypt

Attention: Alaa El Fas, Principal
Fax: +202 2791 4448
E-mail: aelfas@citadelcapital.com

with copies to:

Citadel Capital
Four Seasons Nile Plaza Office Building

Third Floor, 1089 Cornish El-Nil
Cairo, Egypt

Attention:	Amr Namek, Legal Counsel
Fax:	+202 2791 4448
Email:	anamek@citadelcapital.com

and to

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 – 1st Street S.W.
Calgary, Alberta T2P 5H1

Attention:	Frank J. Turner
Fax:	+403 260 7024
E-mail:	fturner@osler.com

(b) in the case of a Notice to Sea Dragon at:

Sea Dragon Energy Inc.
Suite 2320, Bow Valley Square 3
255 – 5 Avenue S.W.
Calgary, Alberta T2P 3G6

Attention:	A.D. (Tony) Anton
Fax:	+403 457 5420
E-mail:	antont@seadragonenergy.com

with a copy to:

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

Attention:	Edward W. Tapuska
Fax:	+403 266 1395
E-mail:	etapuska@blg.com

Any Notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the Notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving Notice to the other Parties in accordance with the Provisions of this Section 14.1.

ARTICLE 15
PERSONAL INFORMATION

15.1 Personal Information

(a) For the purposes of this Section 15.1, the following definitions shall apply:

(i) "**applicable law**" means, in relation to any Person, transaction or event, all applicable provisions of Laws, statutes, rules, regulations, official directives and orders of and the terms of all judgments, orders and decrees issued by any authorized authority by which such Person is bound or having application to the transaction or event in question, including applicable privacy laws;

(ii) "**applicable privacy laws**" means any and all applicable Laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial Law including the *Personal Information Protection Act* (Alberta);

(iii) "**authorized authority**" means, in relation to any Person, transaction or event, any (A) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (B) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (C) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (D) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event; and

(iv) "**Personal Information**" means information about an identifiable individual.

(b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

(c) Neither Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Transactions.

(d) Each Party acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of the Parties proceeding with the Transactions, and that the disclosure of the Disclosed Personal Information relates solely to the carrying on of the business and the completion of the Transactions.

(e) Each Party acknowledges and confirms that it has and shall continue to employ appropriate technology and procedures in accordance with applicable Law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.

(f) Each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a bona fide need to access such information in order to complete the Transactions.

(g) Each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed Personal Information. The Parties shall fully co-operate with one another, with the Persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access and claims.

(h) Upon completion of the Transactions, Sea Dragon shall not use or disclose the Disclosed Personal Information for any purpose other than the purposes for which Golden Crescent or its Affiliates collected, used or disclosed the Disclosed Personal Information.

(i) If the Transactions do not proceed or are not completed, or otherwise upon the reasonable request of either Party, the other Party shall forthwith cease all use of the Personal Information acquired by such Party in connection with this Agreement and will return to the other Party or, at such Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

ARTICLE 16
PUBLIC ANNOUNCEMENTS

16.1 Public Announcements

The Parties shall jointly plan and co-ordinate any public notices, press releases, and any other publicity concerning the Transactions and no Party shall act in this regard without the prior approval of the other, such approval not to be unreasonably withheld, except:

(a) where required to meet timely disclosure obligations of any Party or its Affiliates under applicable Laws or stock exchange rules in circumstances where prior consultation with the other Party is not practicable and a copy of such disclosure is provided to the other Party at such time as it is made available to the regulatory authority; and

(b) in the case of Golden Crescent's communication made to Golden Crescent's shareholders, directors, officers, employees and consultants affected by such Transactions.

ARTICLE 17
DISPUTE RESOLUTION

17.1 Notification

If there is a Dispute between the Parties, the Party or Parties (in this Article 17, the "**Claimant**") asserting the Dispute shall first submit to the other Party or Parties (in this Section 17.1, the "**Respondent**") a written notice of the Dispute ("**Notice of Dispute**"). The Notice of Dispute shall contain a brief statement of the issue in Dispute and the relief requested.

17.2 Negotiation

The Parties shall seek to resolve any Dispute by negotiation between a senior officer of each Party. Within 15 days after the date of the receipt of the Notice of Dispute (the "**Notice Date**"), a senior officer of each Party shall meet in person or by telephone to discuss and resolve the Dispute. If the Parties have failed to agree upon a binding resolution of the Dispute within 30 days of the Notice Date, either Party may initiate expert determination in accordance with Section 17.3 if the Dispute is an Expert Matter. If the Parties have failed to agree upon a binding resolution of the Dispute within 45 days of the Notice Date (whether or not it is an Expert Matter) and it has not been referred to expert determination in accordance with Section 17.3, either Party may initiate arbitration of the Dispute in accordance with Section 17.4 below.

17.3 Expert Determination

(a) If the Parties cannot resolve a Dispute which is an Expert Matter within the 30 day period set out in Section 17.2, the Parties agree that either Party may submit the matter to administered expertise proceedings in accordance with the Rules for Expertise of the International Chamber of Commerce (the "**ICC**"), as amended by this Section 17.3. Either Party may request by sending a written notice to the other Party, not sooner than 30 days following the Notice Date that an Expert Matter be submitted to a single Third Party expert ("**Third Party Expert**") who shall be designated to consider and decide the issues raised by such Dispute, and who shall act as an expert and not be deemed to be acting as an arbitrator. The Third Party Expert shall be appointed by mutual agreement of the Parties, provided that if the Parties do not agree on the Third Party Expert within ten days of the date of the written notice referred to in this Section 17.3, the Third Party Expert shall be appointed by the ICC International Center for Expertise.

(b) The Third Party Expert shall complete all proceedings and issue his decision with reasons with regard to the Dispute as promptly as reasonably possible, but in any event within 90 days after the date of his appointment unless the Third Party Expert reasonably determines that additional time is required in order to give adequate consideration to the issues raised. In such case the Third Party Expert shall state in writing his reasons for believing that additional time is needed and shall specify the additional period required, which period shall not exceed ten days unless the Parties agree otherwise.

(c) If the Third Party Expert should fail to issue his decision with respect to any Dispute referred to him pursuant to Section 17.3(a) within the time-limit specified in Section 17.3(b), any Party may give notice prior to the Third Party Expert issuing his decision and in any event within 30 days after expiration of such time-limit that the Dispute is to be decided by arbitration pursuant to Section 17.4, whereupon the Third Party Expert shall give no further consideration to the Dispute and shall not issue a decision.

(d) The decision of the Third Party Expert regarding a Dispute shall be final and binding on the Parties unless written notice of dissatisfaction with the decision is given by one Party to the other Party, with a copy to the Third Party Expert, within 30 days of such Party's receipt of the Third Party Expert's decision, in which event such Dispute may be settled by arbitration pursuant to Section 17.4, provided that a Party commences such arbitration within 60 days from the date of the receipt by a Party of the written notice of dissatisfaction. The decision of the Third Party Expert relating to the Dispute shall be admissible in such arbitration. If no arbitration is so commenced within 60 days of the issuance of the notice of dissatisfaction, the Third Party Expert's decision shall be final and binding upon the Parties, notwithstanding the notice of dissatisfaction given by the Party.

(e) All fees and expenses of the Third Party Expert including any advance on account of such fees and costs set by the Third Party Expert shall initially be shared jointly by the Parties to a Dispute. All fees and costs of the Third Party Expert shall finally be borne or reimbursed by the losing Party as determined by the Third Party Expert's decision, unless a Party has given notice in accordance with the provisions of Section 17.3(c) that the Dispute is to be decided by arbitration prior to the rendering of a decision by the Third Party Expert. In such event, the Party that initiated the submission of a Dispute to the Third Party Expert shall bear all such fees and costs of the Third Party Expert, but shall be entitled to claim for reimbursement of such fees and costs in the arbitration. Each Party shall bear its own costs (including costs of its advisors or consultants) with respect to a Dispute submitted to a Third Party Expert.

17.4 Arbitration

(a) If the Parties cannot resolve a Dispute within the 45 day period set out in Section 17.2 and that Dispute has not been referred to expert determination in accordance with Section 17.3 (or if a Dispute which has been referred to expert determination in accordance with Section 17.3, such Dispute is referred to arbitration pursuant to Section 17.3(c) or Section 17.3(d)), the Parties agree that the Dispute shall be referred to and finally settled by arbitration in accordance with the *International Commercial Arbitration Act* (Alberta) as modified by this Section 17.4, which shall be deemed incorporated into this Section 17.4. The number of arbitrators shall be three, one of whom shall be nominated by the Claimant and one of whom shall be nominated by the Respondent (in each case within 60 days from the Notice Date, provided that if one or both of such arbitrators has not been so nominated within 60 days of the Notice Date, then any party to the Dispute can make application to the Court of Queen's Bench of Alberta to appoint such arbitrator or arbitrators) and the third of whom, who shall act as chairman, shall be nominated by the first two nominated arbitrators, provided that if the third arbitrator has not been nominated within 30 days of the nomination of the second nominated arbitrator, then any party to the Dispute can make application to the Court of Queen's Bench to Alberta to appoint such third arbitrator. The Parties may nominate arbitrators from among the nationals of any country, whether or not a Party is a national of that country. The seat of arbitration shall be Calgary, Alberta, Canada and the language of arbitration shall be English.

(b) All negotiations, arbitrations, and expert determinations relating to a Dispute (including a settlement resulting from negotiation, an arbitral award, documents exchanged or produced during an arbitration proceeding, and memorials, briefs or other documents prepared for the arbitration) are confidential and may not be disclosed by the Parties or their respective Related Parties, counsel and expert witnesses provided, however, that breach of this confidentiality provision shall not void any settlement, expert determination or award.

(c) Judgment upon the award may be entered in any court having jurisdiction over the Party against whom the award is issued or the assets of such Party or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

(d) Any monetary award shall be rendered and promptly paid in U.S. Dollars free of any applicable taxes, deduction or set-off, and any costs, expenses or fees incident to enforcing the award shall be charged against the Party resisting such enforcement.

ARTICLE 18
GENERAL

18.1 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the Transactions, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing, provided that the costs and expenses of any actions taken after Closing at the request of a Party shall be the responsibility of the requesting Party.

18.2 Expenses

Except as otherwise provided in the Agreement, each of the Parties shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the purchase and sale of the Purchased Shares and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs and expenses incurred.

18.3 Enurement

This Agreement enures to the benefit of and is binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

18.4 Assignment

This Agreement is personal to the Parties and, no Party shall, prior to Closing, without the prior written consent of the other Party, assign, transfer, mortgage, charge, declare a trust of or deal in any other manner with this Agreement or any of its rights and obligations under or arising out of this Agreement, or purport to do any of the same. No Party shall sub-contract or delegate in any manner any or all of its obligations under this Agreement to any Third Party or agent.

18.5 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, is binding unless executed in writing by the Party or Parties to be bound thereby.

18.6 Waiver

No waiver by any Party of any breach of any of the terms, conditions or representations or warranties in this Agreement shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party and any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

18.7 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile or other form of electronic transmission and all such counterparts, facsimiles or other form of electronic transmission together constitute one and the same agreement.

[*The Remainder of this Page Has Been Intentionally Left Blank.*]

IN WITNESS WHEREOF the Parties have duly executed this Second Amended and Restated Share Purchase Agreement on the date first above written.

GOLDEN CRESCENT INVESTMENTS LTD.

By: (Signed) "*Alaa El Fas*"

Name: Alaa El Fas

Title: Authorized Signatory

SEA DRAGON ENERGY INC.

By: (Signed) "*A.D. (Tony) Anton*"

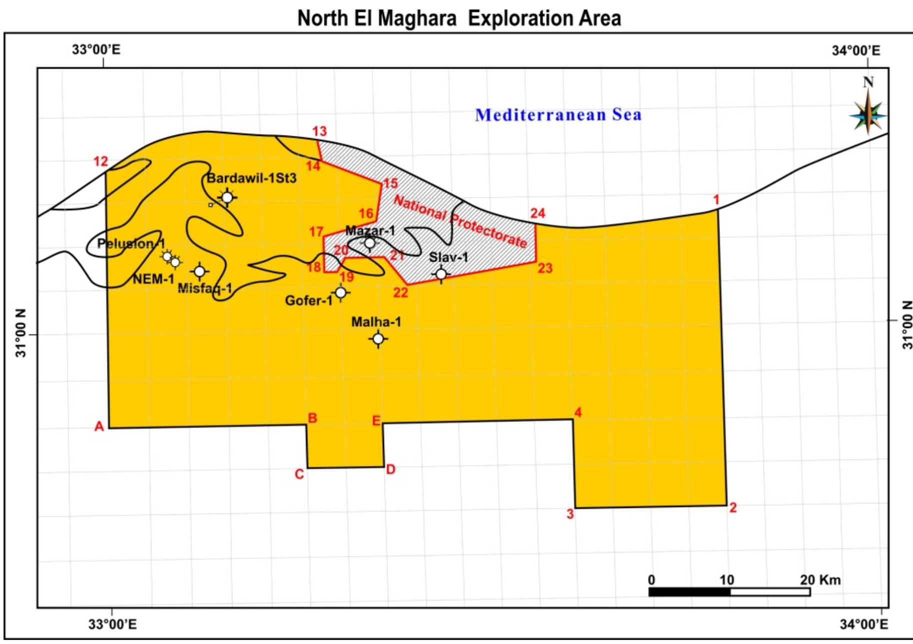
Name: A.D. (Tony) Anton

Title: President and Chief Operating Officer

SCHEDULE "A"
NPC EGYPT CONCESSION AREAS

1. The Concession Areas of the NPC Egypt Group and the JV Subsidiaries are those lands and interests described in the NPC Egypt Concession Documents, including those concession areas depicted below, subject to ratification by the Ministry of Petroleum of the Arab Republic of Egypt in the case of the EK Concession:

A. NEM Concession – 100% Participating Interest

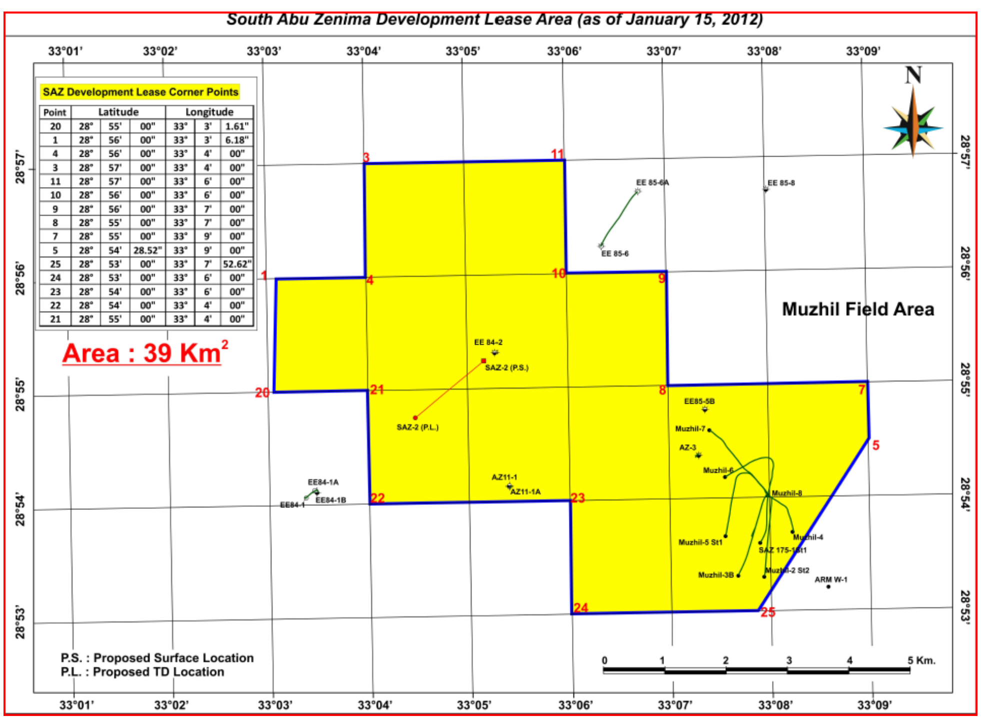


NEM Exploration Corner Points

Point.	Latitude (N)	Longitude (E)
1	Intersection Log. 33° 48' 00" with the Med. Shore Line	33° 48' 00"
2	30° 48' 00"	33° 48' 00"
3	30° 48' 00"	33° 36' 00"
4	30° 54' 00"	33° 36' 00"
E	30° 54' 00"	33° 21' 00"
D	30° 51' 00"	33° 21' 00"
C	30° 51' 00"	33° 15' 00"
B	30° 54' 00"	33° 15' 00"
A	30° 54' 00"	33° 00' 00"
12	Intersection Log. 33° 00' 00" with the Med. Shore Line	33° 00' 00"
13	31° 12' 20"	33° 16' 30"
14	31° 11' 40"	33° 16' 45"
15	31° 10' 05"	33° 21' 30"
16	31° 07' 30"	33° 21' 00"
17	31° 06' 30"	33° 16' 45"
18	31° 04' 00"	33° 16' 45"
19	31° 04' 00"	33° 17' 45"
20	31° 05' 00"	33° 18' 30"
21	31° 05' 00"	33° 21' 30"
22	31° 03' 00"	33° 23' 20"
23	31° 04' 30"	33° 33' 30"
24	31° 07' 00"	33° 33' 30"

Area : 2334 Km^2

B. SAZ Concession – 100% Participating Interest



SAZ Development Lease Corner Points

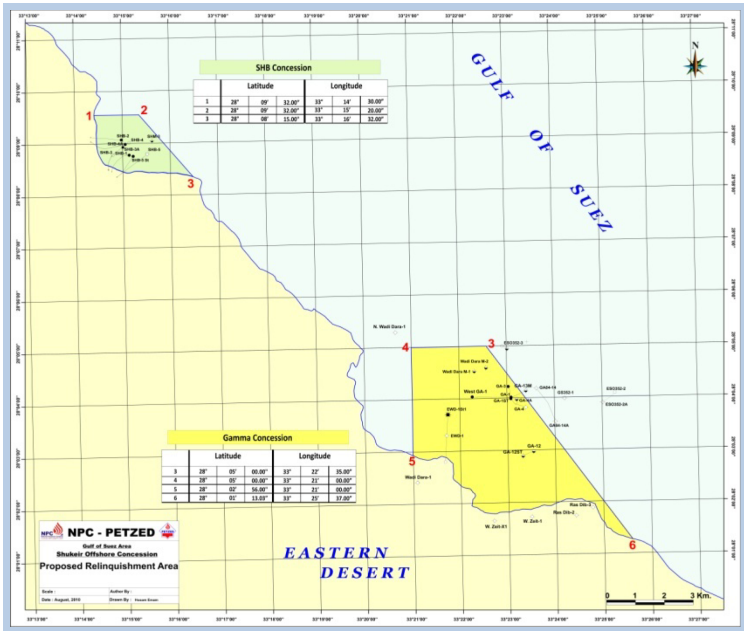
Point	Latitude			Longitude		
20	28°	55'	00"	33°	3'	1.61"
1	28°	56'	00"	33°	3'	6.18"
4	28°	56'	00"	33°	4'	00"
3	28°	57'	00"	33°	4'	00"
11	28°	57'	00"	33°	6'	00"
10	28°	56'	00"	33°	6'	00"
9	28°	56'	00"	33°	7'	00"
8	28°	55'	00"	33°	7'	00"
7	28°	55'	00"	33°	9'	00"
5	28°	54'	28.52"	33°	9'	00"
25	28°	53'	00"	33°	7'	52.62"
24	28°	53'	00"	33°	6'	00"
23	28°	54'	00"	33°	6'	00"
22	28°	54'	00"	33°	4'	00"
21	28°	55'	00"	33°	4'	00"

Area : 39 Km^2

Note:

(1) Pursuant to a letter dated January 19, 2012 from NPC SAZ to EGPC, NPC SAZ confirmed its relinquishment of the exploration block under the SAZ Concession Agreement.

C. SHM Concession – 100% Participating Interest



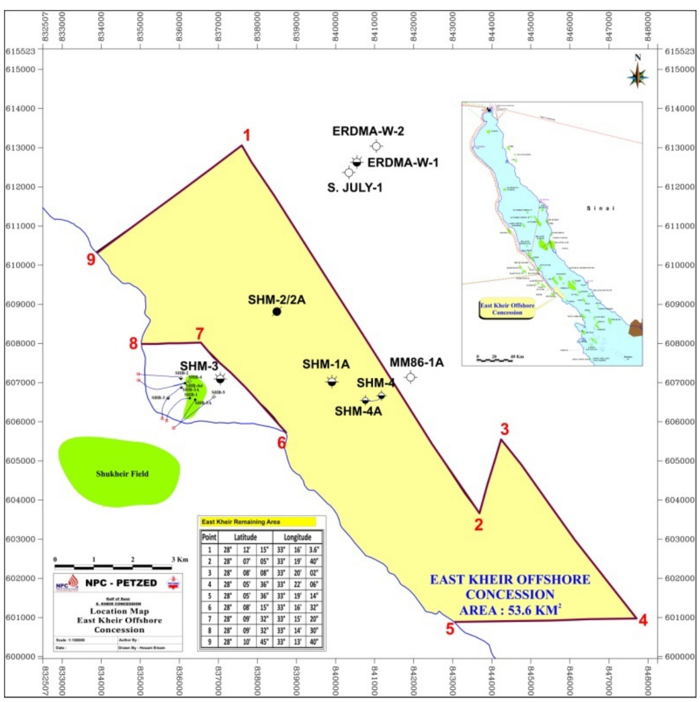
SHB Concession

	Latitude			Longitude		
1	28°	09'	32.00"	33°	14'	30.00"
2	28°	09'	32.00"	33°	15'	20.00"
3	28°	08'	15.00"	33°	16'	32.00"

Gamma Concession

	Latitude			Longitude		
3	28°	05'	00.00"	33°	22'	35.00"
4	28°	05'	00.00"	33°	21'	00.00"
5	28°	02'	56.00"	33°	21'	00.00"
6	28°	01'	13.03"	33°	25'	37.00"

D. EK Concession – 100% Participating Interest[1]



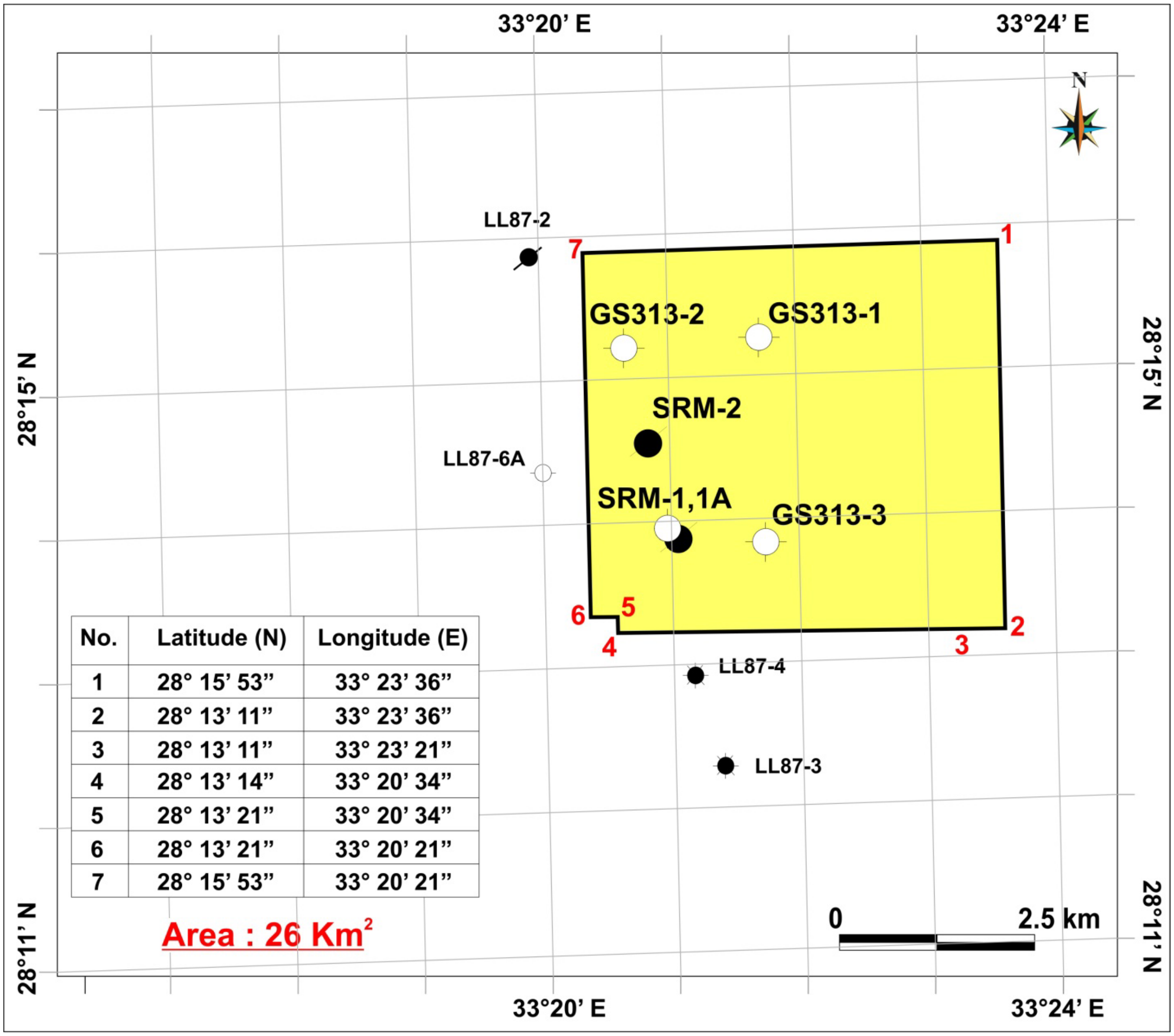
East Kheir Remaining Area

Point	Latitude			Longitude		
1	28°	12'	15"	33°	16'	3.6"
2	28°	07'	05"	33°	19'	40"
3	28°	08'	08"	33°	20'	02"
4	28°	05'	36"	33°	22'	06"
5	28°	05'	36"	33°	19'	14"
6	28°	08'	15"	33°	16'	32"
7	28°	09'	32"	33°	15'	20"
8	28°	09'	32"	33°	14'	30"
9	28°	10'	45"	33°	13'	40"

Note:

(1) The EK Concession was awarded to Petzed pursuant to a letter of award signed on April 17, 2007 but to date has not yet been ratified by the People's Assembly of Egypt.

E. SR Concession – 12.75% Participating Interest[1]



No.	Latitude (N)	Longitude (E)
1	28° 15' 53"	33° 23' 36"
2	28° 13' 11"	33° 23' 36"
3	28° 13' 11"	33° 23' 21"
4	28° 13' 14"	33° 20' 34"
5	28° 13' 21"	33° 20' 34"
6	28° 13' 21"	33° 20' 21"
7	28° 15' 53"	33° 20' 21"

Note:

(1) The General Petroleum Company ("**GPC**") has a 50% participating interest in the SR Concession. Pico International Petroleum Services Panama S.A. ("**Pico**"), Greystone Petroleum (Egypt) Limited ("**Greystone**") and NPC SR own the remaining 50% participating interest in the SR Concession, 20%, 17.25% and 12.75%, respectively. In the event that the SR Concession is extended by 10 years in accordance with a draft amending agreement unilaterally negotiated by GPC and Pico with EGPC (but not consented to by Petzed as required by the terms of the SR JOA), GPC will have a carried 50% participating interest in the SR Concession and Pico, Greystone and NPC SR will be required to pay 40%, 34.5% and 25.5%, respectively, of all costs relating to the SR Concession in respect of their respective participating interests in the SR Concession.

2. There are no trust obligations incurred in the ordinary course of business that may reduce the interest attributed to NPC Egypt or any of the NPC Egypt Subsidiaries with respect to the NPC Egypt Concessions.

3. There are no rights of first refusal, pre-emptive purchase rights and similar rights with respect to the NPC Egypt Concessions other than:

(a) pursuant to Section 6.8 of the SR JOA, in the event of default in payment by a party to the SR JOA of its share of all expenditures for joint Account (as defined in the SR JOA) or of all expenditures for the Sole Risk Project (as defined in the SR JOA), which default continues for more than 180 days, all of such party's rights, debts and obligations under the SR JOA and the SR Concession Agreement shall devolve upon each other party having paid its pro rata share of the amount remaining unpaid;

(b) Article XXI of the SAZ Concession Agreement provides that the Contractor (as defined in the SAZ Concession Agreement) may not assign to a person, firm or corporation, in whole or in part, any of its rights, privileges, duties or obligations under the said concession either directly or indirectly without the written consent of the Egyptian government. In all cases, priority shall be given to EGPC, if it so desires to obtain the interest intended to be assigned (except for assignments to Affiliated Companies (as defined in the SAZ Concession Agreement), provided EGPC shall match any third party's offer within sixty (60) days of receipt of notification of said offer;

(c) Article XX of the SR Concession Agreement provides that the Contractor (as defined in the SR Concession Agreement) may not assign to a person, firm or corporation not a party to the said concession, in whole or in part, any of its rights, privileges, duties or obligations under the said concession without the written consent of the Egyptian government;

(d) pursuant to Article XXI of the NEM Concession Agreement, the Contractor (as defined in the NEM Concession Agreement) may not assign to a person, firm or corporation, in whole or in part, any of its rights, privileges, duties or obligations under the said concession either directly or indirectly without the written approval of the Egyptian government. In all cases priority shall be given to EGAS, if it so desires, to obtain such interest intended to be assigned. Without prejudice to the above, the Contractor may assign all or any of its rights, privileges, duties or obligations under the said concession to an Affiliated Company (as defined in the NEM Concession Agreement) of the same Contractor Member (as defined in the NEM Concession Agreement), provided that Contractor shall notify EGAS and the Egyptian government in writing and obtain the written approval of the Egyptian government on the assignment. In the case of an assignment either in a whole or in a part to an Affiliated Company, the assignor together with the assignee shall remain jointly and severally liable for all duties and obligations of Contractor under the said concession provided such Affiliated Company remains in the same capacity as an Affiliated Company;

(e) Article XVIII of the SHM Concession Agreement provides that the Contractor (as defined in the SHM Concession Agreement) may not assign to a person, firm or corporation not party to the said concession, in whole or in part, any of its rights, privileges, duties or obligations under it without the written consent of the

Egyptian government. However, the Contractor shall be free to assign its rights, privileges, duties and obligations under the said concession to an affiliated company and provided, further, that the assignee shall be as qualified as the assignor with respect to its technical and financial competence. Except for assignments to assignees wholly owned by the Contractor, the Egyptian government's approval to the assignment shall be first obtained; and

(f) Article XXI of the initialled (but unsigned) concession agreement for petroleum exploration and exploitation with respect to the EK Concession, which concession agreement is subject to ratification by the People's Assembly of Egypt, provides that the Contractor (as defined in the concession agreement) may not assign to a person, firm or corporation, in whole or in part, any of its rights, privileges, duties or obligations under the said concession either directly or indirectly without the written consent of the Egyptian government and in all cases priority shall be given to EGPC if it so desire to obtain the interest intended to be assigned (except for assignment to affiliated companies).

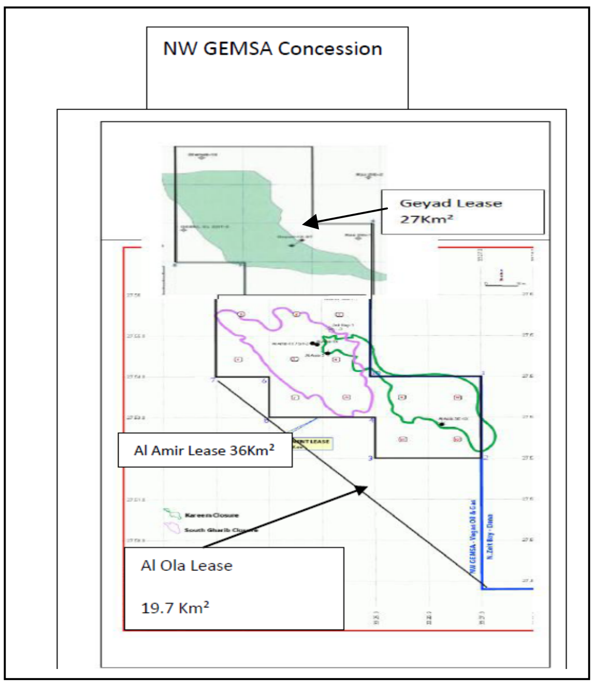
4. There are no burdens, encumbrances, royalties, adverse claims (including reductions and conversions) and penalties relating to the NPC Egypt Concessions other than a 12.5% royalty payable by EGPC to the Government of the Arab Republic of Egypt in accordance with the terms of the SHM Concession Agreement and a 10.0% payable by EGPC and/or EGAS to the Government of the Arab Republic of Egypt in accordance with the terms of each of the other NPC Egypt Concession Documents.

SCHEDULE "B"
SEA DRAGON CONCESSION AREAS

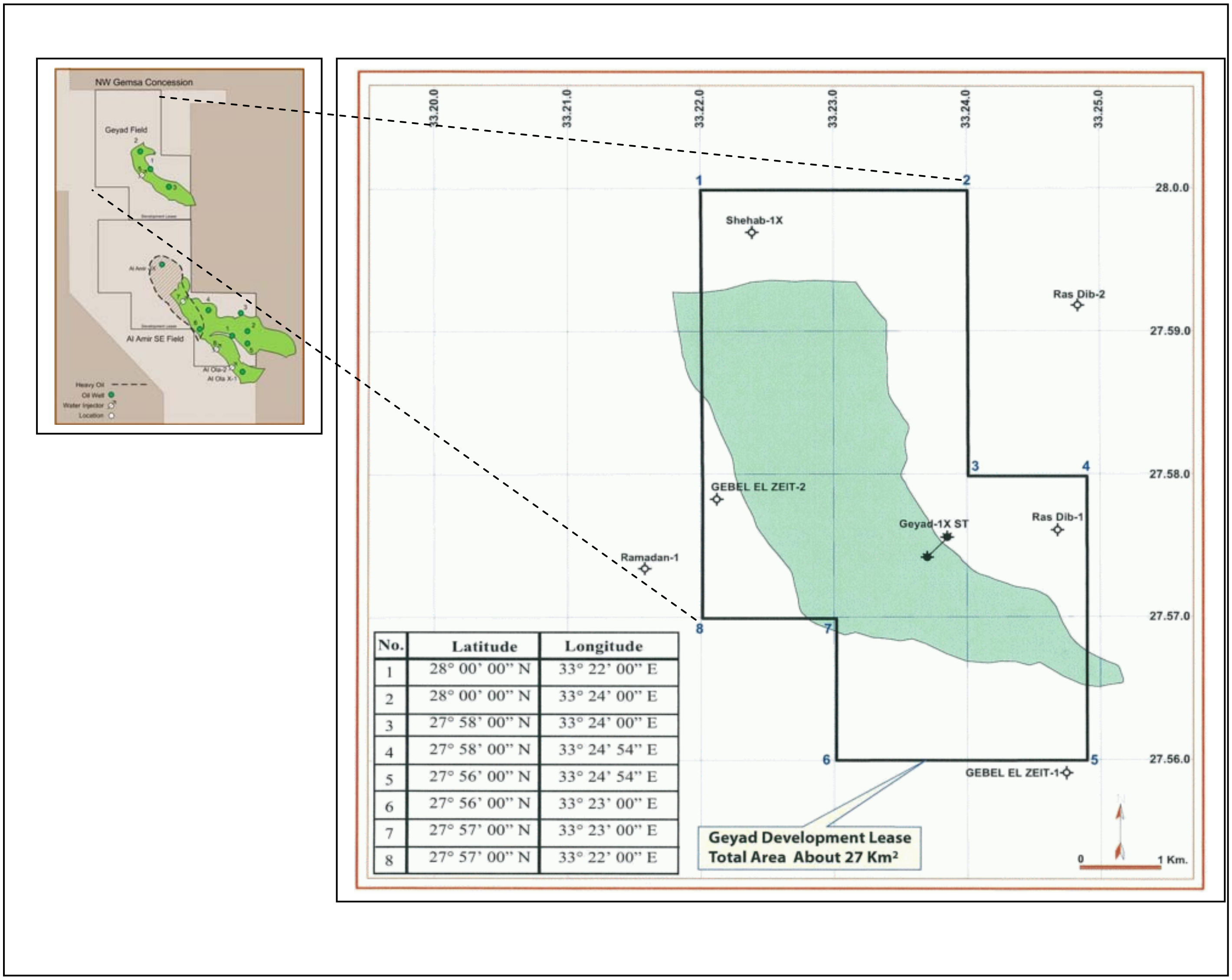
1. The Concession Areas of the Sea Dragon Group are those lands and interests described in the Sea Dragon Concession Documents, including those concession areas depicted below:

A. NW Gemsa Concession – 10% Participating Interest

Concession Agreement for Petroleum Exploration and Exploitation between the Arab Republic of Egypt and the Egyptian General Petroleum Corporation and Kriti Oil and Gas S.A. in North West Gemsa Area, Eastern Desert, A.R.E. issued by Law No. 7 of 2003, effective 19th January, 2003, covering the Development Leases noted below, which are the only lands remaining in the NW Gemsa Concession.

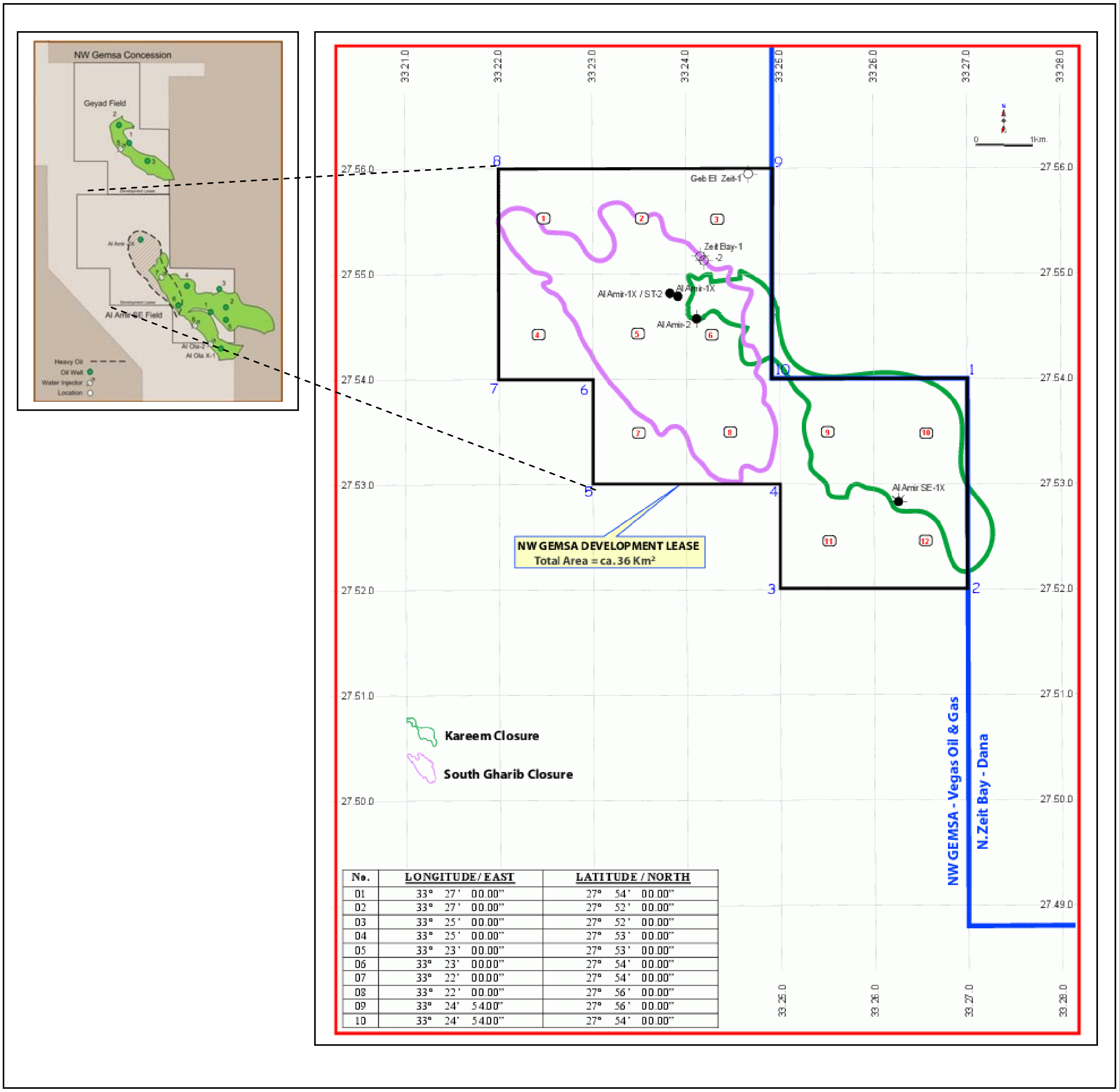


(a) **<u>Geyad Development Lease</u>**: Request for the approval of the Minister of Petroleum to convert the oil discovery well Geyad IX ST on the NW Gemsa Concession into 'Geyad Development Lease' signed by Vegas Oil & Gas S.A. as Operator on behalf of the Contractor, the Egyptian General Petroleum Corporation and approved by the Minister on 8th February, 2010.



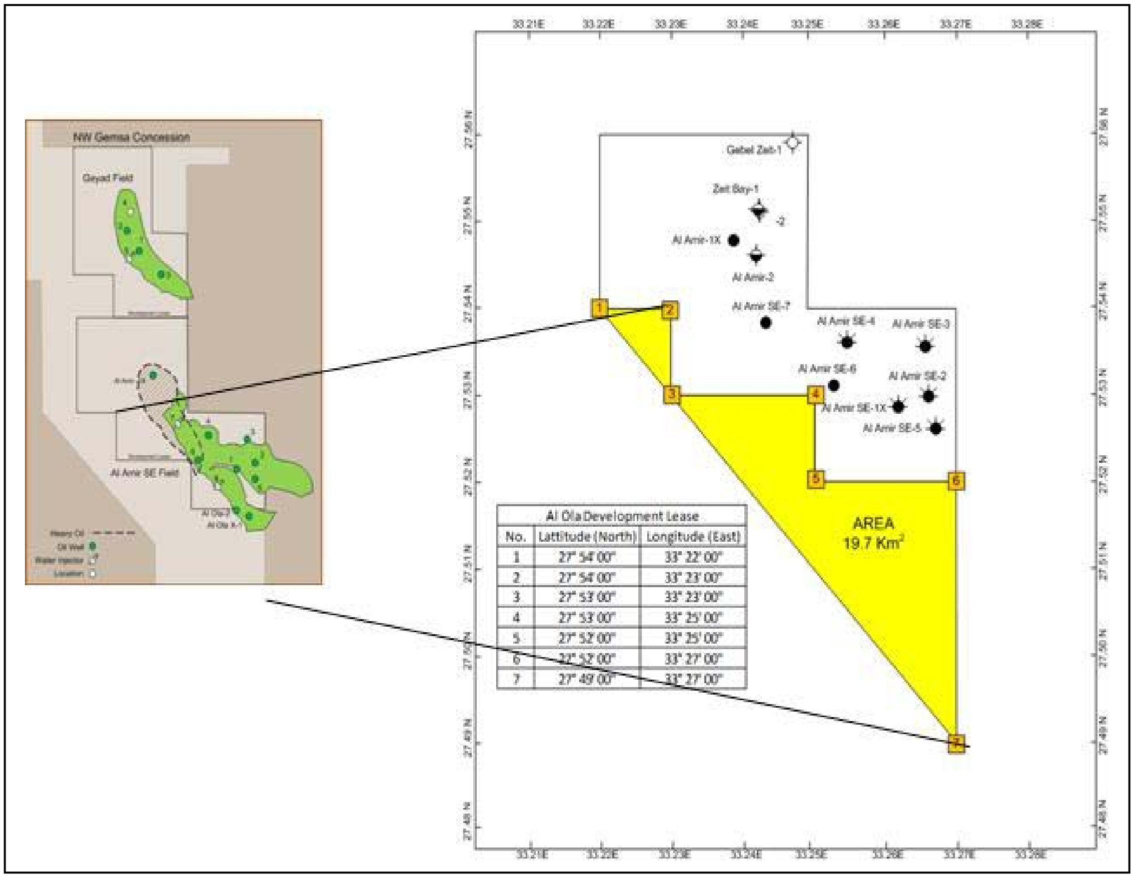
No.	Latitude	Longitude
1	28° 00' 00" N	33° 22' 00" E
2	28° 00' 00" N	33° 24' 00" E
3	27° 58' 00" N	33° 24' 00" E
4	27° 58' 00" N	33° 24' 54" E
5	27° 56' 00" N	33° 24' 54" E
6	27° 56' 00" N	33° 23' 00" E
7	27° 57' 00" N	33° 23' 00" E
8	27° 57' 00" N	33° 22' 00" E

(b) **Al Amir Development Lease**: Request for the approval of the Minister of Petroleum to convert the oil discovery wells Al Amir SE-1X ST2 and Al Amir SE-IX on the NW Gemsa Concession into the 'Al Amir Development Lease' signed by Vegas Oil & Gas S.A. as Operator on behalf of the Contractor, the Egyptian General Petroleum Corporation and approved by the Minister of Petroleum on 17th February, 2009.



No.	LONGITUDE/ EAST	LATITUDE / NORTH
01	33° 27' 00.00"	27° 54' 00.00"
02	33° 27' 00.00"	27° 52' 00.00"
03	33° 25' 00.00"	27° 52' 00.00"
04	33° 25' 00.00"	27° 53' 00.00"
05	33° 23' 00.00"	27° 53' 00.00"
06	33° 23' 00.00"	27° 54' 00.00"
07	33° 22' 00.00"	27° 54' 00.00"
08	33° 22' 00.00"	27° 56' 00.00"
09	33° 24' 54.00"	27° 56' 00.00"
10	33° 24' 54.00"	27° 54' 00.00"

(c) **<u>Al Ola Development Lease Application</u>**: Request for the approval of the Minister of Petroleum to convert an additional area bordering the Al Amir Development Lease into the 'Al Ola Development Lease' signed by Vegas Oil & Gas S.A. as Operator on behalf of the Contractor. EGPC and Government approval was received.



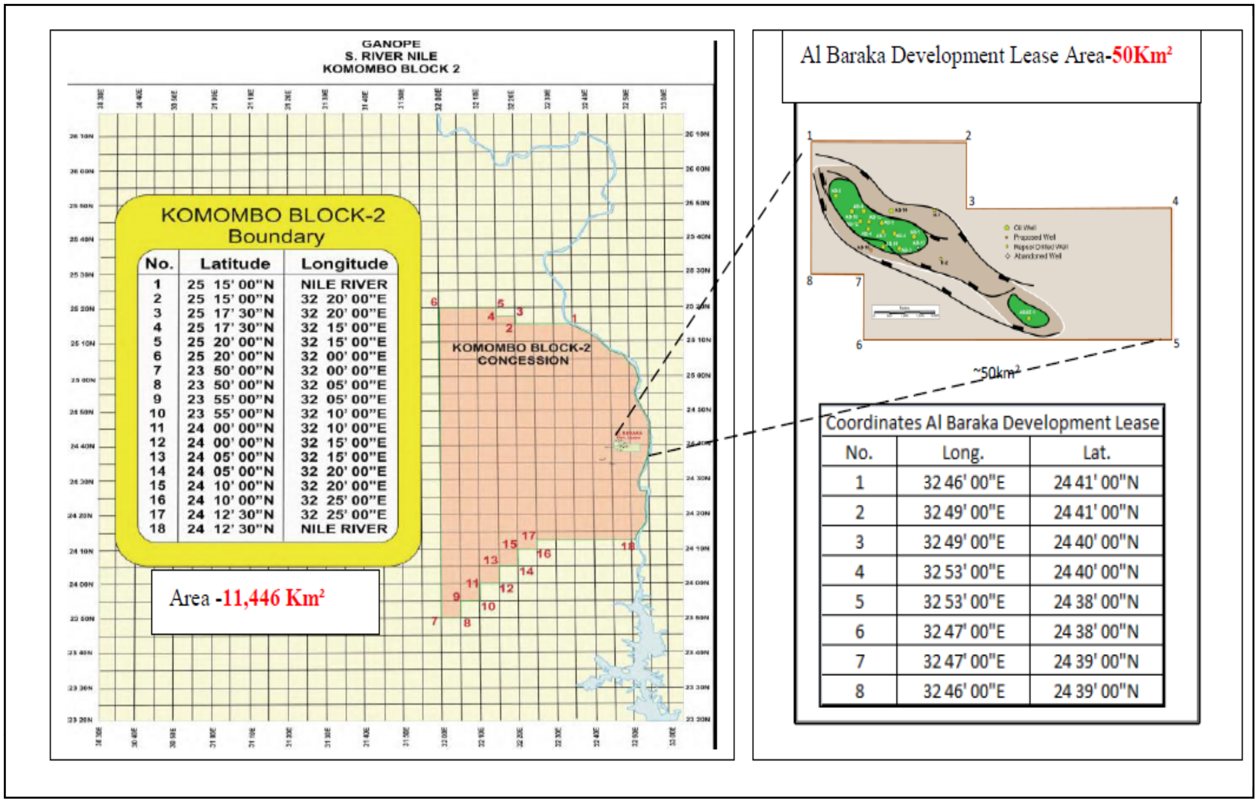
B. Kom Ombo – 50% Participating Interest

Concession Agreement for Petroleum Exploration and Exploitation between the Arab Republic of Egypt and Ganoub El-Wadi Holding Petroleum Company and Centurion Petroleum Corporation in Kom Ombo Area (Block 2),Upper Egypt, A.R.E. issued by Law No. 22 of 2004 effective 18th July 2004, including the Development Lease noted below:

(a) Request for the approval of the Minister of Petroleum to convert the oil discovery well Geyad IX Al Baraka-1 well on the Kom Ombo Concession into 'Al Baraka Development Lease' signed by Centurion Petroleum Corporation, as Contractor, the Egyptian General Petroleum Corporation and approved by the Minister on 12th November, 2007.

The exploration area of the Kom Ombo Concession, lying outside the Al Baraka Development Lease, was due to expire 17th July, 2012 but an extension has been granted to 17th January 2013.

The area depicted on the map represents the entire Kom Ombo Concession area – exploration area and Al Baraka Development Lease.



There are no exceptions to Sea Dragon's right to explore for and recover petroleum substances in all zones and formations in the Development Leases issued under the North West Gemsa Concession or the Kom Ombo Concession.

2. There are no trust obligations incurred in the ordinary course of business that may reduce the interest attributed to the Sea Dragon Group with respect to the Sea Dragon Concessions.

3. There are no rights of first refusal, pre-emptive purchase rights and similar rights with respect to the Sea Dragon Concessions other than:

<u>**NW Gemsa**</u>

Concession Agreement – EGPC ROFR:

Article XXI of the NW Gemsa Concession Agreement provides that neither EGPC nor the Contractor may assign, in whole or in part any of its duties or obligations under the Concession Agreement, either directly or indirectly, without the written consent of the Government and in all cases, priority must be given to EGPC, should it wish to acquire the interest intended to be assigned.

JOA - Consent

Under Article 12 of the NW Gemsa JOA amongst the Contractor Parties, a Transfer of a Participating Interest by a Party or a Change in Control of a Party is not effective under the JOA until (1) the transferee undertakes to perform the obligations of the transferor under the Concession Agreement and the JOA and obtains any necessary Government approval and furnishes any guarantees required and (2) each other Party to the JOA has consented in writing to the transfer or change in control which consent can only be withheld if the transferee fails to establish to the reasonable satisfaction of each party, its financial and technical capability.

Kom Ombo

Concession Agreement – Ganope ROFR:

Article XXI of the Kom Ombo Concession Agreement provides that neither Ganope nor the Contractor may assign, in whole or in part any of its duties or obligations under the Concession Agreement, either directly or indirectly, without the written consent of the Government and in all cases, priority must be given to Ganope, should it wish to acquire the interest intended to be assigned.

JOA – ROFR on Transfer:

Under Article 12 of the Kom Ombo JOA amongst the Contractor Parties, once the final terms of an offer from a third party have been negotiated, the transferring Party must give notice to the other Parties of the terms of the offer which it is prepared to accept and attaching relevant documentation setting out the terms. The other Parties then have 30 days within which to deliver a counter notice agreeing to match such terms without conditions. If the other Parties do not give a counter notice accepting the terms within the 30 day period, the transferring Party can proceed with the disposition on no more favourable terms than were set out in the notice and the arrangement must be concluded within 90 days of the notice plus any additional time required to secure Government approval.

4. There are no burdens, encumbrances, royalties, adverse claims (including reductions and conversions) and penalties relating to the Sea Dragon Concessions.

5. There are no royalty interests with respect to the Sea Dragon Group.

SCHEDULE “C”
NPC EGYPT GROUP AND JV SUBSIDIARIES FACILITIES

NPC SHM – SHM Concession

Shukheir Bay Field Production facilities
The crude oil produced from Shukheir Bay Field, with jet pump hydraulic system, is transferred to General Petroleum Company (“**GPC**”) gathering station, at the western onshore Shukheir area, via three 2.2 kilometre /4” pipelines for treatment (initial degassing and dewatering) and then pumped to GPC facilities in Um El Yusr Field for further treatment before export.

Gamma Field Production facilities
The produced oil from Gamma field is transferred to the western onshore Wadi Dara processing facilities for treatment through 8” subsea pipe line then shipped to GPC gathering station via a 22 kilometre/6” pipe line. A 17.9 Km multi size pipe line (6”/8”/10”) transfers the treated oil to the GPC plant in Um El Yusr Field before delivering it to Ras Gharib terminal via 19 kilometre/ 12’’ pipe line for export.

The following are the full details of the offshore and onshore facilities.

I. OSOCO FACILITIES

1. OFFSHORE FACILTIES

Gamma oilfield is located at Ras El Dibarea, in the south western part of the Gulf of Suez, approximately 5 kilometres offshore.

1.1 Offshore Platform

The field comprises one offshore platform designated Gamma platform. It is a 4 legged unmanned, 6 slots, wellhead platform comprising a 4 truss jacket and three courses topsides.

The platform is of conventional fixed leg structure of all welded steel construction and consists of truss jacket attached to the sea floor with tubular steel piling.

There is an 8 inch diameter subsea pipeline connecting the Gamma Platform to shore.

The platform is complete with stairways, navigational aids and all necessary piping, details of the platform may be summarised as follows: -

(a) Gamma Platform

(i) Co-ordinates Lat. 28° 04’ 01’ N
Long. 33° 23’ 04’ E

(ii) Type of Platform Drilling / production

(iii) Year Installed 1990

(iv) Water Depth 115 feet

(v) Foundation

A. Pile 4 x 36" diameter 1.25" wall thickness.
B. Penetration below mudline 43 metres.
C. Total piles' weight 300 tons.

(vi) Jacket

A. Number of Legs 4
B. Total jacket weight 328 tons.

(vii) Topside Structure

A.	Main deck dimensions:	15 metres x 15.8 metres
B.	Mezzanine deck dimensions:	12.4 metres x 6.5 metres
C.	Sump tank deck dimensions:	7 metres x 5 metres
D.	Helideck dimensions:	18.6 metres x 11.5 metres
E.	Total weight of top side structure:	256 tons

(viii) Boat Landing: 1 x 20 tons

(ix) Cathodic Protection Sacrificial Anodes

A. Number of anodes 58
B. Weight of each 34 kilograms.

(x) Wells

• Total of wells	4
• Number of producing wells	2
• Total production oil	60 barrels per day

(xi) Production Facilities

- One 6" test manifold for 6 wells.
- One 8" production manifold for 6 wells.
- Test separator package.
- Sump tank 10 cubic metres and automatic drain system.
- Gas trap facilities for automation and charging of ESD fusible plug loop and operation of chemical injection pump.
- Control panel for ESD of wells and sea line valve.
- H_2S scavenger injection package.
- Pig launcher and pig receiver.
- 5 Christmas trees.

(xii) Utilities / Other Items

- Marine fog detector and navigation aids.
- One twin agent package and 20 hand held fire extinguishers each 9 kilograms dry powder.
- One life raft 10 persons' capacity, 10 life jackets and 10 life buoys.
- Power pack unit and crane 2.5 tons capacity.
- 1 port cabin.
- Telecommunication radio.
- Solar cells for lighting and telecommunication radio.
- Fixed H_2S detection system.
- 4 portable H_2S detectors.
- 2 portable hydrocarbons detectors.
- 8 breathing apparatus.
- 2 chain hoists, 5 tons each.

1.2 Offshore Pipeline
Gamma Oilfield
Offshore Installation
Connection Lines

(a) 8" Oil Line

(i) Location

A.	Start	Gamma Platform
B.	Length as laid	4 kilometres
C.	End	Shore
D.	Water depth	From 115 feet to zero.

(ii) Size

A.	Diameter	8 inches
B.	Wall thickness	0.406 inches
C.	Steel grade	API 5L Grade x 52

(iii) Coating Coal tar enamel

(iv) Installation

A.	Year installed	1989
B.	Contractor	*Petrojet*

(v) Anodes

A.	Type	Sacrificial Anodes

(vi) Product Carried

A. Type Crude oil

(vii) Status In service

(viii) How laid On seabed

II. ON SHORE FACILITIES

1. WADI DARA ONSHORE FACILITIES

The onshore facility at Wadi Dara is situated in Zeit Bay area, approximately 360 kilometres south east of Cairo in the Gulf of Suez, Egypt.

The facilities separate and stabilize crude oil received from the Gamma platform.

Details may be summarized as follows: -

2. CAMP AREA

It is contained within a 3 metre high wall and comprises the following air conditioned units:

- 2 two stories reinforced concrete villas, measuring approximately 450 square metres each comprising 16 two man sleeper bedrooms, complete with bathrooms and a TV lounge.
- 6 accommodation caravan type units, each of 2 bedrooms and 2 toilets measuring approximately 36 square metres.
- 9 accommodation caravan type units, each of 2 bedrooms and 1 toilet measuring each approximately 27 square metres.
- 1 reinforced concrete kitchen measuring approximately 82 square metres.
- 1 two stories reinforced concrete building measuring approximately 110 square metres accommodating a mess hall on the ground floor and a recreation area on the top floor.
- 1 reinforced concrete cold store for food supplies measuring approximately 77 square metres with 2 *Danfos* cooling units.
- 1 reinforced concrete catering store and laundry, measuring approximately 80 square metres.
- 1 reinforced concrete mosque measuring approximately 140 square metres.
- 3 caravan type units combined together to form a recreation hall measuring approximately 81 square metres.
- 1 reinforced concrete room for transportation personnel measuring approximately 9 square metres.
- 1 file storage of reinforced concrete measuring approximately 16 square metres.
- 1 reinforced concrete room for electrical distribution panel measuring approximately 24 square metres.

The camp area comprises two 50 cubic metre fresh water storage steel tanks, fitted with an electrically driven transfer pump.

3. INDUSTRIAL BUILDINGS

3.1 Administration Building

A two storey reinforced concrete building with brick walls infilling measuring approximately 280 square metres and comprising 7 offices, 2 workshops and a laboratory at the ground floor. The top floor comprises 7 offices and a toilet.

3.2 General Warehouse

This is a steel structure building made up of steel beams with steel panels cladding and a 7 metre high steel canopy roof measuring approximately 500 square metres.

3.3 Mechanical Warehouse

It is of reinforced concrete construction with a steel canopy roof measuring approximately 60 square metres.

3.4 Yards

There are 2 pipe yards containing sixty 9 metre long reinforced concrete slippers for casings storage and a 12 square metre reinforced concrete room.

3.5 MCC Room

It is a reinforced concrete building measuring approximately 90 square metres in area, with a cable cellar, including MCC and UPS systems. Also, the MCC room includes 2 fire alarm panels.

4. UTILITIES

4.1 Power Distribution

The power generation is provided for the camp area and the process area by three 256 kilowatt *Caterpillar* diesel generators, housed in a steel shelter located next to the MCC room, measuring approximately 100 square metres.

2 transformers are provided for camp area of capacities 300 kilo volt amperes and 100 kilo volt amperes.

Also, the MCC room is provided with UPS, emergency shutdown panels, fire alarm panels, emergency lighting and switchgear controls.

At the time of our visit we noted that there is a diesel generator, identical to the exiting three undergoing commissioning, this item was not considered in our valuation.

4.2 Compressed Air System

Two *Thome Crepelle* electrical driven air compressors, each 30 kilowatts, 8 bar. Each unit operates at a pressure of approximately 9 bars and is complete with coolers, filters, dryers, one 3 cubic metre air tank and control distribution panels. The compressed air packages are all housed in a steel shelter measuring approximately 16 square metres.

4.3 Fresh Water System

There are two 50 cubic metre steel storage fresh water tanks located at the camp area. Also, there is an 18 cubic metre steel water tank and a 130 cubic metre fibre glass tank dedicated for fresh water storage. Fresh water is pumped to the camp through a 3.5 cubic metre per hour transfer pump.

4.4 Diesel Fuel System

There are 2 cylindrical steel diesel storage tanks having capacities of 40 cubic metres and 50 cubic metres.

4.5 Oily Water Treatment

Drain water from the process facilities is pumped to the oily water treatment unit. The oily water separation unit has a capacity of 1,500 barrels per day.

Water is separated from oil and the treated water is directed to an evaporation pit measuring 19 metres x 25 metres x 2 metres depth.

4.6 Fire Protection and Detection System

There is a 1,700 cubic metre fire water storage tank, linked to 2 peerless diesel driven pumps each of 2,500 gallons per minute, complete with diesel tanks.

The process area is installed with a firewater ring main with ten 2.5 inch diameter hydrants. The firewater ring main is pressurized at 11 bars by means of an electrically driven jockey pump of 17 cubic metres per hour.

The crude oil storage tanks are fitted with water cooling rings and export pumps and are fitted with a fixed foam system complete with 2,600 gallon foam tanks.

The warehouse, the first phase, second phase separators and the fuel diesel tanks are fitted with a water sprinkler system. The power generators shelter is fitted with a fixed CO_2 system complete with fusible plugs. The MCC room cable cellar is also fitted with CO_2 cylinders and smoke detectors, while the MCC room is equipped with a fixed FM200 gas system and heat detectors.

The crude oil storage tanks are fitted with 6 heat detectors connected to an alarm panel located in a reinforced concrete room located next to the fire water tank. There is a total of 8 flame detectors.

Also, there is a total of 8 fire alarm sirens located at various locations of the process area.

5. PROCESS AREA

The process area comprises the following major components in one train:

(1) 1 three phase production separator.
(2) 1 three phase test separator
(3) 1 heater.
(4) 1 de-salter.
(5) 1 dehydration package.
(6) 1 degassing boot.
(7) 3 storage tanks.
(8) 2 transfer shipping pumps.

All of the above equipment is controlled through localised panels. There is a flare system comprising a flare header and a flare knockout drum complete with an ignition control panel and a flare stack.

6. CRUDE OIL STORAGE TANKS

The main storage tanks are located to the south west of the process area. They comprise three fixed roof steel storage tanks of 8,500 barrels each and is individually bundded.

The pumping area located adjacent to the storage tanks comprises 2 electric transfer pumps each of 83 cubic metres per hour.

7. SHUKHEIR BAY ONSHORE FACILITIES

The facilities are situated approximately 15 kilometres north west of Wadi Dara. Production for the wells of Shukheir Bay is transported via 4 inch diameter pipelines to the *GPC* facilities.

There is a water lift station comprising the following pumps:

(1) Triplex artificial lift pump with 1 pressurized horizontal vessel
Manufacturers: *National Oil Well*
Drive: *Caterpillar* Diesel Engine 3304
Power: 130 horsepower
Flow rate: 2,000 barrels per day
Model: BOT

(2) Triplex artificial lift pump with 1 pressurized horizontal vessel
Manufacturers: *National Oil Well*
Driver: *Caterpillar* Diesel Engine
Model: 200T
Power: 200 horsepower

(3) *Quantaplex* artificial lift pump 2 pressurized vessels, one vertical and one horizontal
Manufacturers: *National Oil Well*
Driver: *Caterpillar* Diesel Engine 3406
Power: 300 horsepower
Flow rate: 4,000 barrels per day
Model: 300Q

There are 2 *Caterpillar* diesel driven generators having the following specifications:

(1) Generator Set: 1:

Engine Model: 3306
Generator Model: SR4

(2) Generator Set 2:

Engine Model: 3406
Generator Model: SR4

The two generators are located at the west side of the terminal, under a shed with a steel canopy roof.

Also, there are 3 caravan type units and two 300 barrel test tanks complete with two 25 horsepower electrically driven transfer pumps as well as a 50 cubic metre diesel fuel tank.

Also, there is a portable diesel driven *Gorman-Rupp* transfer pump, having main power of 41 kilowatts.

7.2 Onshore Pipelines
Wadi Dara Oilfield
Onshore Installation
Connecting Lines

(a) 6” Oil Lines

(i) Location

A.	Start	Wadi Dara Facilities
B.	Length as laid	6.5 kilometres
C.	End	*GPC* Tie in

(ii) Size

A.	Diameter	6 inches
B.	Wall thickness	0.28 inches

(iii) Steel Grade API 5LGRB

(iv) Installation

A.	Contractor	*Petrojet*

(v) Cathodic Protection

A.	Type	Impression Current

(vi) Product Carried

A.	Type	Oil
B.	Status	In service
C.	How Laid	On surface

7.3 Onshore Pipelines
Shukheir Bay Oilfield
Onshore Installation
Connecting Lines

(a) 4” Oil Lines (Two Pipelines)

(i) Location

A.	Start	Shukheir Bay Facilities
B.	Length as laid	2 kilometres
C.	End	*GPC* Facilities

(ii) Size

A.	Diameter	4 inches
B.	Wall thickness	0.24 inches

(iii) Coating Bitumen

(iv) Installation

A.	Contractor	*Petrojet*

(v) Status In service

(vi) How Laid Buried in an average of one metre

7.4 Onshore Pipelines
Wadi Dara Oilfield
Onshore Installation
Connecting Lines

(a) 8” Shore Connection

(i) Location

A.	Start	Offshore Pipeline
B.	Length as laid	1.5 kilometres
C.	End	Wadi Dara Facilities

(ii) Size

A.	Diameter	8 inches

B. Wall thickness 0.406 inches

(iii) Coating Bitumen

(iv) Installation

A. Contractor *Petrojet*

(v) Status In service

(vi) How Laid Buried in an average depth of one metre

NPC SAZ – SAZ Concession (Facilities Under Construction)

Current designs under consideration for the Muzhil project contemplate the installation of the following facilities, which, as of the date hereof, have not yet been constructed:

1. **Muzhil Wellhead Platform** is an unmanned 12 slots WHP, Jack-up drilled, 8 template Drilled Wells and is expected to be present at the time of platform installation. The platform is expected to support the production equipment, helideck, crane, boat landing, multi-pig launcher, and platform utilities including offshore chemical injection package.

2. **Muzhil Pipelines** are: (i) a Production Export Line to transfer reservoir fluid at maximum flow rate of 20,000 BLPD liquid with 2.25 MMscfd gas to Suez Oil Company ("**SUCO**") Ras Budran Onshore Facilities, and (ii) a Water Injection Line from the SUCO Ras Budran Onshore Facilities to Muzhil Wellhead Platform.

3. **Muzhil Onshore Facilities**, which are expected to be located in the SUCO Ras Budran plant, consisting of a pig receiver, fired heater, two phase separator, and metering facilities. Those facilities are expected to be integrated with the existing SUCO Ras Budran Facilities to process, store and ship Muzhil production.

There is no assurance that the above facilities will be installed or constructed as contemplated by the current designs under consideration for the Muzhil project.

SCHEDULE "D"
SEA DRAGON GROUP FACILITIES

<u>NW Gemsa</u>

Three fields produce from within the NW Gemsa Concession; Al Amir, Geyad & Al-Ola. Currently, all production is treated through rental facilities. The crude oil has a relatively high GOR ($\pm$ 1,100 SCF/BBL) and the wells produce free water with the exception of Geyad-2 which is a high water cut producer.

Al Amir Permanent Facilities:
Permanent production facilities have been designed to handle up to 15,000 BOPD and 20 MMSCFD of gas. These facilities will consist of:

- three storage tanks with capacity 5,000 bbls each
- production separator with 15,000 bbl capacity
- test separator with 6,000 bbl capacity
- gas boot for oil stabilization
- gas compression package
- common flare system
- oil shipping pumps
- power generation system and
- fire fighting system.

Three crude oil storage tanks have been constructed with capacity of 5,000 bbls each.

Al Amir – Geyad Oil Pipeline:
A 6" x 10 km oil pipeline, complete with production/test manifold and pig launcher/receiver has been constructed in order to transport the crude from Geyad to the Amir facility.

Pipeline to Oil storage facility at SUCO (RWE):
A 6" pipeline has been constructed between Amir and the SUCO oil storage facility.

Camp Upgrade:
A camp upgrade is nearing completion for employees' accommodation and utilities. The upgrade includes 11 new accommodation caravans, new refrigerator unit, staff sports area, clinic, additional water tanks and diesel tank upgrade. Additionally, a field office building is being considered for field management.

Water Injection surface facilities:
A closed loop system for the water injection is being implemented, including high pressure line pipe and downhole ESP pumps (source wells). Other equipment includes flow meters, chemical injection nozzles, corrosion coupons and power generator.

Gas Handling Project:
A gas handling project is ongoing to conserve our currently flared volumes. This project involves the removal and sale of condensate and LPG products from the raw gas stream. Planned facility's include: 8" x 16 km pipeline, gas compressor, gas scrubber/separator and power generator. Up to 15 MMSCFD is to be processed at SUCO's gas plant, resulting in the following sales volumes:

• Sales Gas, 12 MMSCFD

• Stabilized Condensate, 250 BBL/day

• LPG product, 60 Tons/day.

Kom Ombo

Eleven wells currently produce from the Al Baraka field within the Kom Ombo Concession. The wells are equipped with artificial lift (rod pumps) and produce to two main field satellites as described below:

Al Baraka-1 Facility:

This facility treats the oil from wells Al Baraka-1 and 3 and contains the following:

- Heat exchanger to heat the crude
- 1 x 500 bbl storage tank
- 200 Kw electrical generator
- Flare pit
- Lab
- 1 x 100 bbl diesel storage tank
- Oil loading facility for trucking
- Chemical injection pumps for de-emulsifier and pour point depressant chemicals
- Evaporation pit to dispose of produced water

Al Baraka-2 Facility:

This facility treats the oil from several wells, namely Al Baraka-2, 4, 5, 6, 7, 12, 14 and 15. The facility contains the following:

- Heat exchanger to heat the crude

- 3 x 500 bbl storage tanks
- 2 x 1000 bbl storage tanks
- 200 Kw electrical generator
- 1 x 100 bbl diesel storage tank
- Oil loading facility for trucking
- Chemical injection pumps for de-emulsifier and pour point depressant chemicals
- Evaporation pond and skimmer pit to dispose of produced water.

Additionally, the Al Baraka SE-1 well produces from a remote location. This well produces directly to tanker truck for transport to one of the Al Baraka facilities.

Plans are in place to install field accommodations for the field personnel in 2012.

SCHEDULE "E"
GOLDEN CRESCENT BANK GUARANTEES

1. Current Letter(s) of Guarantee and Direction(s)

Concession	LG Number	Amount in US$ Millions	Description
NEM	A/95799/120	0.583	Outstanding amount under Initial Exploration Period. This will be settled against existing invoices not paid and pending items with EGPC/EGAS
NEM	To be issued	2	NPC NEM financial obligation due under the Initial Exploration Period which expired on February 23, 2011 to drill the first commitment well which was deferred to the First Extension Period[(1)]
NEM	To be issued	6	NPC NEM financial obligation due under the First Extension Period which commenced on February 23, 2011 to drill two commitment wells[(1)]

Note:

(1) Since NPC NEM has not issued the $8 million letter(s) of guarantee required by EGAS, NPC SHM agreed to guarantee NPC NEM's commitment by allowing EGPC to withhold $8 million of the receivables due from EGPC on crude sales from the SHM Concession for the period from March to June 2011. These funds will be released by EGPC once NPC NEM submits the required letter(s) of guarantee to EGAS.

2. Contingent Letters of Guarantee

The following letters of guarantee with respect to the EK Concession, the SR Concession and the SHM Concession are required to be issued in favour of EGPC in the circumstances described in the table below. To the extent that any such letters of guarantee are issued by Golden Crescent or any of its Affiliates in favour of EGPC prior to Closing, arrangements satisfactory to Golden Crescent and Sea Dragon, acting reasonably, shall be made so as to cause the condition set forth at Section 11.3(j) of the Share Purchase Agreement to be also satisfied in respect of any such letters of guarantee.

Concession	LG Number	Amount in US$ Millions	Description
EK	N/A	15	To be issued once the initialled (but unsigned) concession agreement for petroleum exploration and exploitation with respect to the EK Concession is ratified by the People's Assembly of Egypt, to cover financial obligations in the first exploration period under such agreement
SR	N/A	5.865	This contingent obligation could be required upon review of technical data if NPC SR agrees to the proposed/disputed extension of the SR Concession Agreement for 10 years to 2023 as referenced in item 4 of Schedule 4.17, Governmental Authorizations, of the Golden Crescent Disclosure Letter

Concession	LG Number	Amount in US$ Millions	Description
SHM	N/A	5	To be issued if NPC SHM elects to approach EGPC to commit to drill one well in the Gamma Area to extend the SHM Concession beyond 2015. Note that this is an estimate only and will be subject to negotiation with EGPC.

SCHEDULE "F"
FORM OF NET PROFITS INTEREST AGREEMENT

See attached.

SOUTH ABU ZENIMA CONCESSION
NET PROFITS INTEREST AGREEMENT

BETWEEN

NATIONAL PETROLEUM COMPANY
SOUTH ABU ZENEIMA LTD.

– and –

GOLDEN CRESCENT INVESTMENTS LTD.

– and –

SEA DRAGON ENERGY INC.

Dated the ● day of ●, 2012

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SOUTH ABU ZENIMA CONCESSION
NET PROFITS INTEREST AGREEMENT

THIS AGREEMENT dated the ● day of ●, 2012.

BETWEEN:

NATIONAL PETROLEUM COMPANY SOUTH ABU ZENEIMA LTD., a business company existing under the laws of the British Virgin Islands (hereinafter referred to as "**NPC SAZ**")

- and -

GOLDEN CRESCENT INVESTMENTS LTD., a business company existing under the laws of the British Virgin Islands (hereinafter referred to as "**Golden Crescent**")

- and -

SEA DRAGON ENERGY INC., a corporation existing under the laws of Canada (hereinafter referred to as "**Sea Dragon**")

(NPC SAZ, Golden Crescent and Sea Dragon are herein collectively referred to as the "**Parties**" and individually as a "**Party**")

RECITALS:

A. Golden Crescent beneficially owns and controls all of the issued and outstanding shares in the capital of National Petroleum Company Egypt Limited ("**NPC Egypt**").

B. NPC Egypt beneficially owns and controls, among other things, all of the issued and outstanding shares in the capital of NPC SAZ, which in turn is the owner of a 100% participating interest in the Concession Agreement and the Area.

C. Sea Dragon and Golden Crescent have entered into a second amended and restated share purchase agreement dated May 10, 2012 (the "**Purchase Agreement**"), pursuant to which Sea Dragon has agreed to purchase from Golden Crescent all of the issued and outstanding shares in the capital of NPC Egypt for consideration consisting of common shares and preferred shares of Sea Dragon and the Net Profits Interest.

D. The Parties wish to set out the terms upon which the Net Profits Interest is to be granted to Golden Crescent.

NOW THEREFORE in consideration of the mutual covenants and obligations set out below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals and this Article, the following words and expressions have the following meanings except where the context otherwise expressly provides:

"**Adjustments Interest Rate**" means LIBOR plus two percent (2%) per annum, compounded monthly.

"**Affiliate**" of any Person means, at the time such determination is made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly, and "**control**" and any derivation thereof means the possession, directly or indirectly, of the power to direct or significantly influence the management and policies and the business or affairs of a Person whether through the ownership of voting securities or otherwise.

"**Agreement**" means this South Abu Zenima Concession Net Profits Interest Agreement, as amended or restated by written agreement of the Parties from time to time.

"**Applicable Confidentiality Restrictions**" means all restrictions and limitations imposed on NPC SAZ pursuant to the Concession Agreement with respect to the use or disclosure of confidential information.

"**Area**" has the meaning set forth in the Concession Agreement.

"**Audit Notice**", "**Audit Query**" and "**Auditor**" have the meanings set forth in Section 5.2.

"**Books and Records**" has the meaning set forth in Section 5.1.

"**Business Day**" means any day, other than a Friday, a Saturday, a Sunday or a day generally observed as a holiday under applicable Laws, on which the principal commercial banks in Cairo, Egypt and Calgary, Alberta, Canada are open for commercial banking business during normal banking hours.

"**Calendar Quarter**" means a period during any calendar year from January 1 to March 31, April 1 to June 30, July 1 to September 30 or October 1 to December 31.

"**Concession Agreement**" means the concession agreement for petroleum exploration and exploitation issued by Law No. 1 of 2003, dated January 15, 2003, entered into between the Arab Republic of Egypt, the Egyptian General Petroleum Corporation and BP Exploration (Delta) Ltd. with respect to the South Abu Zenima Area, Gulf of Suez, A.R.E., as assigned to Petzed Investment and Project Management Ltd. pursuant to a deed of assignment dated December 19, 2006 and as assigned to NPC SAZ pursuant to a deed of assignment dated April 7, 2010.

"**Contract**" means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture or other right or obligation (written or oral).

"**Contractor**" has the meaning set forth in the Concession Agreement.

"**Cost Recovery Petroleum**" has the meaning set forth in the Concession Agreement.

"**Crude Oil**" has the meaning set forth in the Concession Agreement.

"**Cumulative Net Cash Flow**" means, with respect to a Calendar Quarter, the cumulative Net Cash Flow of each Calendar Quarter from and including the Calendar Quarter during which the Effective Date occurs up to and including the then current Calendar Quarter.

"**Default Interest Rate**" means LIBOR plus five percent (5%) per annum, compounded monthly.

"**Development**" has the meaning set forth in the Concession Agreement.

"**Development Expenditures**" has the meaning set forth in the Concession Agreement.

"**Development Lease**" has the meaning set forth in the Concession Agreement.

"**Disposition**" means a voluntary or involuntary sale, assignment, transfer, exchange or grant of a Security Interest, royalty interest, pledge or encumbrance (other than a Permitted Encumbrance or the Net Profits Interest) of or in respect of any or all of the right, title and interest of NPC SAZ in and to this Agreement, the Concession Agreement or the Area, as applicable, and "**Dispose**" and "**Disposing**" have corresponding meanings.

"**Dispute**" means any dispute, controversy or claim (of any and every kind or type, whether based on contract, tort, statute, regulation or otherwise) arising out of, relating to, or connected with this Agreement, including any dispute as to the construction, validity, interpretation, enforceability or breach of this Agreement.

"**Effective Date**" means the date of this Agreement first set forth above.

"**Egyptian Government**" means the Government of Egypt and any political subdivision, agency or instrumentality thereof.

"**Egyptian Law**" means any Law that is from time to time imposed by any means by the Egyptian Government.

"**Egyptian Taxes**" means Taxes imposed, assessed or levied by or payable to the Egyptian Government.

"**Encumbrance**" means pledges, liens, charges, Security Interests, leases, title retention agreements, mortgages, restrictions, developments or similar agreements, easements, rights-of-way, title defects, options, adverse claims, trust, royalty or carried, participation, net profits or other third party interests, or encumbrances of any kind or character whatsoever, and any agreement, option, right of first refusal, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing.

"**Expert Matter**" means any Dispute in relation to: (i) what constitutes good oil and gas industry practices for the purposes of this Agreement; (ii) any matters contemplated in Article 3, Article

4, Article 5, Article 7 or Article 8; or (iii) any other matter which the Parties agree to resolve by recourse to an expert pursuant to Section 12.3.

"**Exploration**" has the meaning set forth in the Concession Agreement.

"**Exploration Expenditures**" has the meaning set forth in the Concession Agreement.

"**Expropriation Event**" has the meaning set forth in Section 3.3(a).

"**Force Majeure**" has the meaning set forth in the Concession Agreement.

"**Gas**" has the meaning set forth in the Concession Agreement.

"**Golden Crescent Confidential Information**" has the meaning set forth in Section 11.1.

"**Governmental Authorities**" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:

(a) having or purporting to have jurisdiction on behalf of any nation, Province, Territory or State or any other geographic or political subdivision of any of them; or

(b) exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power,

and "**Government Authority**" means any one of them.

"**Governmental Authorizations**" means authorizations, approvals, licences or permits issued by or from any Governmental Authority.

"**ICC**" has the meaning set forth in Section 12.3(a).

"**Initial Area**" means the Area on the Effective Date.

"**Information**" has the meaning set forth in Section 11.1.

"**JV Co**" means any joint operating company formed pursuant to the Concession Agreement to carry out and conduct operations required in accordance with the provisions of the Concession Agreement;

"**Law**" means, in relation to any Person, property or circumstance:

(a) statutes (including regulations enacted thereunder);

(b) judgments and orders of courts of competent jurisdiction;

(c) regulations and orders issued by governmental agencies, authorities and other regulatory bodies; and

(d) governmental permits, licences, approvals and authorizations,

which are applicable to such Person, property or circumstance.

"**LIBOR**" means, in respect of any relevant period, the rate (expressed as an annual percentage rate) quoted by Reuters page reference LIBOR 01 for lending U.S. Dollars in an amount comparable to the amount in question for three (3) months in the London inter-bank market at or about 11:00 a.m., British standard time, on the first day of the relevant period, and in respect of a day which is not a Business Day that rate shall be the rate set for the immediately preceding Business Day. If the agreed page is replaced or the service ceases to be available, the rate shall be deemed to be the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to either Party at its request, quoted by the Reference Banks to leading banks in the London interbank market at the time, day and period referred to in the preceding sentence, for the offering of deposits in U.S. Dollars.

"**Losses and Expenses**" means, in respect of a matter and a Person, all losses, damages, liabilities, claims, demands, costs and expenses, including actions, proceedings, fines, penalties, clean-up costs, legal and other professional fees and Taxes, that such Person suffers, sustains, pays or incurs as a direct result of or arising in connection with such matter.

"**Market Price**" means, with respect to that portion of any Cost Recovery Petroleum or Profit Petroleum produced and saved from the Area by the Contractor that is sold, assigned, transferred or otherwise disposed of to:

(a) a Person that is not a Related Party of Contractor, the amount actually received by Contractor for such sale, assignment, transfer or other disposition of such Cost Recovery Petroleum or Profit Petroleum, whether pursuant to a Contract, the Concession Agreement or on a short term "spot" basis; or

(b) a Person that is a Related Party of Contractor, the greater of:

(i) the amount actually received by Contractor for such Cost Recovery Petroleum or Profit Petroleum, whether pursuant to a Contract, the Concession Agreement or on a short term "spot" basis; and

(ii) for:

(A) Crude Oil, the "Market Price" calculated with respect to "Cost Recovery Crude Oil" pursuant to Article VII(c) of the Concession Agreement; and

(B) Gas, the value calculated pursuant to Article VII(c) of the Concession Agreement.

"**Material Adverse Change**" means, with respect to a Party, any change, event, occurrence, circumstance or state of facts that, separately or taken together with any other change, effect, event, occurrence, circumstance or state of facts, is or would reasonably be expected to be material and adverse to the business, affairs, operations, prospects, results of operations, assets, capitalization, condition (financial or otherwise), licences, permits, concessions, rights, privileges, liabilities (contingent or otherwise) or obligations (whether absolute, accrued, conditional or otherwise) of such Party (including, for the purposes of this definition and with respect to NPC SAZ, JV Co), or would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated in this Agreement, but "Material Adverse Change" shall not include any change occurring as a result of, or arising from:

(a) any change, effect, event or occurrence relating to or affecting general economic conditions or securities, capital, credit, financial, banking or currency markets (including changes in interest or exchange rates), or any worsening thereof;

(b) conditions affecting the oil and natural gas exploration, exploitation, development and production industry as a whole, and not disproportionately affecting any Party;

(c) any decline in the market price of Petroleum produced from the Area on a current or forward basis;

(d) any matter which has been disclosed in writing by one Party to the other Parties as of the date hereof;

(e) any acts of God, riots, terrorism, sabotage, earthquakes, epidemics, military action or war (whether or not declared), change in global, national or regional political conditions, civil unrest or similar event or any escalation or worsening thereof and not disproportionately affecting any Party;

(f) any adoption, proposal, implementation or changes in Laws or in the interpretation, application or non-application of Laws of any Governmental Authority;

(g) any change in applicable generally accepted accounting principles or as a result of any reconciliation of financial information between accounting principles; or

(h) any change, effect or circumstance arising from the actions or matters permitted or contemplated by this Agreement or consented to or approved in writing by the other Parties, including the public announcement of this Agreement.

"**Material Adverse Effect**" means any effect resulting from a Material Adverse Change.

"**Muzhil Field Lands**" means the lands highlighted in green on the map attached as Schedule "A" hereto.

"**Net Cash Flow**" means with respect to a Calendar Quarter, the amount calculated in accordance with the following formula:

Net Cash Flow = A + B – C – D – E

where:

A = the Market Price of Cost Recovery Petroleum produced and saved from the Area sold, assigned, transferred or otherwise disposed of during such Calendar Quarter;

B = the Market Price of Profit Petroleum produced and saved from the Area sold, assigned, transferred or otherwise disposed of during such Calendar Quarter;

C = the aggregate of:

(i) Operating Expenses incurred by JV Co during such Calendar Quarter;

(ii) general and administrative costs and expenses incurred by JV Co during such Calendar Quarter; and

(iii) general and administrative costs and expenses incurred by NPC SAZ solely with respect to Operations during such Calendar Quarter,

in each case that are recoverable in accordance with Article VII(a)(1) of the Concession Agreement; and

(iv) up to twenty percent (20%) of the aggregate amount of any indirect general and administrative costs and expenses incurred by (x) JV Co or (y) NPC SAZ solely with respect to Operations, during such Calendar Quarter that are not recoverable in accordance with Article VII(a)(1) of the Concession Agreement;

D = Exploration Expenditures and Development Expenditures incurred by (x) JV Co or (y) NPC SAZ and recoverable during such Calendar Quarter in accordance with Article VII(a)(1) of the Concession Agreement; and

E = the amount of any capital expenditures incurred by (x) JV Co or (y) NPC SAZ solely with respect to Operations, during such Calendar Quarter that are not recoverable in accordance with Article VII(a)(1) of the Concession Agreement, which amount shall not exceed $250,000 during any Calendar Quarter unless NPC SAZ has provided notice to Golden Crescent that such costs have exceeded $250,000 in a Calendar Quarter and Golden Crescent has (i) approved of any amount of such capital expenditures in excess of $250,000 or (ii) failed to approve or reject any amount of such capital expenditures in excess of $250,000 within five (5) Business Days of receipt of such notice from NPC SAZ.

"**Net NPI Obligations**" means, with respect to a Calendar Quarter, the aggregate of:

(a) the NPI Payment for such Calendar Quarter; plus

(b) the amount, if any, by which the NPI Payment for a previous Calendar Quarter as originally calculated pursuant to Section 3.2 and Section 4.2(a) is less than the Recalculated NPI Payment for such previous Calendar Quarter; less

(c) the amount, if any, by which the NPI Payment for a previous Calendar Quarter as originally calculated pursuant to Section 3.2 and Section 4.2(a) is greater than the Recalculated NPI Payment for such previous Calendar Quarter.

"**Net Profits Interest**" has the meaning set forth in Section 3.1.

"**Notice of Dispute**" has the meaning set forth in Section 12.1.

"**Notice Date**" has the meaning set forth in Section 12.2.

"**NPC SAZ Confidential Information**" has the meaning set forth in Section 11.1.

"**NPI Commencement Date**" means the first day of the first Calendar Quarter with respect to which the Cumulative Net Cash flow for such Calendar Quarter is greater than or equal to 0.

"**NPI Payment**" means, with respect to a Calendar Quarter, the amount calculated in respect of such Calendar Quarter pursuant to Section 3.2.

"**NPI Statement**" has the meaning set forth in Section 4.2.

"**Operating Expenses**" has the meaning set forth in the Concession Agreement.

"**Operations**" means any project, activity or undertaking by NPC SAZ, its Affiliates or any third party in connection with, related to or involving the Concession Agreement, the Area or the production of Petroleum under a Development Lease, including: all upstream and midstream activities; all exploration, appraisal, development, transportation and marketing activities; all oil and gas related services and all similar projects and activities.

"**Permitted Encumbrances**" means:

(a) any Security Interest arising by operation of Law in the ordinary course of business in respect of liabilities or obligations that are not delinquent or that are being diligently contested in good faith and for which adequate reserves have been maintained;

(b) any Security Interest arising out of any judgement or award that is being diligently contested in good faith and for which adequate reserves have been maintained;

(c) liens in respect of Taxes that are not delinquent or that are being diligently contested in good faith and for which adequate reserves have been maintained;

(d) any Security Interest arising in the ordinary course of trade and on terms customary in that trade;

(e) any Security Interest arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to NPC SAZ in the ordinary course of business;

(f) any Security Interest created on or over any assets provided that the assets are not material to the Operations; and

(g) any Security Interest created with the prior written consent of Golden Crescent.

"**Permitted Transferee**" means, in respect of a Person to which a Party proposes to Dispose all or any part of its rights or obligations under this Agreement, that such Person has the technical and financial ability to perform the obligations that are proposed to be assigned or transferred to it.

"**Person**" means an individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust (including a business trust), body corporate, company, joint stock company, joint venture, governmental authority and, where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.

"**Petroleum**" has the meaning set forth in the Concession Agreement.

"**Profit Petroleum**" means the Petroleum (excluding Cost Recovery Petroleum) produced and saved from all Development Leases within the Area, and not used in Exploration or Development or consumed, lost or used in respect of Operations, that NPC SAZ is entitled to take and dispose of as determined in accordance with Article VII(b) of the Concession Agreement.

"**Project Finance Facilities**" means any credit facilities provided to NPC SAZ or its Affiliates by third party lenders under which secured financial indebtedness is to be incurred by NPC SAZ or its Affiliates for the purpose of financing Operations.

"**Quarterly Statement Date**" means, for each Calendar Quarter after the NPI Commencement Date, the thirtieth (30^{th}) day after the end of such Calendar Quarter, provided that if such day is not a Business Day, the Quarterly Statement Date for such Calendar Quarter shall be the next following Business Day thereafter.

"**Recalculated NPI Payments**" has the meaning set forth in Section 4.2(b).

"**Reference Banks**" means, in relation to LIBOR, the principal London offices of ●, ● and ● or such other banks as may be appointed as such by the Parties after consulting with each other.

"**Related Parties**" means, in reference to a Party: (i) its Affiliates; (ii) its directors, officers, employees, agents, consultants and advisors; and (iii) its Affiliates' directors, officers, employees, agents, consultants and advisors.

"**Relevant Project Agreements**" means:

(a) the Concession Agreement; and

(b) any other agreement required to be entered into by NPC SAZ with the Egyptian Government pursuant to the Concession Agreement.

"**Replacement Concession Agreement**" has the meaning set forth in Section 8.3.

"**SAZ Concession Balance Lands**" means the Area excluding the Muzhil Field Lands.

"**Security Interest**" means any assignment (including any assignment of the right to receive income), mortgage, charge, hypothec, pledge, lien, encumbrance or conditional sale or other retention of title, including leases, royalties or security interests of any kind or nature whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, statutory or otherwise, registered or perfected or not, but does not include set-off or any right of set-off.

"**Taxes**" means taxes of any kind, levies or other like assessments, customs, duties, imposts, charges or fees, including income, goods and services, gross receipts, ad valorem, value added, excise, real or personal property, asset, sales, use, licence, payroll, transaction, capital, net worth and franchise taxes, estimated taxes, withholding, employment, social security, workers' compensation, utility, severance, production, unemployment compensation, occupation, premium, windfall profits, transfer and gains taxes or other governmental taxes, or required instalments thereof, imposed or payable to any federal, state, local, province, territory or foreign governmental subdivision or agency thereof, and in each instance such term shall include any interest, penalties or additions to tax attributable to any such tax, including penalties related thereto.

"**Third Party Expert**" has the meaning set forth in Section 12.3(a).

"**U.S. Dollar**" means one dollar in the lawful currency of the United States of America.

1.2 Interpretation

In this Agreement, unless otherwise stated or the context otherwise requires:

(a) **References to Statutes**. A reference to a statute is a reference to (i) such statute as amended or re-enacted from time to time and every statute that may be substituted therefor; and (ii) any regulations, rules, bylaws or other subsidiary legislation made pursuant to such statute.

(b) **Agreements**. References herein to any agreement or instrument is a reference to that agreement or instrument as amended, novated, supplemented, extended or restated from time to time.

(c) **Article and Section References**. A reference to an Article or Section is a reference to an Article or Section of this Agreement.

(d) **<u>Headings</u>**. The headings of Articles and Sections are for convenience of reference only and shall not affect the construction or interpretation of this Agreement or be construed as having any substantive significance or as indicating that all of the provisions of this Agreement relating to any topic are to be found in any particular Article or Section.

(e) **<u>Singular, Plural and Gender</u>**. Words importing the singular number only include the plural and vice versa and words importing the use of any gender include all genders.

(f) **<u>"includes"</u>**. The terms "including" and "includes" mean, respectively, "including without limitation" and "includes without limitation".

(g) **<u>"written"</u>**. The terms "in writing" and "written" include printing, typewriting, email or facsimile transmission.

(h) **<u>"hereof" etc</u>**. The terms "hereof", "hereunder", "hereto", "herein", "hereby", and similar expressions refer to this Agreement in is entirety and not a particular Article, Section or other portion hereof.

(i) **<u>Successors and Permitted Transferees</u>**. A reference to a Person includes such Person's successors and permitted assigns.

1.3 Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done pursuant to this Agreement shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

1.4 Consents

Whenever any matter requires an approval or consent under the provisions of this Agreement and the approval or consent is not delivered within the applicable time limit, then, unless otherwise expressly contemplated herein, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

1.5 Currency

Any payments or reimbursements made by a Party pursuant to the terms of this Agreement shall be in U.S. Dollars.

ARTICLE 2
EFFECTIVENESS AND TERMINATION

2.1 Effectiveness

This Agreement is effective and legally binding upon the Parties from and after the Effective Date.

2.2 Term

This Agreement shall remain in force until the final sale of all Petroleum produced at any time from the Area pursuant to the Concession Agreement, or any Replacement Concession Agreement, and thereafter until performance of the obligations set out hereunder, including all accounts and matters relating to such final sale. Article 5, Article 6, Article 11 and Article 12 and Sections 4.4, 8.3, 15.1 and 15.11 shall apply during the term of this Agreement and shall survive the expiration or termination.

ARTICLE 3
NET PROFITS INTEREST

3.1 Grant of Net Profits Interest

NPC SAZ hereby grants to Golden Crescent a net profits interest (the "**Net Profits Interest**") with respect to all Petroleum produced and saved from the Area which shall be calculated in accordance with Section 3.2 and shall be paid by NPC SAZ to Golden Crescent, in U.S. Dollars and not in kind, in accordance with Article 4.

3.2 Calculation of NPI Payment

Following the NPI Commencement Date, the "**NPI Payment**" shall be calculated for each Calendar Quarter in accordance with the following formula:

NPI Payment = $\{[(A/C) \times D] \times E\} + \{[(B/C) \times D] \times F\}$

where:

A = the aggregate Market Price of all Petroleum produced and saved from the Muzhil Field Lands sold, assigned, transferred or otherwise disposed of by the Contractor during such Calendar Quarter;

B = the aggregate Market Price of all Petroleum produced and saved from the SAZ Concession Balance Lands sold, assigned, transferred or otherwise disposed of by the Contractor during such Calendar Quarter;

C = the aggregate Market Price of all Petroleum produced and saved from the Area sold, assigned, transferred or otherwise disposed of by the Contractor during such Calendar Quarter;

D = the Net Cash Flow for such Calendar Quarter;

E = 20%, being the Net Profits Interest percentage applicable to the Muzhil Field Lands; and

F = 17.5%, being the Net Profits Interest percentage applicable to the SAZ Concession Balance Lands.

3.3 Expropriation and Nationalization

(a) In this Agreement, "**Expropriation Event**" means:

(i) any action by the Egyptian Government after the Effective Date (including pursuant to or as a result of any existing or future Egyptian Law) that was not initiated, proposed, supported, caused or acquiesced in, directly or indirectly, by NPC SAZ or any of its Related Parties; or

(ii) an agreement or arrangement with the Egyptian Government after the Effective Date that NPC SAZ can demonstrate was accepted or agreed to by NPC SAZ under duress that it could not reasonably have resisted or avoided,

that results in the termination, expropriation, nationalization, sale, transfer, relinquishment or surrender of the Area or any part thereof or the Concession Agreement or any part thereof.

(b) If there is an Expropriation Event, then:

(i) if the whole of the Area or the Concession Agreement is terminated, expropriated, nationalized, sold, transferred, relinquished or surrendered as a result of the Expropriation Event, the Net Profits Interest shall thereupon terminate, subject to Section 2.2;

(ii) if a portion of the Area or the Concession Agreement is terminated, expropriated, nationalized, sold, transferred, relinquished or surrendered as a result of the Expropriation Event, the Net Profits Interest shall thereupon cease to apply to such portion of the Area or the Concession Agreement, as the case may be, subject to Section 2.2;

(iii) subject to Section 8.3(c), if NPC SAZ receives any compensation in respect of an Expropriation Event, NPC SAZ shall pay to Golden Crescent an amount equal to the sum of:

(A) 20% of any such compensation allocable to the Muzhil Field Lands; plus

(B) 17.5% of any such compensation allocable to the SAZ Concession Balance Lands,

provided that if NPC SAZ and Golden Crescent are in Dispute as to the amount of any such compensation allocable to the Muzhil Field Lands or the SAZ Concession Balance Lands, then either Party may submit such Dispute for determination by a Third Party Expert in accordance with the provisions of Section 12.3; and

(iv) NPC SAZ shall pay such amount to Golden Crescent within thirty (30) days of the later of:

(A) receipt by NPC SAZ of compensation as contemplated in Section 3.3(b)(iii); and

(B) the decision of a Third Party Expert pursuant to Section 12.3 as contemplated in Section 3.3(b)(iii).

(c) Notwithstanding anything to the contrary contained herein, a change in Egyptian Taxes or an imposition, assessment or levy of a new Egyptian Tax will not be an Expropriation Event and Section 3.3(a) and Section 3.3(b) will not apply thereto.

ARTICLE 4
NPI PAYMENT

4.1 NPI Payment

For the purposes of the payment of the Net NPI Obligation for each Calendar Quarter after the NPI Commencement Date:

(a) with respect to any sales, assignments, transfers or other dispositions during such Calendar Quarter of any Cost Recovery Petroleum or Profit Petroleum produced and saved from the Area in respect of which NPC SAZ has received payment as of the end of such Calendar Quarter, then on the Quarterly Statement Date for such Calendar Quarter, NPC SAZ shall pay to Golden Crescent the percentage of the Net NPI Obligation for such Calendar Quarter equal to the quotient (expressed as a percentage) of:

(i) the aggregate amount received by NPC SAZ as of the end of such Calendar Quarter in respect of any such sales, assignments, transfers or other dispositions; divided by

(ii) the aggregate amount of all sales, assignments, transfers or other dispositions by NPC SAZ during such Calendar Quarter of any Cost Recovery Petroleum or Profit Petroleum produced and saved from the Area; and

(b) with respect to any sale, assignment, transfer or other disposition during such Calendar Quarter of any Cost Recovery Petroleum or Profit Petroleum produced and saved from the Area in respect of which NPC SAZ has not received payment as of the end of such Calendar Quarter, then within fourteen (14) days following receipt by NPC SAZ of any amount in respect of any such sale, assignment, transfer or other disposition, NPC SAZ shall pay to Golden Crescent the percentage of the Net NPI Obligation for such Calendar Quarter equal to:

(i) the aggregate amount received by NPC SAZ in respect of any such sale, assignment, transfer or other disposition; divided by

(ii) the aggregate amount of all sales, assignments, transfers or other dispositions by NPC SAZ during such Calendar Quarter of any Cost Recovery Petroleum or Profit Petroleum produced and saved from the Area.

4.2 NPI Statements

Not later than the Quarterly Statement Date for each Calendar Quarter after the NPI Commencement Date, NPC SAZ shall deliver to Golden Crescent a statement (an "**NPI Statement**") setting out:

(a) the NPI Payment and the Net NPI Obligation for such Calendar Quarter, in each case calculated in good faith as of the end of such Calendar Quarter, provided that if any information necessary to calculate such NPI Payment is not available to NPC SAZ then NPC SAZ shall in good faith use reasonable estimates of such information for the purposes of calculating such NPI Payment;

(b) for any previous Calendar Quarter for which, during the most recently ended Calendar Quarter: (i) NPC SAZ has received payment with respect to all sales, assignments, transfers or other dispositions during such previous Calendar Quarter of any Cost Recovery Petroleum or Profit Petroleum produced and saved from the Area; and (ii) the Egyptian General Petroleum Corporation has completed its audit of recoverable costs under the Concession Agreement with respect to such previous Calendar Quarter, NPC SAZ's good faith recalculation of the amount of the NPI Payment for such previous Calendar Quarter based on information available to NPC SAZ when such NPI Statement is prepared (the then current amount is the "**Recalculated NPI Payment**" for such previous Calendar Quarter);

(c) the basis for determining the NPI Payment and the Net NPI Obligation for such Calendar Quarter and the Recalculated NPI Payment for any previous Calendar Quarter, in reasonable detail consistent with good oil and gas industry practices; and

(d) subject to Applicable Confidentiality Restrictions, the following additional information for the Area and each Development Lease, in respect of each Calendar Quarter to which an NPI Payment or a Recalculated NPI Payment, or an adjustment to either of the foregoing, is applicable:

(i) the quantities of Crude Oil and Gas produced and saved from the Area sold, assigned, transferred or otherwise disposed of during each such Calendar Quarter;

(ii) the Cost Recovery Petroleum for each such Calendar Quarter and reasonable details of the calculation thereof;

(iii) the Profit Petroleum for each such Calendar Quarter and reasonable details of the calculation thereof; and

(iv) the amount of Exploration Expenditures, Development Expenditures, Operating Expenses and any other costs permitted to be included in item "C" or item "E" of the definition of Net Cash Flow:

(A) at the beginning of each such Calendar Quarter;

(B) incurred during each such Calendar Quarter;

(C) recovered in each such Calendar Quarter; and

(D) at the end of each such Calendar Quarter.

4.3 Interest on Delinquent Payments

Payments of amounts referred to in this Agreement received after the due date for such payments shall bear interest at a rate equal to the Default Interest Rate on the outstanding amount from the due date to the date the appropriate Party receives payment.

4.4 Adjustments

Subject to Section 5.2(j), if a determination is made, either through any audit process undertaken pursuant to Section 5.2 or otherwise, that the actual NPI Payment for a Calendar Quarter is greater or less than the Recalculated NPI Payment for such Calendar Quarter:

(a) if the Recalculated NPI Payment exceeds the actual NPI Payment, Golden Crescent shall make a payment to NPC SAZ equal to the excess; and

(b) if the Recalculated NPI Payment is less than the actual NPI Payment, NPC SAZ shall make a payment to Golden Crescent equal to the shortfall.

A Party required to make a payment pursuant to this Section 4.4 will make the payment within thirty (30) days of becoming aware of the audit process determination that results in the requirement for the payment.

ARTICLE 5
BOOKS AND RECORDS

5.1 Books and Records

NPC SAZ shall maintain complete books and records (the "**Books and Records**") pertaining to (i) the information required to be included in the NPI Statements and (ii) all calculations made by NPC SAZ to determine the amount of the NPI Payments and the Recalculated NPI Payments. Such books and records with respect to any Calendar Quarter shall be kept for a period of three (3) years following the end of such Calendar Quarter and, insofar as relevant to an audit conducted pursuant to Section 5.2, until such audit and all Audit Queries arising therefrom have been finally completed.

5.2 Audit

(a) Upon reasonable prior notice to NPC SAZ (an "**Audit Notice**") and subject to the Applicable Confidentiality Restrictions, Golden Crescent shall have the right to have an audit of the Books and Records for a calendar year conducted within the twenty-four (24) calendar months next following the end of such calendar year for purposes of verifying all NPI Payments and Recalculated NPI Payments, for any Calendar Quarter or Calendar Quarters in such calendar year.

(b) An audit pursuant to this Section 5.2 shall be conducted by an independent auditor (in this Section 5.2, the "**Golden Crescent Auditor**") designated by Golden Crescent who is qualified by experience or training to conduct the audit and is acceptable to NPC SAZ, acting reasonably, *provided that*, if due to the Applicable Confidentiality Restrictions, it is not possible for an independent auditor appointed by Golden Crescent to conduct an audit as contemplated by this Section 5.2, then, at Golden Crescent's request, NPC SAZ will cause its external auditors that are required to conduct audits pursuant to the Concession Agreement and that are of recognized international standing (in this Section 5.2, the "**NPC SAZ Auditor**") to conduct the audit. The firm that conducts the audit is referred to herein as the "**Auditor**".

(c) If an audit pursuant to this Section 5.2 is conducted by the Golden Crescent Auditor, the costs of the audit shall be borne by Golden Crescent, and if it is conducted by the NPC SAZ Auditor, the costs of the audit shall be borne by NPC SAZ.

(d) NPC SAZ shall make the Books and Records available to the Auditor, including providing a copy of all Relevant Project Agreements, for use by the Auditor in course of its audit pursuant to this Section 5.2. The Auditor shall provide a report to Golden Crescent verifying the calculation by NPC SAZ of all NPI Payments and Recalculated NPI Payment in respect of the applicable audit period and/or specifying any errors in such calculations and the amount payable to correct same. Golden Crescent shall provide a copy of such report to NPC SAZ within thirty (30) days of receipt of such report from the Auditor.

(e) Before submitting an audit report to Golden Crescent, the Auditor will submit Audit Queries to NPC SAZ and make good faith attempts to resolve the Audit Queries with NPC SAZ. An "**Audit Query**" is an error, miscalculation, omission, missing information, discrepancy or concern which either: (i) the Auditor believes may have resulted in an error in the calculation of an NPI Payment or Recalculated NPI Payment for any Calendar Quarter or Calendar Quarters in such calendar year; or (ii) renders the Auditor unable to verify the accuracy of any such calculation.

(f) Provided that NPC SAZ has made all relevant auditable records available within a reasonable time following a request of the Auditor:

(i) Golden Crescent or NPC SAZ, as applicable, shall cause the Auditor to complete an audit pursuant to this Section 5.2 within sixty (60) days of receipt by NPC SAZ of the Audit Notice; and

(ii) the Auditor shall not be entitled to raise any Audit Queries more than one hundred twenty (120) days after the receipt by NPC SAZ of the Audit Notice.

NPC SAZ and the Auditor will use their respective reasonable endeavours to resolve all Audit Queries within sixty (60) days of completion of the audit.

(g) The Auditor will be entitled to: (i) disclose to and discuss with Golden Crescent each Audit Query which has not been resolved to the satisfaction of the Auditor (after the Auditor's good faith attempts to resolve the Audit Queries) and all relevant facts related thereto; and (ii) advise Golden Crescent that there are no other unresolved Audit Queries.

(h) Within the period of thirty (30) days following Golden Crescent providing NPC SAZ with a copy of a report provided by the Auditor to Golden Crescent pursuant to Section 5.2(d), Golden Crescent or NPC SAZ, as the case may be, shall be entitled to claim an adjustment pursuant to Section 4.4 for any errors in calculations disclosed in any such report.

(i) If either Golden Crescent or NPC SAZ disagrees with any findings in a report provided by the Auditor to Golden Crescent pursuant to Section 5.2(d), then either Party may submit such matter for determination by a Third Party Expert in accordance with the provisions of Section 12.3.

(j) An NPI Statement submitted by NPC SAZ to Golden Crescent pursuant to Section 4.2 in respect of a Calendar Quarter in a calendar year shall be deemed to be true and correct twenty-four (24) calendar months following the end of such calendar year except with respect to unresolved Audit Queries raised pursuant to an audit conducted under this Section 5.2 resulting from an Audit Notice delivered to NPC SAZ within such twenty-four (24) month period.

ARTICLE 6
DEFAULT

6.1 Default of NPI Payment Obligations

(a) In the event that:

(i) NPC SAZ does not provide Golden Crescent with an NPI Statement at the time required by and in accordance with Section 4.2;

(ii) NPC SAZ does not pay:

(A) any amount referred to in this Agreement by the due date for payment of such amount;

(B) any interest at the time required by and in accordance with Section 4.3;

(C) any adjustment at the time required by and in accordance with Section 4.4; or

(iii) NPC SAZ fails to perform any other obligation hereunder;

then NPC SAZ shall be deemed in default of its obligations hereunder and Golden Crescent may provide notice to NPC SAZ of such default.

(b) In the event that:

(i) Golden Crescent does not pay:

(A) any interest at the time required by and in accordance with Section 4.3;

(B) any adjustment at the time required by and in accordance with Section 4.4; or

(ii) Golden Crescent fails to perform any other obligation hereunder;

then Golden Crescent shall be deemed in default of its obligations hereunder and NPC SAZ may provide notice to Golden Crescent of such default.

6.2 Consequences of Non-Compliance of NPI Obligations

(a) If NPC SAZ has not cured or rectified the default in its obligations within five (5) Business Days of the receipt by NPC SAZ of a notice of default under Section 6.1, then in addition to any Net Profits Interest and interest thereon payable hereunder, NPC SAZ shall pay a late compliance fee equal to the greater of:

(i) five percent (5%) of any amount required to be paid to Golden Crescent pursuant to this Agreement; and

(ii) if NPC SAZ has failed to provide any statement or notice required to be provided hereunder, \$1,000 per day for each statement or notice computed from the due date of the statement or notice to the date of receipt of the statement or notice by Golden Crescent.

(b) If Golden Crescent has not cured or rectified the default in its obligations within five (5) Business Days of the receipt by Golden Crescent of a notice of default under Section 6.1, then in addition to any interest payable hereunder, Golden Crescent shall pay a late compliance fee equal to five percent (5%) of any amount required to be paid to NPC SAZ pursuant to this Agreement.

6.3 Order of Payment

Payments by a Party to another Party pursuant to this Agreement shall be applied:

(a) first, on account of late compliance fees owing;

(b) secondly, on account of any interest owing; and

(c) thirdly, on account of any other amount payable by such Party to such other Party pursuant to this Agreement.

6.4 Other Remedies

NPC SAZ acknowledges that any breach or threatened breach by it of Section 7.1, Article 8 or Section 10.2 will cause Golden Crescent irreparable harm and that monetary damages are not adequate to compensate Golden Crescent for any such breach, or threatened breach, and NPC SAZ agrees that Golden Crescent is entitled to injunctive relief or specific performance, as may be applicable, as a remedy for such breach, or threatened breach. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law and nothing in this Article 6 prohibits Golden Crescent from pursuing any remedies available to it for such breach, or threatened breach, including recovery of damages from NPC SAZ.

ARTICLE 7
OPERATIONS AND COVENANTS

7.1 Compliance with Concession Agreement

Subject to Section 8.1, NPC SAZ shall duly and punctually observe and perform its obligations under the Concession Agreement, including fulfilling any and all minimum work or expenditure obligations or requirements under the Concession Agreement or any Development Lease, and shall take all actions necessary to ensure that the Concession Agreement remains in full force and effect with respect to the entirety of the Area.

7.2 Control of Operations

Other than as expressly set forth herein, NPC SAZ shall have exclusive control and authority over all of its rights and obligations under the Concession Agreement, including these relating to the development and recovery of Petroleum from the Area and all Operations.

7.3 Information

(a) Subject to the Applicable Confidentiality Restrictions, NPC SAZ will provide Golden Crescent with:

   (i) prior to the end of each year, an annual forecast of the amount and timing of the Net Profits Interest to be payable by NPC SAZ to Golden Crescent during the following year, provided, however, that any information provided by NPC SAZ to Golden Crescent pursuant to this Section

7.3(a)(i) is provided solely for the purposes of allowing Golden Crescent to estimate and forecast NPI Payments for such year and NPC SAZ shall have no liability for any use of such information, or any decision, forecast or reliance placed on such information, by Golden Crescent or any of its Related Parties, and NPC SAZ shall not be obligated to update any such information whether as a result of new information, future events or otherwise;

(ii) any other information that Golden Crescent may reasonably request to verify that NPC SAZ has fully complied with all its obligations contained herein; and

(iii) any approval of a Development Lease, Notices of Force Majeure, relinquishments of all or any portion of the Area, notices of default under the Concession Agreement or any applicable joint operating agreements, and Notices of licence revocation with respect to the Area.

(b) After the Effective Date, NPC SAZ shall not enter into any Contract that will limit or restrict in any way the ability or capacity of NPC SAZ to disclose or provide to Golden Crescent the information required to be disclosed or provided by NPC SAZ to Golden Crescent pursuant to this Agreement.

7.4 Acknowledgements

(a) Golden Crescent acknowledges that, as owner of the Net Profits Interest, it shall not be entitled to any interest in the Concession Agreement or the Area or any oilfield facilities in the Area or any Petroleum produced from the Area.

(b) NPC SAZ acknowledges that Golden Crescent, as owner of the Net Profits Interest, shall not be liable for any of the duties or obligations arising under the Concession Agreement for funding or otherwise in connection with or related to the Concession Agreement, the Area, Operations or the Petroleum produced from the Area.

ARTICLE 8
SURRENDER, RELINQUISHMENT AND UNITIZATION

8.1 Surrender or Relinquishment

Other than any relinquishment of its rights and interest in and to any portion of the Area as required pursuant to the Concession Agreement, NPC SAZ shall not terminate, surrender or relinquish all or any portion of its rights and interest in and to the Concession Agreement or all or any portion of the Area without the prior written consent of Golden Crescent, such consent not to be unreasonably withheld. Subject to Section 8.3, after any such termination, surrender or relinquishment, and provided that Golden Crescent consents to such termination, surrender or relinquishment, the Net Profits Interest shall cease to apply to any such portion of the Area so terminated, surrendered or relinquished.

8.2 Unitization and Pooling

(a) NPC SAZ may, in its sole and absolute discretion, pool or unitize the Area or any part or parts thereof with other lands for the unitized development and/or operation thereof *provided that* all of the other parties to any such pooling or unitization agreement are not Affiliates of NPC SAZ, that NPC SAZ acts in good faith having due regard for the interests of Golden Crescent under this Agreement and that NPC SAZ does not obtain a collateral benefit therefrom other than benefits relating to the Concession Agreement that would be expected to accrue or arise from a pooling or unitization in accordance with good oil and gas industry practices. During the term of the pooling or unitization arrangement, for all purposes hereof, the production of Crude Oil and Gas allocated to the lands in the Area that are included in the pooling or unitization arrangement pursuant to the pooling or unitization agreement, as applicable, will be deemed to be the Crude Oil and Gas produced from such lands in the Area for the purposes of, and will be subject to, this Agreement.

(b) NPC SAZ shall not, without the prior written consent of Golden Crescent, enter into a pooling or unitization agreement, or other similar agreement, with an Affiliate of NPC SAZ with respect to the pooling or unitization development and operation of any lands in the Area with any other property unless such agreement is entered into in order to comply with applicable Law. If such an agreement is entered into in order to comply with applicable Law, the parties shall enter into good faith negotiations with a view to determining any amendments to this Agreement which are required so as to equitably compute Net Profits Interest to be payable to Golden Crescent hereunder and, failing agreement, such basis shall be determined by arbitration pursuant to Article 12.

8.3 Reacquisition of Rights in the Initial Area

(a) Subject to Section 8.3(b), if any of the Initial Area is surrendered, relinquished or lost through an Expropriation Event or the Concession Agreement terminates as to all or a portion of the Initial Area, and within five (5) years thereafter NPC SAZ or any of its Affiliates acquires any direct or indirect interest in any production sharing agreement, concession or other grant of rights to Petroleum in the portion of the Area to which such surrender, relinquishment or termination relates (a "**Replacement Concession Agreement**"), then such interest shall, to the extent that such Replacement Concession Agreement relates to all or a portion of the Initial Area, be subject to the Net Profits Interest on the same basis as if that portion of the Initial Area that is subject to the Replacement Concession Agreement were subject to the Concession Agreement.

(b) An interest in a Replacement Concession Agreement will not be subject to the Net Profits Interest pursuant to Section 8.3(a) if the Person acquiring such interest in the Replacement Concession Agreement pays fair market value consideration for the interest in the Replacement Concession Agreement that it acquires, unless such interest is issued, granted or transferred to NPC SAZ or its Affiliates in consideration of or as compensation for NPC SAZ making a surrender or relinquishment or agreeing to a termination or a replacement of the Concession Agreement (in whole or in part) or in settlement of claims of NPC SAZ or any of its Affiliates arising from such termination of the Concession Agreement (in whole or in part), in which event the Net Profits Interest will apply to such interest in the Replacement Concession Agreement.

(c) Golden Crescent will not be entitled pursuant to Section 3.3(b)(iii) to a share of compensation received by NPC SAZ or its Affiliates in respect of an Expropriation Event where such compensation consists of the granting of an interest in a Replacement Concession Agreement to which the Net Profits Interest is applicable pursuant to Section 8.3(a).

ARTICLE 9
COVENANTS OF SEA DRAGON PARTIES

9.1 Lender Acknowledgement

NPC SAZ and Sea Dragon shall not, and Sea Dragon shall cause its Affiliates to not, grant or permit to exist any Security Interest (other than a Permitted Encumbrance) in, or in relation to, all or any portion of their respective rights and obligations under this Agreement or the Concession Agreement or in and to the Area, as applicable, without the prior written consent of Golden Crescent, provided that Golden Crescent shall provide such consent if the creditor, lender or other secured party pursuant to such Security Interest executes an acknowledgement in favour of Golden Crescent in a form satisfactory to Golden Crescent, acting reasonably.

ARTICLE 10
DISPOSITIONS

10.1 Dispositions by Golden Crescent

Golden Crescent shall not Dispose of all or any portion of its rights and obligations under this Agreement to any Person unless such Person executes an acknowledgement substantially in the form attached as Schedule “B” hereto.

10.2 Dispositions by NPC SAZ and Sea Dragon

(a) Other than in accordance with the provisions of Section 9.1 and of this Section 10.2, NPC SAZ and Sea Dragon shall not Dispose of all or any portion of their respective rights or obligations under this Agreement and shall not, and Sea Dragon shall cause its Affiliates to not, grant or permit to exist any Security Interest (other than a Permitted Encumbrance) in, or in relation to, all or any portion of their respective rights and obligations under this Agreement or the Concession Agreement or in and to the Area, as applicable.

(b) Notwithstanding Section 10.2(a) (but subject to Sections 10.2(d), 10.2(e) and 10.2(f)), NPC SAZ may, from time to time with the prior written consent of Golden Crescent, such consent not to be unreasonably withheld, conditioned or delayed, Dispose of all or any portion of its rights and obligations under this

Agreement to any Person provided such Person enters into a written and enforceable agreement with Golden Crescent, in a form acceptable to Golden Crescent acting reasonably, in which such Person agrees to be bound by and observe and perform the terms and conditions of this Agreement. For the purposes of this Section 10.2(b), the Parties agree that it shall be reasonable for Golden Crescent to withhold its consent to any Disposition of any rights or obligations under this Agreement to any Person where in the opinion of Golden Crescent, acting reasonably, such Person is not a Permitted Transferee.

(c) Upon completion of a Disposition to any Person in accordance with (and that is permitted by) the provisions of Section 10.2(b):

(i) where such Person is not an Affiliate of NPC SAZ, from and after the end of the Calendar Quarter during which such Disposition is completed, NPC SAZ shall be released and discharged to the extent of the rights and obligations Disposed of from any further liability or obligation arising under this Agreement with respect to any time, or any event occurring, after the effective date of such Disposition; and

(ii) where such Person is an Affiliate of NPC SAZ, NPC SAZ shall remain jointly and severally liable with such Affiliate for all of the obligations and liabilities of NPC SAZ and such Affiliate under this Agreement, and if NPC SAZ and such Affiliate will at any time cease to be Affiliates, then the rights and obligations Disposed of to such Affiliate shall be conveyed back to NPC SAZ prior to NPC SAZ and such Affiliate ceasing to be Affiliates.

(d) Notwithstanding Section 10.2(b), NPC SAZ shall not Dispose of all or any part of its rights and obligations under this Agreement to any Person unless, concurrently therewith, an undivided interest of like magnitude in the Concession Agreement and Area is transferred to such Person.

(e) Notwithstanding Section 10.2(b), NPC SAZ shall not Dispose of all or any part of its rights and obligations under the Concession Agreement or in and to the Area to any Person unless, concurrently therewith, an undivided interest of like magnitude in this Agreement is transferred to such Person.

(f) Notwithstanding Section 10.2(b), NPC SAZ shall not Dispose of all or any part of its rights and obligations under this Agreement to any Person if NPC SAZ is in default of any of its obligations under this Agreement and such default has not been cured or rectified.

10.3 Right of First Refusal

(a) Subject to Section 10.3(h), Golden Crescent shall not dispose of all or any portion of its rights or obligations under this Agreement to any Person without first complying with this Section 10.3.

(b) Golden Crescent shall notify NPC SAZ of its intention to make a *bona fide* disposition of all or any portion of its rights or obligations under this Agreement, including in that notice (in this Section 10.3, the "**Transfer Notice**"):

(i) a description of the right, title and interest in and to this Agreement to be disposed of by Golden Crescent;

(ii) the identity of the proposed assignee;

(iii) the price or other consideration for which Golden Crescent is prepared to make such disposition;

(iv) the proposed effective date and closing date of such disposition; and

(v) any other information about the terms of such disposition that Golden Crescent reasonably believes would be material to the exercise by NPC SAZ of its rights under this Section 10.3.

(c) Golden Crescent shall identify in the Transfer Notice if:

(i) the consideration described in the Transfer Notice cannot be matched in kind; or

(ii) the proposed disposition includes assets in addition to the right, title and interest in and to this Agreement to be disposed of by Golden Crescent and described in the Transfer Notice.

In either such case, Golden Crescent shall also include in the Transfer Notice its *bona fide* estimate of the value, in cash, of the consideration applicable or allocated to the right, title and interest in and to this Agreement to be disposed of by Golden Crescent.

(d) If NPC SAZ objects to the reasonableness of an estimate of the cash value of the consideration included in a Transfer Notice pursuant to Section 10.3(c), NPC SAZ must, within seven (7) Business Days after its receipt of such estimate, serve notice of that objection in sufficient detail to enable Golden Crescent to understand its basis. If Golden Crescent and NPC SAZ are unable to reach agreement on the reasonableness of such estimate within a further period of five (5) Business Days, then Golden Crescent and NPC SAZ shall submit such matter for determination by a Third Party Expert in accordance with the provisions of Section 12.3. Notwithstanding Section 12.3(c), the determination of the Third Party Expert will be deemed to be the value for the right, title and interest in and to this Agreement to be disposed of by Golden Crescent. NPC SAZ shall be precluded from challenging such estimate if it fails to serve such a notice within such specified period of seven (7) Business Days.

(e) NPC SAZ will be deemed to have elected not to exercise its right to acquire the right, title and interest in and to this Agreement to be disposed of by Golden

Crescent to which a Transfer Notice pertains unless NPC SAZ serves notice to Golden Crescent that NPC SAZ elects to acquire such right, title and interest for the applicable consideration (in this Section 10.3, a "**Notice of Acceptance**") within the later of:

(i) thirty (30) days after receipt by NPC SAZ of such Transfer Notice; or

(ii) fifteen (15) days after receipt by NPC SAZ of notice of the value determined pursuant to Sec Section 12.3 if the dispute resolution process in Section 10.3(d) is used.

A Notice of Acceptance creates a binding contractual obligation on Golden Crescent and NPC SAZ to proceed with the disposition and acquisition of that interest on the terms and conditions described in such Transfer Notice and the agreement to which it pertains.

(f) Subject to Section 10.1, Golden Crescent may dispose of the right, title and interest in and to this Agreement described in the Transfer Notice to the proposed assignee within one hundred and eighty (180) days after issuance of such Transfer Notice if Golden Crescent does not dispose of such right, title and interest to NPC SAZ pursuant to Section 10.3(e). However, Golden Crescent may not make a disposition to the proposed assignee on terms that are more favourable than those offered in the Transfer Notice.

(g) This Section 10.3 will again apply to the right, title and interest in and to this Agreement described in a Transfer Notice:

(i) after a disposition herein; or

(ii) one hundred and eighty (180) days after the issuance of such Transfer Notice if the proposed disposition to the identified assignee did not occur.

(h) The provisions of this Section 10.3 shall not apply to the following dispositions by Golden Crescent:

(i) a *bona fide* assignment or pledge made by way of security for its present or future indebtedness or liabilities (whether contingent, direct or indirect and whether financial or otherwise), its issuance of bonds or debentures or its performance of its obligations as a guarantor under a guarantee, provided that the restrictions on disposition in Section 10.1 and this Section 10.3 shall apply if that security is enforced by sale or foreclosure; or

(ii) a *bona fide* disposition to one or more of its Affiliates, provided that Golden Crescent shall remain jointly and severally liable with any such Affiliate for all of the obligations and liabilities of Golden Crescent and such Affiliate under this Agreement, or in consequence of an amalgamation or merger of Golden Crescent with any other Person (or another *bona fide* business combination of like effect).

ARTICLE 11
CONFIDENTIALITY

11.1 Definitions

In this Agreement:

(a) "**Information**" includes all information of every description and form, whether written, oral, electronic or otherwise, including: (i) technical, geological, seismic, interpretive, production, processing, business, planning, marketing, financial, engineering, environmental and scientific information and materials, and (ii) analyses, compilations, data, studies, interpretations, evaluations, reports, opinions, agreements, maps, land and lease information, well data, prospect data, capital and operating budgets, operating results, research and business opportunities, in each case, whether furnished by NPC SAZ to or otherwise obtained by Golden Crescent or furnished by Golden Crescent to or otherwise obtained by NPC SAZ, as the case may be.

(b) "**NPC SAZ Confidential Information**" means any and all Information relating to NPC SAZ, the Concession Agreement, the Area, the Net Profits Interest, any NPI Payments or Recalculated NPI Payments or this Agreement other than:

(i) Information which is currently in the public domain;

(ii) Information which hereafter enters the public domain through no breach of this Agreement by Golden Crescent or an Affiliate of Golden Crescent; and

(iii) Information which is made available to Golden Crescent or its Affiliates after the Effective Date by a third party who, to the knowledge of Golden Crescent and its Affiliates, is not obligated to NPC SAZ or an Affiliate of NPC SAZ to keep such Information confidential.

(c) "**Golden Crescent Confidential Information**" means any and all Information relating to Golden Crescent, the Net Profits Interest, any NPI Payments or Recalculated NPI Payments or this Agreement other than:

(i) Information which is currently in the public domain;

(ii) Information which hereafter enters the public domain through no breach of this Agreement by NPC SAZ or an Affiliate of NPC SAZ; and

(iii) Information which is made available to NPC SAZ or an Affiliate of NPC SAZ after the Effective Date by a third party who, to the knowledge of NPC SAZ and its Affiliates, is not obligated to Golden Crescent or an Affiliate of Golden Crescent to keep such Information confidential.

11.2 Confidentiality Obligation

(a) Subject to Section 11.3, Golden Crescent shall, and shall cause its Affiliates to, hold all NPC SAZ Confidential Information acquired by Golden Crescent and its Affiliates, whether prior to, on or after the Effective Date, in strict confidence and not disclose any NPC SAZ Confidential Information to any third party.

(b) Subject to Section 11.3, NPC SAZ shall, and shall cause its Affiliates to, hold all Golden Crescent Confidential Information acquired by NPC SAZ and its Affiliates, whether prior to, on or after the Effective Date, in strict confidence and not disclose any Golden Crescent Confidential Information to any third party.

11.3 Exceptions to Confidentiality Obligations

(a) Subject to Applicable Confidentiality Restrictions, the confidentiality obligations of a Party under Section 11.2 or Section 12.4(b) will not apply to or prohibit such Party from disclosing Information as follows:

(i) any disclosure of Information which, through no fault of the Party, has become a part of the public domain prior to the disclosure;

(ii) to its Affiliates;

(iii) to a bank or other financial institution in connection with *bona fide* efforts by such Party or any of its Affiliates to obtain financing (including in relation to any Project Finance Facilities), subject to the Party taking customary precautions to ensure such Information is kept confidential;

(iv) subject to Section 11.3(b), on a need to know basis to contractors and consultants employed by the Party or its Affiliates where disclosure of such Information is reasonably necessary in connection with the work to be performed for such Party, and subject to the Party taking customary precautions to ensure such Information is kept confidential;

(v) subject to Section 11.3(b), to a Person with whom the Party is conducting *bona fide* negotiations with respect to or has entered into a binding agreement providing for (A) a sale of assets to which the Information relates, (B) a merger, amalgamation, consolidation, sale of a majority ownership interest in the Party or any of its Affiliates or similar transaction or (C) an equity investment in such Party or any of its Affiliates;

(vi) subject to Section 11.3(b), in a data room established for the *bona fide* purpose of soliciting bids for a transaction described in Section 11.3(a)(v);

(vii) to its insurers, legal counsel, accountants, auditors, advisors, banks or other lenders, underwriters and their advisors on a need to know basis, subject to the Party taking customary precautions to ensure such Information is kept confidential;

(viii) subject to Section 11.3(c), to the extent such Information must be disclosed, pursuant to any requirement of the Law or any rules or requirements of any government or stock exchange having jurisdiction over such Party;

(ix) in legal or arbitration proceedings involving the rights and obligations of such Party, including the enforcement of a decision of an arbitration proceeding or expert pursuant to Article 12, provided such party uses commercially reasonable efforts to ensure such proceedings are confidential;

(x) if required by the terms of the Concession Agreement; or

(xi) if such Party has received the prior written consent of NPC SAZ or Golden Crescent, as applicable.

(b) Disclosure pursuant to Section 11.3(a)(iii), (iv), (v) or (vi) shall not be made unless prior to such disclosure the disclosing Party has obtained a written undertaking from the recipient to keep the Information strictly confidential for at least two (2) years and to use the Information for the sole purpose described in the applicable Section. A disclosing Party shall be liable for any damages resulting from any breach of confidentiality arising from the acts or omissions of any Person to whom such Party has disclosed Information.

(c) If a Party is legally compelled to disclose Information that it is obligated to keep confidential pursuant to Section 11.2 or Section 12.2:

(i) it shall provide the other Parties with prompt written notice of same so that they may seek a protective order or other appropriate remedy;

(ii) it shall not make such disclosure until the other Party has had as much time as the Party compelled to make the disclosure is reasonably able to allow it to have in the circumstances to obtain a protective order or other appropriate remedy;

(iii) it shall only disclose the Information which it is advised by its legal counsel that it is legally required to disclose; and

(iv) it shall use commercially reasonable efforts to obtain reliable assurance that such Information will be accorded confidential treatment.

ARTICLE 12
DISPUTE RESOLUTION

12.1 Notification

If there is a Dispute between the Parties, the Party or Parties (in this Article 12, the "**Claimant**") asserting the Dispute shall first submit to the other Party or Parties (in this Article 12, the "**Respondent**") a written notice of the Dispute ("**Notice of Dispute**"). The Notice of Dispute shall contain a brief statement of the issue in Dispute and the relief requested.

12.2 Negotiation

The Parties shall seek to resolve any Dispute by negotiation between a senior officer of each Party. Within fifteen (15) days after the date of the receipt of the Notice of Dispute (the "**Notice Date**"), a senior officer of each party shall meet in person or by telephone to discuss and resolve the Dispute. If the Parties have failed to agree upon a binding resolution of the Dispute within thirty (30) days of the Notice Date, either Party may initiate expert determination in accordance with Section 12.3 if the Dispute is an Expert Matter. If the Parties have failed to agree upon a binding resolution of the Dispute within forty-five (45) days of the Notice Date (whether or not it is an Expert Matter) and it has not been referred to expert determination in accordance with Section 12.3, either Party may initiate arbitration of the Dispute in accordance with Section 12.4 below.

12.3 Expert Determination

(a) If the Parties cannot resolve a Dispute which is an Expert Matter within the thirty (30) day period set out in Section 12.2, the Parties agree that either Party may submit the matter to administered expertise proceedings in accordance with the Rules for Expertise of the International Chamber of Commerce (the "**ICC**"), as amended by this Section 12.3. Either Party may request by sending a written notice to the other Party, not sooner than thirty (30) days following the Notice Date that an Expert Matter be submitted to a single third party expert ("**Third Party Expert**") who shall be designated to consider and decide the issues raised by such Dispute, and who shall act as an expert and not be deemed to be acting as an arbitrator. The Third Party Expert shall be appointed by mutual agreement of the Parties, provided that if the Parties do not agree on the Third Party Expert within thirty (30) days of the date of the written notice referred to in this Section 12.3, the Third Party Expert shall be appointed by the ICC International Center for Expertise.

(b) The Third Party Expert shall complete all proceedings and issue his decision with reasons with regard to the Dispute as promptly as reasonably possible, but in any event within ninety (90) days after the date of his appointment unless the Third Party Expert reasonably determines that additional time is required in order to give adequate consideration to the issues raised. In such case the Third Party Expert shall state in writing his reasons for believing that additional time is needed and shall specify the additional period required, which period shall not exceed ten (10) days unless the Parties agree otherwise.

(c) The decision of the Third Party Expert regarding a Dispute shall be final and binding on the Parties unless written notice of dissatisfaction with the decision is given by one Party to the other Party, with a copy to the Third Party Expert, within thirty (30) days of such Party's receipt of the Third Party Expert's decision, in which event such Dispute may be settled by arbitration pursuant to Section 12.4, provided that a Party commences such arbitration within sixty (60) days from the date of the receipt by a Party of the written notice of dissatisfaction. The decision of the Third Party Expert relating to the Dispute shall be admissible in such arbitration. If no arbitration is so commenced within sixty (60) days of the issuance of the notice of dissatisfaction, the Third Party Expert's decision shall be final and binding upon the Parties, notwithstanding the notice of dissatisfaction given by the Party.

(d) All fees and expenses of the Third Party Expert including any advance on account of such fees and costs set by the Third Party Expert shall initially be shared jointly by the Parties to a Dispute. All fees and costs of the Third Party Expert shall finally be borne or reimbursed by the losing Party as determined by the Third Party Expert's decision. Each Party shall bear its own costs (including costs of its advisors or consultants) with respect to a Dispute submitted to a Third Party Expert.

12.4 Arbitration

(a) If the Parties cannot resolve a Dispute within the forty-five (45) day period set out in Section 12.2 and that Dispute has not been referred to expert determination in accordance with Section 12.3 (or if a Dispute which has been referred to expert determination in accordance with Section 12.3 is referred to arbitration pursuant to Section 12.3(c)), the Parties agree that the Dispute shall be referred to and finally settled by arbitration in accordance with the *International Commercial Arbitration Act* (Alberta) as modified by this Section 12.4, which shall be deemed incorporated into this Section 12.4. The number of arbitrators shall be three, one of whom shall be nominated by the Claimant and one of whom shall be nominated by the Respondent (in each case within sixty (60) days from the Notice Date, provided that if one or both of such arbitrators has not been so nominated within sixty (60) days of the Notice Date, then any party to the Dispute can make application to the Court of Queen's Bench of Alberta to appoint such arbitrator or arbitrators) and the third of whom, who shall act as chairman, shall be nominated by the first two nominated arbitrators, provided that if the third arbitrator has not been nominated within thirty (30) days of the nomination of the second nominated arbitrator, then any party to the Dispute can make application to the Court of Queen's Bench to Alberta to appoint such third arbitrator. The Parties may nominate arbitrators from among the nationals of any country, whether or not a Party is a national of that country. The seat of arbitration shall be Calgary, Alberta, Canada and the language of arbitration shall be English.

(b) Subject to Section 11.3, all negotiations, arbitrations, and expert determinations relating to a Dispute (including a settlement resulting from negotiation, an arbitral award, documents exchanged or produced during an arbitration proceeding, and memorials, briefs or other documents prepared for the arbitration) are confidential and may not be disclosed by the Parties or their respective Related Parties, counsel and expert witnesses provided, however, that breach of this confidentiality provision shall not void any settlement, expert determination or award.

(c) Judgment upon the award may be entered in any court having jurisdiction over the Party against whom the award is issued or the assets of such Party or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

(d) Any monetary award shall be rendered and promptly paid in U.S. Dollars free of any applicable taxes, deduction or set-off, and any costs, expenses or fees incident to enforcing the award shall be charged against the Party resisting such enforcement.

ARTICLE 13
REPRESENTATIONS AND WARRANTIES OF THE PARTIES

13.1 Mutual Representations and Warranties

Each Party makes the following representations and warranties to the other Party as of the Effective Date:

(a) Due Authorization and Enforceability of Obligations

The execution, delivery and performance of this Agreement is within such Party's corporate powers and has been duly authorized, and no other corporate proceedings on the part of such Party are necessary to authorize the execution, delivery and performance of this Agreement. This Agreement has been duly executed and delivered by such Party, and when duly executed and delivered by the other Party hereto, this Agreement shall constitute a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting the rights of creditors and that equitable remedies including specific performance, are discretionary and may not be ordered.

(b) Absence of Conflicts

Except as disclosed in writing by such Party, such Party is not a party to, bound or affected by or subject to any:

(i) Contract;

(ii) charter or by-law; or

(iii) Laws or Governmental Authorizations;

material to such Party, which would be violated, breached by, or under which default would occur or an Encumbrance would be created as a result of the execution and delivery of, and the performance of obligations under, this Agreement, except for such violations, breaches, defaults or encumbrances which do not have a Material Adverse Effect.

(c) Payments

Neither such Party nor any of its Affiliates has made, offered or authorized and will not make, offer or authorize any payment, gift, promise or other advantage in connection with the matters which are the subject to this Agreement, whether directly or indirectly through any other person or entity, to or for the use or benefit of any public official (i.e., any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise or a public international organization) or any political party or political party official or candidate for office, where such payment, gift or promise would violate:

(i) the Law of the country of operations;

(ii) the Law of the country of formation of the Party or such Party's ultimate parent company (or its principal place of business); or

(iii) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999, and the Convention's Commentaries.

13.2 Disclaimer of Other Representations and Warranties

Except for the representations and warranties provided in this Article 13, the Parties do not make and expressly disclaim any warranty or representation of any kind, either express, implied, statutory or otherwise.

ARTICLE 14
NOTICES

14.1 Notices

(a) Any notice, consent, approval, request or other communication required or permitted to be given in connection with this Agreement (in this Section 14.1, referred to as a "**Notice**") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery) or if transmitted by facsimile or e-mail:

(i) in the case of a Notice to NPC SAZ, at:

c/o Sea Dragon Energy Inc.
Suite 2320, Bow Valley Square 3
255 – 5 Avenue S.W.
Calgary, Alberta T2P 3G6

Attention:	A.D. (Tony) Anton
Fax:	+403.457.5420
E-mail:	antont@seadragonenergy.com

(ii) in the case of a Notice to Sea Dragon, at:

Sea Dragon Energy Inc.
Suite 2320, Bow Valley Square 3
255 – 5 Avenue S.W.
Calgary, Alberta T2P 3G6

Attention:	A.D. (Tony) Anton
Fax:	+403.457.5420
E-mail:	antont@seadragonenergy.com

(iii) in the case of a Notice to Golden Crescent, at:

Golden Crescent Investments Ltd.
c/o Citadel Capital
Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish El-Nile
Cairo, Egypt

Attention:	Alaa El Fas, Principal
Fax:	+202 2791 4448
E-mail:	aelfas@citadelcapital.com

(b) Any Notice delivered or transmitted to a Party as provided above shall be conclusively considered to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time in the place of receipt or if such day is not a Business Day in the place of receipt, then the Notice shall be conclusively considered to have been given and received on the next Business Day.

(c) Any Party may, from time to time, change its address, facsimile number or e-mail address (as the case may be) by giving Notice to the other Parties in accordance with the provisions of this Article 14.

ARTICLE 15
GENERAL PROVISIONS

15.1 Governing Law

This Agreement, including any non-contractual obligations arising out of or in connection with this Agreement, is governed by, and this Agreement shall be construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to its conflicts of law rules.

Without in any way limiting or derogating from the rights and obligations of the Parties with respect to the resolution of Disputes pursuant to Article 12, including any limitations regarding matters that can be submitted to a court, each Party hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the courts of the Province of Alberta in any suit, action or proceeding directly or indirectly arising out of, under or in connection with this Agreement or the transactions contemplated thereby that is permitted to be submitted to the courts of the Province of Alberta in accordance with Article 12. Each Party agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

15.2 Relationship of Parties – No Partnership

It is not the intention of the Parties to create, nor shall this Agreement be deemed or construed to create, a partnership, joint venture or association or a trust. This Agreement shall not be deemed or construed to authorize any Party to act as an agent, servant or employee for any other Party for any purpose whatsoever except as explicitly set forth in this Agreement. In their relations with each other under this Agreement, the Parties shall not be considered fiduciaries except as expressly provided in this Agreement.

15.3 Waiver

No waiver by any Party of any one or more defaults by another Party in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default or defaults whether of a like or of a different character. Except as expressly provided in this Agreement, no Party shall be deemed to have waived, released or modified any of its rights under this Agreement unless such Party has expressly stated, in writing, that it does waive, release or modify such rights.

15.4 Joint Preparation

Each provision of this Agreement shall be construed as though all Parties participated equally in the drafting of the same. Consequently, the Parties acknowledge and agree that any rule of construction that a document is to be construed against the drafting Party shall not be applicable to this Agreement.

15.5 Severance of Invalid Provisions

If and for so long as any provision of this Agreement shall be deemed to be judged invalid for any reason whatsoever, such invalidity shall not affect the validity or operation of any other provision of this Agreement except only so far as shall be necessary to give effect to the construction of such invalidity, and any such invalid provision shall be deemed severed from this Agreement without affecting the validity of the balance of this Agreement.

15.6 Further Assurances

Each Party shall from time to time execute and deliver all such further documents and instruments and do all acts and things as any other Party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

15.7 Amendment

No amendment, alteration or variation of this Agreement or any of its terms or provisions shall be binding upon the Parties unless made in writing and signed by the duly authorized representatives of each of the Parties.

15.8 Entire Agreement

This Agreement, and any documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties, and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties, relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

15.9 Public Announcement

No public announcement or statement regarding the terms or existence of this Agreement shall be made without prior written consent of all Parties; provided that, notwithstanding any failure to obtain such approval, no Party shall be prohibited from issuing or making any such public announcement or statement to the extent it is necessary to do so in order to comply with the Law or the rules or regulations of any stock exchange having jurisdiction over such Party or any of its Affiliates; however, any such required public announcement shall include only that portion of information which the disclosing Party is advised by legal counsel (including in-house counsel) is legally required.

15.10 Enurement and No Third Party Beneficiaries

This Agreement shall be binding upon and shall enure to the benefit of the successors and permitted assigns of each of the Parties. No Person other than the Parties is entitled to any rights or benefits pursuant to this Agreement, except as expressly provided to the contrary herein, including through the operation of the enurement provision of this Section 15.10.

15.11 Survivorship

Any liability or obligation of a Party which arises or accrues at or prior to the expiry or termination of this Agreement shall survive such expiry or termination, as applicable, and shall remain binding upon such Party and enforceable against it until fully discharged.

15.12 Time of the Essence

Time is of the essence in the performance of the Parties' respective obligations under this Agreement.

15.13 Rights Cumulative

The rights and remedies provided by this Agreement are cumulative and not exclusive of any rights or remedies provided by Law.

15.14 Counterparts

This Agreement may be executed by the Parties in counterparts, which may be delivered by facsimile or "PDF" electronic transmission and all such counterparts shall together constitute one and the same agreement, provided that no Party shall be bound to this Agreement unless and until all Parties have executed a counterpart and delivered a copy thereof to all other Parties.

[*The remainder of this page has been intentionally left blank.*]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

NATIONAL PETROLEUM COMPANY SOUTH ABU ZENEIMA LTD.

By: ______________________________

Name:

Title:

By: ______________________________

Name:

Title:

SEA DRAGON ENERGY INC.

By: ______________________________

Name:

Title:

By: ______________________________

Name:

Title:

GOLDEN CRESCENT INVESTMENTS LTD.

By: ______________________________

Name:

Title:

By: ______________________________

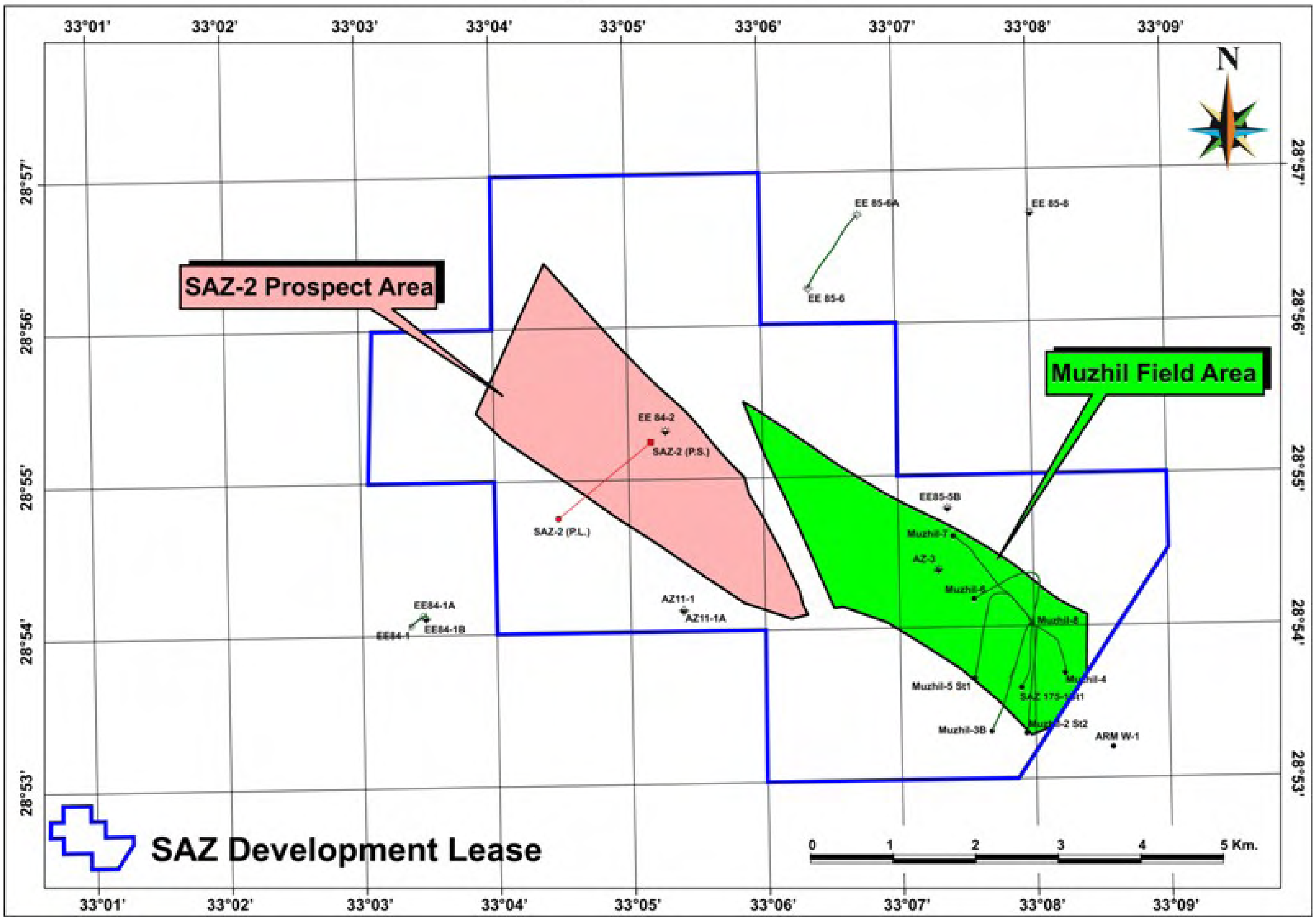
Name:

Title:

SCHEDULE "A"

MUZHIL FIELD LANDS

SAZ Development Lease Area



SCHEDULE "B"

ACKNOWLEDGEMENT

THIS ACKNOWLEDGEMENT effective this ___ day of ____________, 20__.

TO: [**NATIONAL PETROLEUM COMPANY SOUTH ABU ZENEIMA LTD**., a business company existing under the laws of the British Virgin Islands, (hereinafter referred to as the "**NPC SAZ**")][1]

AND TO: [**SEA DRAGON ENERGY LTD**., a corporation existing under the laws of Canada (hereinafter referred to as "**Sea Dragon**")]

FROM: [**ASSIGNEE**], (hereinafter referred to as the "**Assignee**")

RE: Assignment of Rights and Obligations of **[Golden Crescent Investments Ltd.]**[2] (hereinafter referred to as the "**Assignor**") in and to the South Abu Zenima Concession Net Profits Interest Agreement dated the ● day of ●, 2012 (hereinafter the "**NPI Agreement**")

WHEREAS NPC SAZ, Sea Dragon and Golden Crescent Investments Ltd. are the original parties to the NPI Agreement, and such parties and/or their respective successors and permitted assigns are subject to and bound by the NPI Agreement;

AND WHEREAS the Assignor has assigned certain rights and obligations in and to the NPI Agreement to Assignee effective as of the ___ day of ____________, 20__ (the "**Transfer Date**");

AND WHEREAS pursuant to Section 10.1 of the NPI Agreement, the parties to the NPI Agreement have agreed that, upon receipt by NPC SAZ and Sea Dragon of this acknowledgement (the "**Acknowledgement**"), from and after the Transfer Date and to the extent of the Assigned Interest (as defined below), the Assignee shall be entitled to hold and enforce all of the rights and obligations of Golden Crescent under the NPI Agreement;

NOW THEREFORE this Acknowledgement witnesses that in consideration of the mutual advantages to the parties hereto and other good and valuable consideration (receipt and sufficiency of which is hereby acknowledged), notice is hereby given as follows:

---

1 If any of NPC SAZ or Sea Dragon has assigned any interest in the NPI Agreement in accordance with the terms of the NPI Agreement, then the name(s) of any such assignees should appear above in addition to or replacement of NPC SAZ or Sea Dragon, as applicable, and references in this Acknowledgement to NPC SAZ and Sea Dragon should be revised to reflect any such assignees, as applicable.

2 If Golden Crescent Investments Ltd. has assigned any interest in the NPI Agreement in accordance with the terms of the NPI Agreement, and such assigned interest is the subject of this Acknowledgement, then the name of any such assignee should appear above in replacement of Golden Crescent Investments Ltd.

1. Definitions

The words and phrases in this Agreement (including the recitals hereto) shall, unless otherwise defined herein, have the same meanings as such words and phrases have in the NPI Agreement.

2. Notice of Assignment

Assignee hereby serves notice to NPC SAZ and Sea Dragon that it has acquired ● percent (●%) of the Assignor's right, title and interest in and to the NPI Agreement (the "**Assigned Interest**"), effective as of the Transfer Date.

3. Compliance with NPI Agreement

Assignee agrees to replace Assignor, on and after the Transfer Date, as a party to the NPI Agreement with respect to the Assigned Interest. Assignee covenants and agrees with NPC SAZ and Sea Dragon to be bound by and observe all terms, obligations and provisions in the NPI Agreement with respect to the Assigned Interest on and after the Transfer Date. Assignee expressly acknowledges that in all matters relating to the Assigned Interest prior to the Transfer Date, NPC SAZ is entitled to deal with the Assignor. Assignee hereby acknowledges receiving a copy of the NPI Agreement.

4. Address for Service

The address of Assignee for notices under the NPI Agreement shall be the address set forth below; namely:

●

Facsimile Number:
E-mail Address:

5. Enurement

This Acknowledgement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

[ASSIGNEE]

By: ____________________________
Name: ●
Title: ●

SCHEDULE "G"
NPC EGYPT FINANCIAL STATEMENTS

See attached.

KPMG

Hazem Hassan
Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

Independent Auditors' Report on Review of Interim combined consolidated special purpose financial statements

To the board of directors of National Petroleum Company Egypt Limited

Introduction

We have reviewed the accompanying interim combined consolidated special purpose statement of financial position of National Petroleum Company Egypt Limited ("NPC Egypt") and Petzed Investment and Project Management Limited ("Petzed") ("the combined entities"), as at September 30, 2011, the interim combined consolidated special purpose statements of comprehensive income, changes in equity and cash flows for the nine month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these interim combined consolidated special purpose financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these interim combined consolidated special purpose financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim combined consolidated special purpose financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim combined consolidated special purpose financial statements do not present fairly, in all material respects the combined consolidated financial position of the combined entities as at September 30, 2011, and of its combined consolidated financial performance and its combined consolidated cash flows for the nine month period then ended in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

Hazem Hassan

Emphasis of matter

Without qualifying our opinion, we draw attention to Note I to the combined consolidated special purpose financial statements. The financial statements present combined financial information of the underlying concessions some of which were transferred from Petzed to NPC Egypt in 2010 and 2011 to present the financial position of the underlying concessions as at the reporting dates and the financial performance and cash flows in the periods then ended. The combined consolidated special purpose financial statements may not be necessarily be indicative of the financial performance that would have been achieved if the underlying concessions had been under NPC Egypt in these reporting periods.

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
④

Cairo, Egypt
December 22, 2011

COMMENTS BY AUDITORS FOR CANADIAN READERS ON INTERNATIONAL – CANADIAN DIFFERENCES

Canadian Auditing Standards may differ from International Standards on Auditing in the form and content of the review report, depending on the circumstances. However, had this review report been prepared in accordance with Canadian Auditing standards, there would be no material differences in the form and content of this review report. Furthermore, a review report prepared in accordance with Canadian standards on the aforementioned consolidated financial statements would not contain a qualification of opinion.

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
④

Cairo, Egypt
December 22, 2011

NPC

National Petroleum Company Egypt Limited

Combined consolidated special purpose financial statements

Nine months ended September 30, 2011

KPMG

Hazem Hassan
Public Accountants & Consultants

Combined consolidated statement of financial position

(In US$)	Note	September 30, 2011	December 31, 2010
Assets			
Non-current assets			
Property, plant and equipment (net)	(5)	196,111,115	202,048,708
Intangible exploration and evaluation assets	(6)	9,166,405	7,017,465
Other intangible assets		12,549,848	14,060,159
Investments		6,873	6,873
Total non-current assets		**217,834,241**	**223,133,205**
Current assets			
Receivable from related parties		567,179	1,096,034
Inventory		9,762,274	10,036,473
Accounts receivable		22,895,754	16,479,416
Cash and cash equivalents	(4)	2,649,213	5,530,784
Total current assets		**35,874,420**	**33,142,707**
Total assets		**253,708,661**	**256,275,912**
Equity and liabilities			
Equity			
Share capital	(9)	241,000,000	241,000,000
(Carried forward losses) retained earnings		(38,896,111)	729,610
Net loss for the period/year		(6,113,770)	(39,625,721)
Due from holding company of Petzed (National Petroleum Company S.A.E.)		(253,358,568)	(237,449,396)
Payment under capital increase from ultimate parent		278,600,390	263,338,395
Total equity		**221,231,941**	**227,992,888**
Liabilities			
Non-current liabilities			
Deferred tax liability		14,486,564	10,945,491
Total non-current liabilities		**14,486,564**	**10,945,491**
Current liabilities			
Bank facilities		9,522,521	7,646,301
Accounts payable and accrued liabilities	(7)	8,467,635	9,691,232
Total current liabilities		**17,990,156**	**17,337,533**
Total liabilities		**32,476,720**	**28,283,024**
Total shareholders' equity and liabilities		**253,708,661**	**256,275,912**

Chief Financial Officer	**Managing Director**
Mostafa Serry "signed"	Mohamed Farid "signed"

(The accompanying notes on pages (5) to (23) are an integral part of these combined consolidated financial statements)

Combined consolidated statement of comprehensive income

(In US$)	Note	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Three months ended September 30, 2011	Three months ended September 30, 2010
Revenue	(10)	17,240,648	16,318,521	4,853,658	4,844,796
Cost of sales	(11)	(11,302,237)	(5,250,526)	(4,211,238)	(2,095,234)
Gross profit		**5,938,411**	**11,067,995**	**642,420**	**2,749,562**
Other income (loss)		-	207,919	(63,225)	25,192
Pre-license expenses	(12)	-	(40,099)	-	(21,850)
Depreciation		(289,717)	(369,138)	(88,208)	(115,720)
Loss of disposal of concession		-	(13,139,631)	-	-
General and administrative costs	(13)	(5,387,440)	(6,212,551)	(1,817,360)	(2,094,699)
Operating profit (loss)		**261,254**	**(8,485,505)**	**(1,326,373)**	**542,485**
Finance income		9,096	15,586	2,302	6,906
Finance expense		(308,814)	(360,295)	(84,157)	(125,593)
Foreign exchange loss		(33,475)	(158,604)	(12,453)	(17,849)
Net financing costs	(14)	**(333,193)**	**(503,313)**	**(94,308)**	**(136,536)**
(Loss) profit before income tax		**(71,939)**	**(8,988,818)**	**(1,420,681)**	**405,949**
Income tax expense	(15)	(6,041,831)	(6,930,167)	(2,231,921)	(1,915,328)
Loss for the period		**(6,113,770)**	**(15,918,985)**	**(3,652,602)**	**(1,509,379)**
Other comprehensive income		-	-	-	-
Total comprehensive income		**(6,113,770)**	**(15,918,985)**	**(3,652,602)**	**(1,509,379)**

(The accompanying notes on pages (5) to (23) are an integral part of these combined consolidated financial statements)

Combined consolidated statement of changes in equity

Description (In US$)	Paid up capital	Payment under capital increase from ultimate parent	Due from holding company of Petzed (National Petroleum Company S.A.E.)	Retained earnings/(carried forward losses)	Net loss for the period	Total
Balance as at January 1, 2010	241,000,000	-	-	7,237,711	(6,508,101)	241,729,610
Transfer to retained earnings	-	-	-	(6,508,101)	6,508,101	-
Payment under capital increase from ultimate parent	-	262,030,378	-	-	-	262,030,378
Due from holding company of Petzed (National Petroleum Company S.A.E.)	-	-	(236,147,696)	-	-	(236,147,696)
Net loss for the period	-	-	-	-	(15,918,985)	(15,918,985)
Balance as at September 30, 2010	**241,000,000**	**262,030,378**	**(236,147,696)**	**729,610**	**(15,918,985)**	**251,693,307**
Balance as at January 1, 2011	241,000,000	263,338,395	(237,449,396)	729,610	(39,625,721)	227,992,888
Transfer to retained earnings	-	-	-	(39,625,721)	39,625,721	-
Payment under capital increase from ultimate parent	-	15,261,995	-	-	-	15,261,995
Due from holding company of Petzed (National Petroleum Company S.A.E.)	-	-	(15,909,172)	-	-	(15,909,172)
Net loss for the period	-	-	-	-	(6,113,770)	(6,113,770)
Balance as at September 30, 2011	**241,000,000**	**278,600,390**	**(253,358,568)**	**(38,896,111)**	**(6,113,770)**	**221,231,941**

(The accompanying notes on pages (5) to (23) are an integral part of these combined consolidated financial statements)

Combined consolidated statement of cash flows

(In US$)	Note	Nine months ended September 30, 2011	2010
Cash Flows From Operating Activities:			
Net loss for the period before income tax		(71,939)	(8,988,818)
Adjustments to (deduct) add non-cash items:			
Government grants		(2,500,758)	(2,378,354)
Depreciation		289,717	369,138
Finance expense		308,814	360,295
Finance income		(9,096)	(15,586)
Amortization of property, plant and equipment		11,254,610	3,622,201
Depletion of other intangible assets		1,610,311	152,464
Loss of disposal of concession		-	13,139,631
Operating profit before working capital changes		**10,881,659**	**6,260,971**
Working capital changes			
Change in receivable from related parties		528,855	900,960
Change in inventory		274,199	270,800
Change in accounts receivable		(6,416,339)	(4,849,473)
Change in accounts payable and accrued liabilities		(1,223,594)	(1,985,695)
Cash generated by operating activities		**4,044,780**	**597,563**
Interest paid		(308,814)	(360,295)
Net cash generated by operating activities		**3,735,966**	**237,268**
Cash Flows From Investing Activities:			
Interest received		9,096	15,586
Expenditures on property, plant and equipment		(5,606,736)	(6,084,507)
Expenditures on other property, plant and equipment		-	(13,095)
Expenditures on intangible exploration and evaluation assets		(2,148,940)	-
Expenditures on other intangible assets		(100,000)	(120,000)
Net cash used in investing activities		**(7,846,580)**	**(6,202,016)**
Cash Flows From Financing Activities:			
Proceeds from bank facilities		1,876,220	5,330,408
Payments to holding Company of Petzed (National Petroleum Company S.A.E)		(15,909,172)	(236,147,696)
Payment under capital increase from ultimate parent		15,261,995	236,141,378
Net cash generated by Financing activities		**1,229,043**	**5,324,090**
Decrease in cash		**(2,881,571)**	**(640,658)**
Cash and cash equivalents, beginning of the period		5,530,784	7,205,915
Cash and cash equivalents, end of the period	(4)	**2,649,213**	**6,565,257**

(The accompanying notes on pages (5) to (23) are an integral part of these combined consolidated financial statements)

1 - Basis of preparation

The combined consolidated special purpose interim financial statements of National Petroleum Company Egypt Limited ("NPC Egypt Ltd.") and Petzed Investment and Project Management Limited ("Petzed") (NPC Egypt Ltd. and Petzed are the "Combined Entities" or the "Company") as at and for the nine months ended September 30, 2011 and 2010 were authorized for issue in accordance with resolutions of the directors of NPC Egypt Ltd. and Petzed on December 22, 2011. NPC Egypt Ltd. is a limited liability company incorporated and domiciled in British Virgin Island on October 23, 2009 and commenced operations on July 1, 2010. NPC Egypt Ltd. is a wholly owned subsidiary of Golden Crescent Investments Ltd ("Golden Crescent"). The principal activities of NPC Egypt Ltd. and all its subsidiaries which are controlled by NPC Egypt Ltd. (the "NPC Group") are exploration and production of crude oil.

Golden Crescent and Sea Dragon Energy Inc. (Sea Dragon) entered into an Offering Letter (the "Letter") The Principle Terms contemplate a transaction between Golden Crescent and Sea Dragon pursuant to which Golden Crescent would sell to Sea Dragon all of the issued and outstanding shares of NPC Egypt Ltd. which is a wholly-owned subsidiary of Golden Crescent (the "Transaction"). NPC Egypt Ltd. holds the following interests located in Egypt:

(a) Pursuant to a concession agreement for petroleum exploration and exploitation a 100% participating interest in the South Abu Zeneima Concession area located in the Gulf of Suez, Egypt (the "SAZ Concession") held by its subsidiary, National Petroleum Company South Abu Zeneima Ltd. ("NPC SAZ"); and

(b) Pursuant to a concession agreement for petroleum exploration and exploitation a 100% participating interest in the Shukheir Marine concession area located in the Gulf of Suez, Egypt (the "SHM Concession") held by its subsidiary, National Petroleum Company Shukheir Marine Ltd. ("NPC SHM"); and

(c) Pursuant to a concession agreement for petroleum exploration and exploitation a 100% participating interest in the North El Maghara concession area located in the North of Sinai, Egypt (the "NEM Concession") held by its subsidiary, National Petroleum Company North El Maghara Ltd. ("NPC NEM"),

(collectively, the "NPC Egypt Ltd. Concessions").

Where a concession agreement is, an agreement between the Government of the Arab Republic of Egypt ("A.R.E") represented by the Ministry of Petroleum and Egyptian General Petroleum Corporation ("EGPC") and/or the General Petroleum Corporation ("GPC") and /or the Egyptian Natural Gas Holding Company ("EGAS"), each of which is a State Oil and Gas company and the contractor, stating the right and obligation for exploration, development and operating activities in the area specified in the agreement.

Golden Crescent also indirectly holds all of the issued and outstanding shares of Petzed which holds the following interests located in Egypt:

(a) a 100% participating interest in the East Kheir concession area located offshore in the Gulf of Suez, Egypt which is subject to ratification by the People's Assembly of Egypt (the "EK Concession") ; and

(b) Pursuant to a concession agreement for petroleum exploration and exploitation a 12.75% participating interest in the South Ramadan concession area located offshore in the Gulf of Suez, Egypt (the "SR Concession"),

(collectively, the "Petzed Concessions").

Pursuant to the Letter, prior to completion of the Transition Golden Crescent will cause Petzed to transfer the Petzed Concessions to two subsidiary companies of NPC Egypt Ltd. Accordingly, upon completion of the Transaction, Sea Dragon would, through its ownership of NPC Egypt Ltd., hold the NPC Egypt Ltd. Concessions and the Petzed Concessions.

The completion of Transaction is subject to various conditions being met including, but not limited to, approval of the Transaction by the TSX Venture Exchange Inc.

This combined consolidated special purpose financial statements as at and for the nine months ended September 30, 2011 and 2010 and related explanatory notes (the "combined consolidated special purpose interim financial statements") of NPC Egypt Ltd. have been derived from the reviewed consolidated financial statements for NPC Egypt Ltd. as at and for the nine months ended September 30, 2011 and reviewed consolidated financial statements for Petzed as at and for the nine months ended September 30, 2010 and 2011 prepared for combination purposes in NPC Egypt Ltd. . The combined consolidated special purpose interim financial statements have been prepared from the books and records maintained by NPC Egypt Ltd. and Petzed to be included in the management information circular, the short form prospectus and the business acquisition report to be prepared and filed by Sea Dragon in connection with the Transaction.

The combined consolidated special purpose interim financial statements of NPC Egypt Ltd. are not indicative of what the financial position of NPC Egypt Ltd. will be in the future. Such statements have been prepared solely to comply with the provisions of the Letter.

The combined consolidated special purpose interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") as issued by the International Accounting Standards Board ("IASB") including IFRS 1 First-time Adoption of International Financial Reporting Standards. Subject to certain transition elections, the Combined Entities have consistently applied the same accounting policies in their opening IFRS statement of financial position at January 1, 2008 ("date of transition") and throughout all periods presented, as if these policies had always been in effect.

The combined consolidated special purpose financial statements have been prepared on a historical cost basis. The combined consolidated special purpose financial statements are presented in United States dollars (US$), except when otherwise indicated.

The preparation of the combined consolidated special purpose interim financial statements in conformity with IFRS requires management of the Combined Entities to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the combined consolidated special purpose interim financial statements. Actual results could differ, even significantly, from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the combined consolidated special purpose financial statement are reserves quantities and impairments. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The above mentioned Combined Entities have interests in the following concession agreements in Egypt:

- **<u>The SHM Concession</u>**
  According to the deed of assignment approved by the Egyptian Ministry of Petroleum on December 1, 2007 between Greystone Petroleum Egypt Limited ("Greystone"), Pico International Petroleum Services Panama S.A. ("Pico") and Petzed, Greystone and Pico assigned all of their rights, interests, privileges, duties and obligations in the concession agreement, originally issued by Law No. 65 of 1973 (later amended by Law No. 138 of 1974, Law No. 7 of 1978 and Law No. 159 of 2005) entered into by the A.R.E, EGPC and GPC, Greystone, Pico and Petzed, for exploration and exploitation covering the SHM

Concession to Petzed. Accordingly, Petzed had a one hundred percent (100%) participating interest in the SHM Concession pursuant to the aforementioned concession agreement effective December 1, 2007.

According to the amended agreement enacted by Law No. 159 dated July 28, 2005, the development lease shall be extended for a term of five (5) years starting from July 28, 2005. An additional successive extension period of five (5) years shall be granted to the contractor, at its option, upon 6 months prior written notice to EGPC before the end of this extension period and subject to the approval of the Egyptian Minister of Petroleum. At the beginning of the five (5) years additional extension period starting from July 28, 2010, the area shall be reviewed for determining those blocks not participating in production and those where no exploration or development activities have been carried out for possible relinquishment.

According to the latest deed of assignment dated April 20, 2010 approved by the Egyptian Deputy Minister of Petroleum on April 26, 2010 between NPC Egypt Ltd. and Petzed, Petzed assigned 100% of all its rights, interests, privileges, duties and obligations in the concession agreement, for exploration and exploitation covering the SHM Concession to NPC SHM. Accordingly, NPC SHM had a one hundred percent (100%) contractor interest in the aforementioned concession agreement effective April 20, 2010.

Production Sharing Agreements
Production sharing as per the aforementioned concession agreement is in accordance with the following percentages:

The contractor is entitled to recover quarterly all costs, expenses and expenditures in respect of all the exploration, development and related operations under the agreement to the extent and out of 40% of all petroleum production to recover all costs and expenditures. Excess cost oil is the excess of the production value over cost entitlement within a period. The value of excess cost oil/gas is to be repaid to EGPC. The remaining 60% profit oil is shared in the following percentages:

Crude Oil	*EGPC's Share*	*Contractor's Share*
Crude oil produced and saved and not used in petroleum operations	*82.5%*	*17.5%*

- **The SAZ Concession**

According to the deed of assignment between BP Exploration (Delta) Ltd. ("BP") and Petzed, BP assigned one hundred percent (100%) of its interest of all its rights, interests, privileges, duties and obligations in the concession agreement issued by Law No. 1 of 2003 dated August 28, 2003 entered into by the Government of the A.R.E., EGPC and BP for exploration and exploitation covering the SAZ Concession to Petzed on December 19, 2006.

According to the deed of assignment approved by the Egyptian Deputy Minister of Petroleum on April 7, 2010 between NPC Egypt Ltd. and Petzed, Petzed assigned 100% of all its rights, interests, privileges, duties and obligations in the concession agreement, originally issued by Law No. 1 of 2003 dated August 28, 2003 entered into by the Government of the A.R.E., EGPC and BP for exploration and exploitation covering the SAZ Concession to NPC SAZ on April 7, 2010. Accordingly, NPC SAZ has a one hundred percent (100%) participating interest in the SAZ Concession pursuant to the concession agreement effective April 7, 2010.

Production Sharing Agreements
The production sharing as per the contractor is entitled to recover quarterly all costs, expenses and expenditures in respect of all the exploration, development and related operations under the agreement to the extent and out of 35% of all petroleum production to recover all costs and expenditures. Excess cost oil/ gas is the excess of the production value over cost entitlement within a period. The value of excess cost oil / gas is repaid to EGPC. The remaining 65% profit oil is shared in the following percentages:

Crude Oil	*EGPC's Share*	*Contractor's Share*
Production < 10,000 BOPD	80%	20%
Production from 10,000 BOPD & < 25,000 BOPD	82%	18%
Production from 25,000 BOPD & < 50,000 BOPD	84%	16%
Production => 50,000 BOPD	86%	14%

Gas & LPG	*EGPC's Share*	*Contractor's Share*
Production < 50 Million SCFPD	80%	20%
Production from 50 Million SCFPD & < 125 Million SCFPD	82%	18%
Production from 125 Million SCFPD & < 250 Million SCFPD	84%	16%
Production => 250 Million SCFPD	86%	14%

- SCFPD: Standard Cubic Feet Per Day

➤ **The NEM Concession**

Petzed owns one hundred percent (100%) of all the contractor rights, interests, privileges, duties and obligations according to law No. 85 of 2007 dated June 21, 2007 and concession agreement signed on July 17, 2007, the Company entered into by the Government of the A.R.E., EGAS and Petzed, for exploration and exploitation covering the NEM Concession.

According to the deed of assignment approved by the Egyptian Deputy Minister of Petroleum on January 4, 2011 between NPC Egypt Ltd. and Petzed, Petzed assigned 100% of all its rights, interests, privileges, duties and obligations in the concession agreement, originally issued by Law No. 85 of 2007 dated June 21, 2007 entered into by the Government of A.R.E., EGAS for exploration and exploitation covering the NEM Concession to NPC NEM on January 4, 2011. Accordingly, NPC NEM had a one hundred percent (100%) contractor interest in the aforementioned concession agreement effective January 4, 2011.

The contractor is entitled to recover quarterly all costs, expenses and expenditures in respect of all the exploration, development and related operations under the agreement to the extent and out of 35% of all petroleum production to recover all costs and expenditures. Excess cost oil/gas is the excess of the production value over cost entitlement within a period. The value of excess cost oil/ gas is to be repaid to EGAS. The remaining 65% profit oil is shared in the following percentages:

Crude Oil	*EGAS's Share*	*Contractor's Share*
Production < 25,000 BOPD	*77%*	*23%*
Production from 25,000 BOPD & < 100,000 BOPD	*78%*	*22%*
Production => 100,000 BOPD	*79%*	*21%*

Gas & LPG	*EGAS's Share*	*Contractor's Share*
Production < 125 Million SCFPD	*77%*	*23%*
Production from 125 Million SCFPD & < 500 Million SCFPD	*78%*	*22%*
Production => 500 Million SCFPD	*79%*	*21%*

- SCFPD: Standard Cubic Feet Per Day

The SR Concession

Petzed has a 12.75% non-operating interest in the SR Concession.

The EK Concession

Petzed has a 100% participating interest in the EK Concession which is subject to ratification by the People's Assembly of Egypt.

2- GENERAL ACCOUNTING PRINCIPLES

2-1 Basis of combination and consolidation

The accompanying combined consolidated special purpose financial statements include assets, liabilities and results of operations of the Combined Entities.
The basis of the combination is as follows:

- -All intra-group balances and transactions have been eliminated.
- -These combined consolidated special purpose financial statements include the financial statements of Petzed and NPC Egypt Ltd. and those subsidiaries over which Petzed and NPC Egypt Ltd. exercise control, both directly or indirectly, from the date of acquisition to the date when such control ceases. Control may be exercised through direct or indirect ownership of shares with majority voting rights, or by exercising a dominant influence expressed as the direct or indirect power, based on contractual agreements or statutory provisions, to determine the financial and operational policies of the entity and obtain the related benefits, regardless of any equity relationships. The existence of potential voting rights that are exercisable or convertible at the end of the reporting period is also considered when determining whether there is control or not.

The financial statements used in the combination process are those prepared using local accounting standards by the individual Group entities as at and for the periods ended September 30, 2011 and 2010 the reporting date for these combined consolidated special purpose interim financial statements.

The consolidation procedures used are as follows:

- ➢ The assets and liabilities and income and expenses of consolidated subsidiaries are included on a line-by-line basis, allocating to non-controlling interests, where applicable, the share of equity and profit or loss for the year that is attributable to them. The resulting balances are presented separately in the combined consolidated statement of changes in equity and the combined consolidated statement of comprehensive income; and

- ➢ Unrealized gains and losses on transactions carried out between companies consolidated on a line-by-line basis and the respective tax effects are eliminated, as are corresponding balances for receivables and payables, income and expense, and finance income and expense.

As at September 30, 2011, NPC Egypt Ltd. owned directly the following subsidiaries:

	Ownership 2011	*Ownership 2010*
NPC SHM	*100%*	*100%*
NPC SAZ	*100%*	*100%*
NPC Ezz El Orban Offshore Limited ("NPC EEOO")	*100%*	*100%*
NPC NEM	*100%*	*100%*

On January 4, 2011, all the rights, interests, privileges, duties and obligations in the concession agreement relating to the NEM Concession were transferred from Petzed through a deed of assignment to NPC NEM. On February 1, 2011, Petzed transferred all of the issued and outstanding shares of NPC NEM to NPC Egypt Ltd.

2.2 Accounting standards and interpretations

The Combined Entities have adopted all the newly issued and amended standards of the IASB and interpretations of the IFRIC, applicable to its transactions and effective for interim financial statements for the period beginning January 1, 2011 and thereafter.

The following accounting policies are those policies that were applied in preparing the combined consolidated special purpose interim financial statements for the period ended September 30, 2011. The policies applied are based on IFRS issued and outstanding as of the date of the interim combined consolidated financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated interim financial statements for the year ending December 31, 2011 could result in restatement of these combined consolidated interim financial statements.

Summary of accounting principles and policies

A - Currency Translation

The Combined Entities' revenue is collected and most of its expenditures are incurred in US$. In addition, in accordance with the provisions of the aforementioned concession agreements, the Combined Entities maintain their accounts in US$. The US$ gives a fairer presentation of the Combined Entities' financial position and results of operations and is considered the Combined Entities' functional currency. Transactions in Egyptian Pounds ("EGP") are translated to US$ at the prevailing exchange rates declared by the Central Bank of Egypt for the respective monthly accounting period.

Transactions in currencies other than the EGP or US$ are translated to US$ at the prevailing exchange rates declared by the Combined Entities' bank, for the respective monthly accounting period. At the end of each accounting period the balances of monetary assets and liabilities denominated in currencies other than the US$ are translated to US$ at the prevailing exchange rate that is declared by the preceding sources. Any gains or losses arising from the re-translation are recognized in the combined consolidated statement of comprehensive income.

B- Financial instruments:

(i) Non-derivative financial instruments:

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial assets and liabilities are recognized when the Combined Entities become a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Combined Entities have transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand, term deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are designated as loans and receivables.

Other:

Other non-derivative financial instruments, such as trade and other receivables, and trade and other payables, are measured at fair value through profit & losses.

Trade and other receivables, which are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

C-Property, plant and equipment and intangible exploration and evaluation assets:

(i) Recognition and measurement:

Development and production costs:

Property, plant and equipment is stated at cost, less accumulated depletion and depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Expenditures on major maintenance, inspections or overhauls are capitalized when the item enhances the life or performance of an asset above its original standard. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programs are capitalized and amortized over the period to the next inspection. All other maintenance expenditures are expensed as incurred.

Intangible exploration and evaluation expenditures:

Pre-license costs are recognized in the statement of operations as incurred.

Exploration and evaluation expenditures, including the costs of acquiring licenses and directly attributable general and administrative costs, geological and geophysical costs, other direct costs of exploration (drilling, trenching, sampling and evaluating the technical feasibility and commercial viability of extraction) and appraisal are accumulated and capitalized as intangible exploration and evaluation ("E&E") assets.

On a quarterly basis, a review of any areas classified and accounted for as E&E is performed to determine whether enough information exists to make a determination of the technical feasibility and commercial viability of the area. Where appropriate, review may indicate that an area should be further sub-divided due to a significant portion having been explored whilst a significant undeveloped portion with different traits (i.e. different zone, technical approach, play type, etc.) remains that requires additional E&E activities to arrive at the point where it can be assessed for technical feasibility and commercial viability.

The assessment of technical feasibility and commercial viability is performed on an area level basis unless further sub-division is merited. Depending on the extent and complexity of the prospective play, many wells may need to be drilled and potentially significant E&E costs accumulated prior to obtaining enough information to make the determination of technical feasibility and commercial viability possible.

E&E costs are not amortized prior to the conclusion of appraisal activities. At the completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then, the carrying value of the relevant E&E asset will be reclassified as a development and production asset ("D&P") into the cash generating unit ("CGU") to which it relates, but only after the carrying value of the relevant E&E asset has been assessed for impairment, and where appropriate, its carrying value adjusted. Typically, technical feasibility and commercial viability of extracting a mineral resource is considered to be demonstrable when proven or probable reserves are determined to exist. However, if the Company determines the area or portion thereof is not technically feasible and commercially viable, accumulated E&E costs are expensed.

(ii) Depletion and depreciation:

The net carrying value of development and production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. These estimates are reviewed by independent reserve engineers at least annually.

For other assets, depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for other assets for the current and comparative years are as follows:

Furniture & fixtures	*6-7 years*
Vehicles	*5 years*
Office equipments	*5 years*
Computers	*3 years*
Leasehold improvements	*5 years*

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

D-Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed when there is a significant change in the underlying estimates or other objective evidence. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

(ii) Non-financial assets:

Exploration and evaluation costs are tested for impairment when reclassified to oil and gas properties or whenever facts and circumstances indicate potential impairment. Exploration and evaluation assets are tested separately for impairment. An impairment loss is recognized for the amount by which the exploration and evaluation expenditure's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation expenditure's fair value less costs to sell and their value in use.

Values of oil and gas properties and other property, plant and equipment are reviewed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. Assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (the CGU). The recoverable amount of an asset or CGU is the greater of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. An impairment loss is charged to the income statement. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years.

E- Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs (if any) . Subsequent to initial recognition, Interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis (if any). As for bank facilities Interest expenses are charged to Income statements as incurred.

F-Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

G-Decommissioning obligations:

The Company's activities can give rise to dismantling, decommissioning and site disturbance re-mediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the balance sheet date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the asset retirement obligations are charged against the provision to the extent the provision was established.

Due to the nature of the Company's concession agreements, there is no legal or constructive liability in the current country of operation that would require the Company to recognize a decommissioning liability.

H-Revenue:

Revenue from the sale of oil and natural gas is recorded when the significant risks and rewards of ownership of the product is transferred to the buyer which is usually when legal title passes to the external party. This is generally at the time product enters the pipeline or delivered to the refinery. Revenue is measured net of discounts, customs duties and royalties.

I-Income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Pursuant to the terms of the Company's concession agreements, the corporate tax liability of the joint venture partners is paid by the government controlled corporations, namely EGPC and GPC (collectively the "Corporations") out of the profit oil attributable to the Corporations, and not by the Company. For accounting purposes the corporate taxes paid by the Corporations are treated as a benefit earned by the Company; the amount is included in net oil revenues and deducted as an income tax expense. Income tax expense is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

2.3 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The financial instrument valuation methods have been defined as follows:

- Fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices; and
- The carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables included in the consolidated balance sheet approximate fair value due to the short term nature of those instruments.

3-Financial risk management:

(a) Overview:

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- Credit risk;
- Liquidity risk; and
- Market risk; and
- Currency risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these combined consolidated interim special purpose financial statements.

The board of directors of NPC Egypt Ltd. and Petzed oversees managements' establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint venture partners and oil and natural gas marketers. The maximum exposure to credit risk at the end of the period is as follows:

	Carrying Amount	
(In US$)	September 30, 2011	December 31, 2010
Cash and cash equivalents	2,649,213	5,530,784
Accounts receivable	22,895,754	16,479,416
Total	**25,544,967**	**22,010,200**

Accounts receivable:

All of the Company's operations are conducted in Egypt. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counter party.

Receivables relating to oil and gas sales are due from Government of Egypt controlled corporations and are normally collected in two to six months following production. The Company expects to collect the outstanding receivables in the normal course of operations.

The Company does not anticipate any default; as such a provision for doubtful accounts has not been recorded as at September 30, 2011.

The maximum exposure to credit risk for receivables at the reporting date by type of customer was:

	Carrying Amount	
(In US$)	September 30, 2011	December 31, 2010
Government of Egypt	18,014,850	11,187,313
Operating companies	2,893,560	2,581,168
Others	1,987,344	2,710,935
Total	**22,895,754**	**16,479,416**

The Combined Entities' most significant customer, a government controlled corporation in Egypt, accounts for US$18,014,850 of the accounts receivable at September 30, 2011 (December 31, 2010: US$11,187,313). As at September 30, 2011, the Company's accounts receivable are aged as follows:

(In US$)	September 30, 2011	December 31, 2010
Current (less than 90 days)	4,093,817	5,035,853
Past due (more than 90 days)	18,801,937	11,443,563
Total	**22,895,754**	**16,479,416**

Management does not expect any counterparty to fail to meet its obligations.

(c) Liquidity risk:

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

Typically the Combined Entities ensure that they have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. To achieve this objective, the Combined Entities prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non operated projects to further manage capital expenditure. The Company also attempts to match its payment cycle with collection of oil revenue.

In addition, the Combined Entities maintain a US$10 million credit facility to provide capital when needed of which US$0.5 million was available at September 30, 2011.

(d) Market risk:

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.
No policies are in place to mitigate these market risks.

(e) Currency risk:

Foreign currency risk:

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The reporting and functional currency of the Combined Entities is US$. Substantially all of the Combined Entities' operations are in Egypt and as a result, the Combined Entities are exposed to foreign currency exchange rate risk on some of its activities primarily on exchange fluctuations between the EGP and the US$. The majority of capital expenditures are incurred in US$ and oil revenues are received in US$ therefore reducing the Combined Entities' exposure to foreign exchange.

The table below shows the Combined Entities' exposure to foreign currencies for its financial instruments:

	September 30, 2011		December 31, 2010	
(In US$)	US$	EGP	US$	EGP
Cash and cash equivalents	2,110,146	539,067	4,728,598	802,186
Accounts receivable	21,661,097	1,234,657	14,566,419	1,912,997
Accounts payable and accrued liabilities	(7,328,647)	(1,138,988)	(8,999,343)	(691,889)
Total surplus	**16,442,596**	**634,736**	**10,295,674**	**2,023,294**

Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The interest charged on the outstanding bank facilities fluctuates with the interest rates posted by the lenders. The Combined Entities are exposed to interest rate risk and have not entered into any mitigating interest rate hedges or swaps.

Other price risk:

Other price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil are impacted by not only the relationship between the US$ and other currencies but also world economic events that impact the perceived levels of supply and demand.

4– Cash and cash equivalents

(In US$)	September 30, 2011	December 31, 2010
Cash on hand	25,193	24,993
Current accounts*	2,624,020	5,505,791
Total	**2,649,213**	**5,530,784**

* Current accounts include US$ 583,012 which represents the covered amount for an issued letter of guarantee with a restriction in use for the NEM Concession agreement only.

5 – Property, plant and equipment

(In US$)	Oil interests	Other property, plant and equipment	Total
Cost			
Balance as at January 1, 2010	234,318,005	2,386,078	236,704,083
Additions	5,522,056	18,429	5,540,485
Disposals	-	(5,601)	(5,601)
Balance as at December 31, 2010	**239,840,061**	**2,398,906**	**242,238,967**
Balance as at January 1, 2011	239,840,061	2,398,906	242,238,967
Additions	5,608,359	-	5,608,359
Disposals	-	(1,626)	(1,626)
Balance as at September 30, 2011	**245,448,420**	**2,397,280**	**247,845,700**
Accumulated depletion and depreciation			
Balance as at January 1, 2010	11,874,192	1,241,922	13,116,114
Depletion and depreciation for the year	26,593,615	480,530	27,074,145
Balance as at December 31, 2010	**38,467,807**	**1,722,452**	**40,190,259**
Balance as at January 1, 2011	38,467,807	1,722,452	40,190,259
Depletion and depreciation for the period	11,254,609	289,717	11,544,326
Balance as at September 30, 2011	**49,722,416**	**2,012,169**	**51,734,585**
Net book value as at September 30, 2011	**195,726,004**	**385,111**	**196,111,115**
Net book value as at December 31, 2010	**201,372,254**	**676,454**	**202,048,708**

6 – Intangible exploration and evaluation assets

Cost	
Balance as at January 1, 2010	16,313,873
Additions	2,718,459
Concession relinquishment	(12,014,867)
Balance as at December 31, 2010	**7,017,465**
Balance as at January 1, 2011	7,017,465
Additions	2,148,940
Balance as at September 30, 2011	**9,166,405**

Intangible exploration and evaluation assets consist of the Combined Entities' exploration projects which are pending the determination of proven or probable reserves. As at September 30, 2011 an amount of US$ 9.1 million (December 31, 2010 US$ 7 million) which represents Intangible E&E assets for the NEM Concession.

7 – Accounts payable and accrued liabilities

(In US$)	September 30, 2011	December 31, 2010
Accounts payable	1,133,690	4,618,418
Accrued liabilities	3,588,261	1,680,356
Deferred charges	2,931,892	2,931,892
Others	813,792	460,566
Total	**8,467635**	**9,691,232**

The amount of deferred charges represents the amount of debit notes received from Petrozneima regarding the rejected amounts from opening balances of Muzhil Wells # 4, 5, 6, 7 & 8, these amounts were booked as deferred charges until being resolved with technical departments. And then recharge it to Petrozneima which is already resolved and cleared in books during October 2011.

8 - Deferred tax liability

The amount of deferred tax liability amounting to US$14,486,564 as at September 30, 2011 represents the temporary difference of the carrying amount of the long term assets and tax base of NPC SHM.

9 – Equity

Share capital
At September 30, 2011, the issued and fully paid–up capital of Petzed is US$241 million represented by 241 million shares with par value of US$1/share. The holders of common shares are entitled to receive dividends as declared by shareholders and are entitled to one vote per share.

It is noted that NPC Egypt Ltd. entered into an assignment and assumption agreement (the "Agreement") with Golden Crescent, National Petroleum Company S.A.E. ("NPC SAE") and Petzed, which records the manner in which the parties thereto transferred all of the shares (the "Shares") in each of NPC EEOO, NPC SAZ, NPC SHM, (NPC EEOO, NPC SAZ and NPC SHM are collectively , the "July 2010 Companies") and NPC NEM and assigned certain inter-company receivables (in aggregate, the "Receivables") owed by each of the July 2010 Companies and NPC NEM.

The transfers of the shares and receivables of each of the July 2010 Companies (collectively, the "July 2010 Property") took place on July 1, 2010 (the "July 2010 Transfers") in three steps:

First, Petzed transferred the July 2010 Property to NPC SAE for an aggregate purchase price equal to the recorded value of the July 2010 Property. Such purchase price was satisfied through the creation of an inter-company amount payable from NPC SAE to Petzed in an amount equal to the value of the July 2010 Property on the effective date of such transfers.

Second, NPC SAE transferred the July 2010 Property to Golden Crescent for an aggregate purchase price equal to the recorded value of the July 2010 Property. Such purchase price was satisfied by Golden Crescent (1) applying part of the purchase price to the repayment of a pre-existing inter-company debt owed by NPC SAE to Golden Crescent; and
(2) by creating an inter-company amount payable from Golden Crescent to NPC SAE for the difference between the recorded value of the July 2010 Property on the effective date of such transfers and the amount of the inter-company debt so repaid.

Third, Golden Crescent transferred the July 2010 Property to NPC Egypt Ltd. for an aggregate purchase price equal to the recorded value of the July 2010 Property. Such purchase price was satisfied through the creation of an inter-company amount payable from NPC Egypt Ltd. to Golden Crescent in an amount equal to the effective date of such transfers.

The transfers of the Shares and Receivables of NPC NEM (the "February 2011 Property") took place on February 1, 2011 in three steps (collectively, the "February 2011 Transfers" and together with the July 2010 Transfers, the "Transfers"):

First, Petzed transferred the February 2011 Property to NPC SAE for an aggregate purchase price equal to the recorded value of the February 2011 Property. Such purchase price was satisfied through the creation of an inter-company amount payable from NPC SAE to Petzed in an amount equal to the recorded value of the February 2011 Property on the effective date of such transfers.

Second, NPC SAE transferred the February 2011 Property to Golden Crescent for an aggregate purchase price equal to the recorded value of the February 2011 Property. Such purchase price was satisfied by an increase of the inter-company amount payable from Golden Crescent to NPC SAE in an amount equal to the recorded value of the February 2011 Property on the effective date of such transfers.

Third, Golden Crescent transferred the February 2011 Property to NPC Egypt Ltd. for an aggregate purchase price equal to the recorded value of the February 2011 Property. Such purchase price was satisfied through the creation of an inter-company amount payable from NPC Egypt Ltd. to Golden Crescent in an amount equal to the recorded value of the February 2011 Property on the effective date of such transfers.

To facilitate the Transfers, NPC Egypt Ltd. directed Golden Crescent, who in turn directed NPC SAE and who in turn directed Petzed to transfer the July 2010 Property and the February 2011 Property directly to NPC Egypt Ltd. on July 1, 2010 and February 1, 2011, respectively.

It is further noted that both NPC Egypt Ltd. and Golden Crescent agreed to capitalize the inter-company balance between them through the issuance of shares by NPC Egypt Ltd. to Golden Crescent based on board decision dated November 23, 2011. This was completed in December 2011.

10 – Revenue

	Nine months ended September 30,		Three Months ended September 30,	
(In US$)	2011	2010	2011	2010
Oil revenue	17,240,648	16,318,521	4,853,658	4,844,796
Total oil revenue	**17,240,648**	**16,318,521**	**4,853,658**	**4,844,796**

The Combined Entities drives the oil revenue through the crude oil sale from the SHM Concession and SR Concession that is delivered to the EGPC and is billed on a monthly basis based in the quantity of the crude delivered and the agreed price formula under the concession.

The revenue of September 30, 2011 also includes the benefit earned attributable to the government corporation payment of the corporate tax on behalf of the Combined Entities an amount of US$2,500,758 until September 30, 2011 and US$2,378,354 until September 30, 2010.

11 – Cost of sales

	Nine months ended September 30,		Three Months ended September30,	
(In US$)	2011	2010	2011	2010
Amortization and depletion	(11,379,049)	(3,803,856)	(3,591,087)	(1,263,490)
Operating expense	76,812	(1,446,670)	(620,151)	(831,744)
Total	**(11,302,237)**	**(5,250,526)**	**(4,211,238)**	**(2,095,234)**

Cost of sales comprises operational expenses for the Combined Entities and amortization and depletion of SHM Concession.

12-Pre-license costs

These amounts represent amounts incurred in relation to obtaining the exploration rights in EK Concession.

13- General and administrative costs

(In US$)	Nine months ended September 30, 2011	2010	Three Months ended September30, 2011	2010
Employee cost	(4,584,167)	(4,878,160)	(1,529,555)	(1,678,685)
Rent & utilities	(269,831)	(383,589)	(89,943)	(100,004)
Professional fees	(78,464)	(238,947)	(28,155)	(108,768)
Office expenses	(199,906)	(281,253)	(87,656)	(145,447)
Public relations	(5,587)	(31,032)	(1,862)	(3,617)
Travel & entertainment	(20,073)	(15,936)	(5,081)	3,811
Banking charges	(24,288)	(16,005)	(7,971)	(5,616)
Motor vehicles operating expenses	(70,824)	(96,342)	(23,071)	(21,473)
Property insurance	(27,628)	(35,417)	(9,209)	(10,212)
Miscellaneous admin. expenses	(106,672)	(235,870)	(34,857)	(24,688)
Total	**(5,387,440)**	**(6,212,551)**	**(1,817,360)**	**(2,094,699)**

General and administration costs include all the indirect cost for both the joint venture companies with EGPC in addition to the overheads for both NPC Egypt Ltd. and Petzed offices in Cairo.

Key management personnel have been identified as the board of directors and the five executive officers of the Combined Entities. Details of key management remuneration are shown in note 19.

14- Financing costs

(In US$)	Nine months ended September 30, 2011	2010	Three Months ended September30, 2011	2010
A-Finance income				
Credit interest on letter of guarantee	2,693	4,983	684	1,579
Credit interest on bank current accounts	6,403	10,603	1,618	5,327
Total finance Income	**9,096**	**15,586**	**2,302**	**6,906**
B-Finance expense				
Letter of guarantee commission	(68,621)	(240,000)	(2,724)	(60,000)
Interest expenses on credit facilities	(240,193)	(120,295)	(81,433)	(65,593)
Total finance expense	**(308,814)**	**(360,295)**	**(84,157)**	**(125,593)**
C-Foreign exchange				
Foreign exchange loss	(33,475)	(158,604)	(12,453)	(17,849)
Total foreign exchange	**(33,475)**	**(158,604)**	**(12,453)**	(17,849)
Net Financing costs	**(333,193)**	**(503,313)**	**(94,308)**	**(136,536)**

Petzed has an approved short term credit facility from a local bank in Egypt that is used to fund the operations short term needs. As at September 30, 2011, the credit facility limit was US$10 million and the used portion was US$9.5 million and the financing cost was US$0.24 million for the period ended September 30, 2011.

15– Income tax expense

	Nine months ended September 30,		Three Months ended September30,	
(In US$)	2011	2010	2011	2010
Current income tax expense	(2,500,758)	(2,378,354)	(833,586)	(398,057
Deferred tax	(3,541,073)	(4,551,813)	(1,398,335)	(1,517,271)
Total	**(6,041,831)**	**(6,930,167)**	**(2,231,921)**	**(1,915,328)**

Pursuant to the terms of the Combined Entities' concession agreements, the corporate tax liability of the joint venture partners (OSOCO and Petrozneima) is paid by the Corporations out of the profit oil attributable to the Corporations, and not by the Combined Entities. For accounting purposes the corporate taxes paid by the Corporations are treated as a benefit earned by the Combined Entities; the amount is included in net oil revenues and deducted as an income tax expense see Note 10.

16 – Commitments

Pursuant to concession agreements in Egypt, the Combined Entities are required to perform certain minimum exploration activities that include the drilling of exploration wells. These obligations have not been provided for in the interim combined consolidated special purpose financial statements. The following are the anticipated payments under the contracts:

(In US$)	September 30, 2011	December 31, 2010
Less than one year (NEM Concession)	583,012	4,365,560
Between one and five years (EK Concession)	5,000,000	5,000,000
Total	**5,583,012**	**9,365,560**

NPC NEM has been given the approval from EGAS to enter the second exploration period with a total commitment of US$6 million over 3 years. EGAS also approved the deferral of one exploration well from the first phase to the second phase for a total commitment of US$2 million. The Combined Entities are in the process of issuing the Letter of Guarantee requested by EGAS under the concession agreement.

In addition to the above legal commitments, NPC Egypt Ltd. currently intends to develop the Muzhil project and to spud the drilling of exploration well named SAZ-2 under the SAZ concession and in accordance with the best estimate of the Combined Entities' management, the expected capital for the project will be US$44 million and US$14 million, respectively, relating to the Muzhil development plan.

17 – Contingencies

On October 14, 2009, Petzed initiated a lawsuit against Transocean Mediterranean and Red Sea Drilling Ltd. ("Transocean") registered under No. 1383/2009 court of Helwan in order to declare the "Drilling rig Contract" No. PTZ 10/2008 dated September 22, 2008 (the "Contract") as legally terminated.

On September 30, 2010, the Helwan Court of first instance issued a judgment of non admissibility of the case due to the existence of an arbitration clause .This judgment was subject to an appeal, duly registered on November 7 , 2010 under No. 25400/127J, however, the appeal court decided to confirm the first degree judgment.

Meanwhile, on January 14, 2010, Transocean registered under No. 662/2010, a notice of arbitration against Petzed at the Cairo Regional Center for International Commercial Arbitration requesting the settlement of the dispute arising out of the Contract.

Pursuant to the terms of reference dated December 13, 2010 signed by the members of (the "Arbitral Tribunal") and the two parties to the dispute, Transocean and Petzed, the relief sought by Transocean includes a compensation for the losses and lost revenues incurred throughout the period during which the rig remained idle, with a total of US$87,909,000 as estimated by Transocean. Petzed's position is that Transocean is not entitled to any such relief, specifically because the Contract required the rig to be available at a date no later than December 31, 2008. Which Transocean failed to honor and consequently, Transocean is in no contractual position to enforce any other commencement date for the Contract. Two rounds of written submissions by Transocean and Petzed were exchanged and oral pleadings are expected to take place at the coming hearings scheduled for February 29, 2012 and March 1, 2012.

Subsequent to financial statements' date, Petzed's legal consultant's opinion on November 2, 2011 is that Transocean's claim has no valid grounds and Petzed's position is likely to be found acceptable.

18 – Related party transactions

Description	Transaction type	The nature of the relationship	September 30, 2011	December 31, 2010
NPC S.A.E.	The Combined Entities paying certain expenses on behalf of NPC S.A.E.	NPC SAE is The holding company of Petzed.	-	521,242
National Oil Production Company ("NOPC")	The Combined Entities paying certain expenses on behalf of NOPC	NOPC is a subsidiary company of NPC SAE.	33,394	41,007
Scimitar Production Egypt Limited – BVI "SPEL BVI"	The Combined Entities paying certain expenses on behalf of SPEL BVI	SPEL BVI is an associate company of NOPC.	533,785	533,785
Total			**567,179**	**1,096,034**

19 - Compensation of key management personnel

The remuneration of directors and other key management personnel during the period ended September 30, 2011 and 2010 was as follows:

The remuneration of directors and key executives is determined by the board of directors of the Combined Entities having regard to the performance of individuals and market trends.

(In US$)	September 30, 2011	September 30, 2010
Remuneration	**1,186,613**	**1,209,366**

KPMG

Hazem Hassan
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Independent Auditor's report

To the board of directors of National Petroleum Company Egypt Limited

We have audited the accompanying combined consolidated special purpose financial statements of National Petroleum Company Egypt Limited ("NPC Egypt") and Petzed Investment and Project Management Limited ("Petzed") ("the combined entities"), which comprise the combined consolidated special purpose statements of financial position as at December 31, 2010, 2009, 2008 and January 1, 2008, the combined consolidated special purpose statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2010, 2009 and 2008, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the combined consolidated special purpose financial statements

Management is responsible for the preparation and fair presentation of these combined consolidated special purpose financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of combined consolidated special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these combined consolidated special purpose financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the combined consolidated special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined consolidated special purpose financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined consolidated special purpose financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the combined consolidated special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined consolidated special purpose financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Hazem Hassan

Opinion

In our opinion, the combined consolidated special purpose financial statements present fairly, in all material respects, the combined consolidated financial position of the combined entities as at December 31, 2010, 2009, 2008 and January 1, 2008 and of its combined consolidated financial performance and its combined consolidated cash flows for the years ended December 31, 2010, 2009 and 2008 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 to the combined consolidated special purpose financial statements. The financial statements present combined financial information of the underlying concessions some of which were transferred from Petzed to NPC Egypt in 2010 and 2011 to present the financial position of the underlying concessions as at the reporting dates and the financial performance and cash flows in the years then ended. The combined consolidated special purpose financial statements may not be necessarily be indicative of the financial performance that would have been achieved if the underlying concessions had been under NPC Egypt in these reporting years.

KPMG Hazem Hassan

Cairo, Egypt
December 22 ,2011

KPMG Hazem Hassan
Public Accountants and Consultants
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COMMENTS BY AUDITORS FOR CANADIAN READERS ON INTERNATIONAL – CANADIAN DIFFERENCES

Canadian Auditing Standards may differ from International Standards on Auditing in the form and content of the auditors' report , depending on the circumstances. However , had this auditors' report been prepared in accordance with Canadian Auditing standards , there would be no material differences in the form and content of this auditors' report. Furthermore, an auditor report prepared in accordance with Canadian standards on the aforementioned consolidated financial statements would not contain a qualification of opinion.

KPMG Hazem Hassan

Cairo, Egypt
December 22 ,2011

KPMG Hazem Hassan
Public Accountants and Consultants
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NPC

National Petroleum Company Egypt Limited

Combined consolidated special purpose financial statements

Financial years ended December 31, 2010, 2009 & 2008

KPMG

Hazem Hassan
Public Accountants & Consultants

Combined consolidated statement of financial position

(In US$)	Note	December 31, 2010	December 31, 2009	December 31, 2008	January 1, 2008
Assets					
Non-current assets					
Property , plant and equipment (net)	(5)	202,048,708	223,587,969	200,548,371	35,619,544
Intangible exploration and evaluation assets	(6)	7,017,465	16,313,874	12,115,657	72,130,260
Other intangible assets		14,060,159	13,713,031	13,820,573	12,773,404
Investments		6,873	6,873	6,873	5,000
Total non-current assets		**223,133,205**	**253,621,747**	**226,491,474**	**120,528,208**
Current assets					
Receivable from related parties		1,096,034	2,123,575	1,840,165	-
Inventory		10,036,473	10,494,904	8,735,500	7,415,098
Accounts receivable		16,479,416	10,829,041	23,409,774	12,365,033
Cash and cash equivalents	(4)	5,530,784	7,205,915	4,521,267	19,370,175
Total current assets		**33,142,707**	**30,653,435**	**38,506,706**	**39,150,306**
Total assets		**256,275,912**	**284,275,182**	**264,998,180**	**159,678,514**
Equity and liabilities					
Equity					
Share capital	(9)	241,000,000	241,000,000	241,000,000	10,000
Retained earnings		729,610	7,237,711	13,221,750	11,155,033
Net (loss) profit for the years		(39,625,721)	(6,508,101)	(5,984,039)	2,066,717
Due from holding company of Petzed (National Petroleum Company S.A.E.)		(237,449,396)	-	-	-
Payment under capital increase from ultimate parent		263,338,395	-	-	-
Total equity		**227,992,888**	**241,729,610**	**248,237,711**	**13,231,750**
Liabilities					
Non-current liabilities					
Payable to holding company of Petzed (National Petroleum Company S.A.E.)		-	25,889,000	-	129,294,778
Deferred tax liability	(8)	10,945,491	4,876,407	4,025,768	-
Total non-current liabilities		**10,945,491**	**30,765,407**	**4,025,768**	**129,294,778**
Current liabilities					
Bank facilities		7,646,301	2,070,882	-	-
Accounts payable and accrued liabilities	(7)	9,691,232	9,709,283	12,734,701	17,151,986
Total current liabilities		**17,337,533**	**11,780,165**	**12,734,701**	**17,151,986**
Total liabilities		**28,283,024**	**42,545,572**	**16,760,469**	**146,446,764**
Total shareholders' equity and liabilities		**256,275,912**	**284,275,182**	**264,998,180**	**159,678,514**

Chief Financial Officer
Mostafa Serry "signed"

Managing Director
Mohamed Farid "signed"

Auditor's report "Attached"

(The accompanying notes on pages (5) to (33) are an integral part of these combined consolidated financial statements)

Combined consolidated statement of comprehensive income

(in US$)	Note	2010	2009	2008
		Years ended December 31,		
Revenue	(10)	18,953,122	7,387,529	14,783,342
Cost of sales	(11)	(7,822,442)	(5,201,743)	(4,448,092)
Gross profit		**11,130,680**	**2,185,786**	**10,335,250**
Other income		91,036	1,065,860	-
Pre-license expense	(12)	(48,600)	(209,993)	(91,610)
Depreciation		(480,530)	(565,997)	(396,969)
Impairment of development assets	(13)	(21,750,000)	-	-
Loss of disposal of concession	(14)	(13,139,631)	-	-
General and administrative costs	(15)	(8,393,532)	(7,874,522)	(8,695,773)
Operating profit		**(32,590,577)**	**(5,398,866)**	**1,150,898**
Finance income		20,738	69,169	282,181
Finance expense		(499,399)	(355,913)	(237,961)
Foreign exchange (loss) gain		(215,078)	28,148	(215,707)
Net financing costs	(16)	**(693,739)**	**(258,596)**	**(171,487)**
(Loss) profit before income tax		**(33,284,316)**	**(5,657,462)**	**979,411**
Income tax expense	(17)	(6,341,405)	(850,639)	(6,963,450)
Loss for the year		**(39,625,721)**	**(6,508,101)**	**(5,984,039)**
Other comprehensive income		-	-	-
Total comprehensive income		**(39,625,721)**	**(6,508,101)**	**(5,984,039)**

(The accompanying notes on pages (5) to (33) are an integral part of these combined consolidated financial statements)

Combined consolidated statement of changes in equity

Description	Paid up capital	Payment under capital increase from ultimate parent	Due from holding company of Petzed (National Petroleum Company S.A.E.)	Retained earnings	Net profit / (loss) for the year	Total
(In US$)						
Balance as at January 1, 2008	10,000	-	-	11,155,033	2,066,717	13,231,750
Paid up capital	240,990,000	-	-	-	-	240,990,000
Transfer to retained earnings	-	-	-	2,066,717	(2,066,717)	-
Net loss for the year	-	-	-	-	(5,984,039)	(5,984,039)
Balance as at December 31, 2008	**241,000,000**	-	-	**13,221,750**	**(5,984,039)**	**248,237,711**
Balance as at January 1, 2009	241,000,000	-	-	13,221,750	(5,984,039)	248,237,711
Transfer to retained earnings	-	-	-	(5,984,039)	5,984,039	-
Net loss for the year	-	-	-	-	(6,508,101)	(6,508,101)
Balance as at December 31, 2009	**241,000,000**	-	-	**7,237,711**	**(6,508,101)**	**241,729,610**
Balance as at January 1, 2010	241,000,000	-	-	7,237,711	(6,508,101)	241,729,610
Transfer to retained earnings	-	-	-	(6,508,101)	6,508,101	-
Payment under capital increase from ultimate parent	-	263,338,395	-	-	-	263,338,395
Due from holding company of Petzed (National Petroleum Company S.A.E.)	-	-	(237,449,396)	-	-	(237,449,396)
Net loss for the year	-	-	-	-	(39,625,721)	(39,625,721)
Balance as at December 31, 2010	**241,000,000**	**263,338,395**	**(237,449,396)**	**729,610**	**(39,625,721)**	**227,992,888**

(The accompanying notes on pages (5) to (33) are an integral part of these combined consolidated financial statements)

Combined consolidated statement of cash flows

(In US$)	Years ended December 31, 2010	2009	2008
Cash Flows From Operating Activities:			
Net (loss) profit for the year before income tax	(33,284,316)	(5,657,462)	979,411
Adjustments to (deduct) add non-cash items			
Government grants	(272,322)	-	(2,937,683)
Depreciation	480,530	565,997	396,969
Finance expense	499,399	355,913	237,961
Finance income	(20,738)	(69,169)	(282,181)
Amortization of property, plant and equipment	26,593,615	2,578,028	1,179,387
Depletion of other intangible assets	(1,287,128)	107,544	(927,169)
Loss of disposal of concession	13,139,631	-	-
Impairment of development assets	21,750,000	-	-
Operating profit (loss) before working capital changes	**27,598,671**	**(2,119,149)**	**(1,353,305)**
Working capital adjustments			
Change in receivable from related parties	1,027,541	(283,409)	(1,840,165)
Change in inventory	458,431	(1,759,404)	(1,320,402)
Change in accounts receivable	(5,650,375)	12,580,733	(11,044,741)
Change in accounts payable and accrued liabilities	(18,052)	(3,025,418)	(4,417,285)
Cash generated by (used in) operating activities	**23,416,216**	**5,393,353**	**(19,975,898)**
Interest paid	(499,399)	(355,913)	(237,961)
Net cash generated by (used in) operating activities	**22,916,817**	**5,037,440**	**(20,213,859)**
Cash Flows From Investing Activities:			
Interest received	20,738	69,169	282,181
Expenditures on property, plant and equipment	(30,055,274)	(25,954,412)	(105,617,567)
Expenditures on other property, plant and equipment	(12,830)	(229,214)	(873,012)
Expenditures on intangible exploration and evaluation assets	-	(4,198,217)	-
Expenditures on other intangible assets	(120,000)	-	(120,000)
Investments	-	-	(1,873)
Net cash used in investing activities	**(30,167,366)**	**(30,312,674)**	**(106,330,271)**
Cash Flows From Financing Activities:			
Proceeds from bank facilities	5,575,418	2,070,882	-
Proceeds from / (payments to) ultimate parent	-	25,889,000	(129,294,778)
Proceeds from issuance of shares	-	-	240,990,000
Net cash generated by investing activities	**5,575,418**	**27,959,882**	**111,695,222**
(Decrease) increase in cash	**(1,675,131)**	**2,684,648**	**(14,848,908)**
Cash and cash equivalents, beginning of the year	7,205,915	4,521,267	19,370,175
Cash and cash equivalents, end of the year	**5,530,784**	**7,205,915**	**4,521,267**

(The accompanying notes on pages (5) to (33) are an integral part of these combined consolidated financial statements)

1 - Basis of preparation

The combined consolidated special purpose financial statements of National Petroleum Company Egypt Limited ("NPC Egypt Ltd.") and Petzed Investment and Project Management Limited ("Petzed") (NPC Egypt Ltd. and Petzed are the "Combined Entities" or "the Company") as at and for the years ended December 31, 2010, 2009 and 2008 were authorized for issue in accordance with resolutions of the directors of NPC Egypt Ltd. and Petzed on December 21, 2011. NPC Egypt Ltd. is a limited liability company incorporated and domiciled in British Virgin Island on October 23, 2009 and commenced operations on July 1, 2010. NPC Egypt Ltd. is a wholly owned subsidiary of Golden Crescent Investments Ltd. ("Golden Crescent"). The principal activities of NPC Egypt Ltd. and all the subsidiaries which are controlled by NPC Egypt Ltd. (the "NPC Group") are exploration and production of crude oil.

Golden Crescent and Sea Dragon Energy Inc. ("Sea Dragon") entered into an Offering Letter (the "Letter"). Pursuant to which Golden Crescent would sell to Sea Dragon all of the issued and outstanding shares of NPC Egypt Ltd. (the "Transaction"). NPC Egypt Ltd. holds the following interests located in Egypt:

(a) Pursuant to a concession agreement for petroleum exploration and exploitation a 100% participating interest in the South Abu Zeneima concession area located in the Gulf of Suez, Egypt (the "SAZ Concession") held by its subsidiary, National Petroleum Company South Abu Zeneima Ltd. ("NPC SAZ"); and

(b) Pursuant to a concession agreement for petroleum exploration and exploitation a 100% participating interest in the Shukheir Marine concession area located in the Gulf of Suez, Egypt (the "SHM Concession") held by its subsidiary, National Petroleum Company Shukheir Marine Ltd. ("NPC SHM"); and

(c) Pursuant to a concession agreement for petroleum exploration and exploitation a 100% participating interest in the North El Maghara concession area located in the North of Sinai, Egypt (the "NEM Concession") held by its subsidiary, National Petroleum Company North El Maghara Ltd. ("NPC NEM"),

(d) Pursuant to a concession agreement for petroleum exploration and exploitation a100% of participating interest in the Ezz El Orban concession area located in the Gulf of Suez Egypt (the "EEOO Concession") held by its subsidiary, National Petroleum Company Ezz El Orban Offshore Ltd. ("NPC EEOO")

(collectively, the "NPC Egypt Ltd. Concessions").

Where a concession agreement is an agreement between the Government of the Arab Republic of Egypt ("A.R.E") represented by the Ministry of Petroleum and Egyptian General Petroleum Corporation ("EGPC") and/or the General Petroleum Corporation ("GPC") and /or the Egyptian Natural Gas Holding Company ("EGAS"), each of which is a State Oil and Gas Company and the contractor, stating the right and obligation for exploration, development and operating activities in the area specified in the concession agreement.

Golden Crescent also indirectly holds all of the issued and outstanding shares of Petzed which holds the following interests located in Egypt:

(a) a 100% participating interest in the East Kheir concession area located in the Gulf of Suez Egypt which is subject to ratification by the People's Assembly of Egypt (the "EK Concession") ; and

(b) Pursuant to a concession agreement for petroleum exploration and exploitation a 12.75% participating interest in the South Ramadan concession area located offshore in the Gulf of Suez, Egypt (the "SR Concession"),

(collectively, the "Petzed Concessions").

Pursuant to the Letter, prior to completion of the Transaction, Golden Crescent will cause Petzed to transfer the Petzed Concessions to two subsidiary companies of NPC Egypt Ltd. Accordingly, upon completion of the Transaction Sea Dragon would, through its ownership of NPC Egypt Ltd., hold the NPC Egypt Ltd. Concessions and the Petzed Concessions.

The completion of Transaction is subject to various conditions being met including, but not limited to, approval of the Transaction by the TSX Venture Exchange Inc.

This combined consolidated special purpose financial statements as at and for the years ended December 31, 2010, 2009 and 2008 and related explanatory notes (the "combined consolidated special purpose financial statements") of NPC Egypt Ltd. have been derived from the audited consolidated financial statements for NPC Egypt Ltd. as at and for the December 31, 2010 and the audited consolidated financial statements for Petzed as at and for the years ended December 31, 2010, 2009 and 2008 prepared for combination purposes in NPC Egypt Ltd. The combined consolidated special purpose financial statements have been prepared from the books and records maintained by NPC Egypt Ltd. and Petzed to be included in the management information circular, the short form prospectus and the business acquisition report to be prepared and filed by Sea Dragon in connection with the Transaction.

The combined consolidated special purpose financial statements of NPC Egypt Ltd. are not indicative of what the financial position of NPC Egypt Ltd. will be in the future. Such statements have been prepared solely to comply with the provisions of the Letter.

The combined consolidated special purpose financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") as issued by the International Accounting Standards Board ("IASB") including IFRS 1 First-time Adoption of International Financial Reporting Standards. Subject to certain transition elections disclosed in Note 22, the Combined Entities have consistently applied the same accounting policies in their opening IFRS statement of financial position at January 1, 2008 ("date of transition") and throughout all years presented, as if these policies had always been in effect. Note 22 discloses the impact of the transition to IFRS on the Combined Entities' reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Combined Entities' consolidated financial statements for the years ended December 31, 2010, 2009 and 2008.

The combined consolidated special purpose financial statements have been prepared on a historical cost basis. The combined consolidated special purpose financial statements are presented in United States dollars (US$), except when otherwise indicated.

The preparation of the combined consolidated special purpose financial statements in conformity with IFRS requires management of the Combined Entities to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the combined consolidated special purpose financial statements. Actual results could differ, even significantly, from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the combined consolidated special purpose financial statement are reserves quantities and impairments. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The above mentioned Combined Entities have interests in the following concession agreements in Egypt:

- **The SHM Concession**
  According to the deed of assignment approved by the Egyptian Ministry of Petroleum on December 1, 2007 between Greystone Petroleum Egypt Limited ("Greystone"), Pico International Petroleum Services Panama S.A. ("Pico") and Petzed, Greystone and Pico assigned all of their rights, interests, privileges, duties and obligations in the concession agreement, originally issued by Law No. 65 of 1973 (later amended by Law No. 138 of 1974, Law No. 7 of 1978 and Law No. 159 of 2005) entered into by the

Government of the A.R.E., EGPC and the GPC, Greystone, Pico and Petzed, for exploration and exploitation covering the SHM Concession to Petzed. Accordingly, Petzed had a one hundred percent (100%) participating interest in the SHM Concession pursuant to the aforementioned concession agreement effective December 1, 2007.

According to the amended agreement enacted by Law No. 159 dated July 28, 2005, the development lease shall be extended for a term of five (5) years starting from July 28, 2005. An additional successive extension period of five (5) years shall be granted to the contractor, at its option, upon 6 months prior written notice to EGPC before the end of this extension period and subject to the approval of the Egyptian Ministry of Petroleum. At the beginning of the five (5) years additional extension period starting from July 28, 2010, the area shall be reviewed for determining those blocks not participating in production and those where no exploration or development activities have been carried out for possible relinquishment.

According to the latest deed of assignment dated April 20, 2010 approved by the Egyptian Deputy Minister of Petroleum on April 26, 2010 between NPC Egypt Ltd. and Petzed, Petzed assigned 100% of all its rights, interests, privileges, duties and obligations in the concession agreement, for exploration and exploitation covering the SHM Concession to NPC SHM. Accordingly, NPC SHM had a one hundred percent (100%) contractor interest in the aforementioned concession agreement effective April 20, 2010.

Production Sharing Agreements

Production sharing as the aforementioned concession agreement is in accordance with the following percentages:

The contractor is entitled to recover quarterly all costs, expenses and expenditures in respect of all the exploration, development and related operations under the agreement to the extent and out of 40% of all petroleum production to recover all costs and expenditures. Excess cost oil is the excess of the production value over cost entitlement within a period. The value of excess cost oil/gas is to be repaid to EGPC. The remaining 60% profit oil is shared in the following percentages:

Crude Oil	*EGPC's Share*	*Contractor's Share*
Crude oil produced and saved and not used in petroleum operations	82.5%	17.5%

- **The SAZ Concession**

According to the deed of assignment between BP Exploration (Delta) Ltd. ("BP") and Petzed, BP assigned one hundred percent (100%) of its interest of all its rights, interests, privileges, duties and obligations in the concession agreement issued by Law No. 1 of 2003 dated August 28, 2003 entered into by the Government of the A.R.E., EGPC and BP for exploration and exploitation covering the SAZ Concession to Petzed on December 19, 2006.

According to the deed of assignment approved by the Egyptian Deputy Minister of Petroleum on April 7, 2010 between NPC Egypt Ltd. and Petzed, Petzed assigned 100% of all its rights, interests, privileges, duties and obligations in the concession agreement, originally issued by Law No. 1 of 2003 dated August 28, 2003 entered into by the Government of the A.R.E., EGPC and BP for exploration and exploitation covering the SAZ Concession to NPC SAZ on April 7, 2010. Accordingly, NPC SAZ has a one hundred percent (100%) participating interest in the SAZ Concession pursuant to the concession agreement effective April 7, 2010.

Production Sharing Agreements

The production sharing as per the contractor is entitled to recover quarterly all costs, expenses and expenditures in respect of all the exploration, development and related operations under the agreement to the extent and out of 35% of all petroleum production to recover all costs and expenditures. Excess cost oil/ gas is the excess of the production value over cost entitlement within a period. The value of excess cost oil / gas is repaid to EGPC. The remaining 65% profit oil is shared in the following percentages:

Crude Oil	*EGPC's Share*	*Contractor's Share*
Production < 10,000 BOPD	80%	20%
Production from 10,000 BOPD & < 25,000 BOPD	82%	18%
Production from 25,000 BOPD & < 50,000 BOPD	84%	16%
Production => 50,000 BOPD	86%	14%

Gas & LPG	*EGPC's Share*	*Contractor's Share*
Production < 50 Million SCFPD	80%	20%
Production from 50 Million SCFPD & < 125 Million SCFPD	82%	18%
Production from 125 Million SCFPD & < 250 Million SCFPD	84%	16%
Production => 250 Million SCFPD	86%	14%

- SCFPD: Standard Cubic Feet Per Day

- **The NEM Concession**

Petzed owns one hundred percent (100%) of all the contractor rights. interests, privileges, duties and obligations according to law No. 85 of 2007 dated June 21, 2007 and concession agreement signed on July 17, 2007, the Company entered into by the Government of the A.R.E., EGAS and Petzed, for exploration and exploitation covering the NEM Concession.

According to the deed of assignment approved by the Egyptian Deputy Minister of Petroleum on January 4, 2011 between NPC Egypt Ltd. and Petzed, Petzed assigned 100% of all its rights, interests, privileges, duties and obligations in the concession agreement, originally issued by Law No. 85 of 2007 dated June 21, 2007 entered into by the Government of A.R.E., EGAS for exploration and exploitation covering the NEM Concession to NPC NEM on January 4, 2011. Accordingly, NPC NEM had a one hundred percent (100%) participating interest in the NEM Concession pursuant to the concession agreement effective January 4, 2011.

Production Sharing Agreements

The production sharing as per the contractor is entitled to recover quarterly all costs, expenses and expenditures in respect of all the exploration, development and related operations under the agreement to the extent and out of 35% of all petroleum production to recover all costs and expenditures. Excess cost oil/gas is the excess of the production value over cost entitlement within a period. The value of excess cost oil/ gas is to be repaid to EGAS. The remaining 65% profit oil is shared in the following percentages:

Crude Oil	*EGAS's Share*	*Contractor's Share*
Production < 25,000 BOPD	77%	23%
Production from 25,000 BOPD & < 100,000 BOPD	78%	22%
Production => 100,000 BOPD	79%	21%

Gas & LPG	*EGAS's Share*	*Contractor's Share*
Production < 125 Million SCFPD	77%	23%
Production from 125 Million SCFPD & < 500 Million SCFPD	78%	22%
The production => 500 Million SCFPD	79%	21%

- SCFPD: Standard Cubic Feet Per Day

➢ **The EEOO Concession**

Petzed owned one hundred percent (100%) of all contractor rights, interests, privileges, duties and obligations in the concession agreement issued by Law No. 10 of 2007 dated March 8, 2007 entered into by the Government of the A.R.E., EGPC and Petzed, for exploration and exploitation covering the EEOO Concession.

According to the deed of assignment approved by the Egyptian Deputy Minister of Petroleum on April 7, 2010 between NPC Egypt Ltd. and Petzed, Petzed assigned 100% of all its rights, interests, privileges, duties and obligations in the concession agreement, originally issued by Law No. 10 of 2007 entered into by the Government of the A.R.E., EGPC and Petzed to NPC EEOO. Accordingly, NPC EEOO had a one hundred percent (100%) participating interest in the EEOO Concession pursuant to the concession agreement effective April 7, 2010.

During 2010, the NPC Egypt Ltd. concluded that there is no technical feasibility or commercial viability in the EEOO Concession. Accordingly, the board of directors of NPC Egypt Ltd. approved to relinquish the concession back to EGPC under the concession agreement. NPC EEOO requested EGPC on October 12, 2010 to relinquish the EEOO Concession and confirmed that it had met all the financial obligations under the concession agreement. The total expenditures amounting on the concession up to June 30, 2010 reached US$13 million, which exceeded the minimum expenditure limit stated in the concession agreement. On October 25, 2010, EGPC responded with a primary approval subject to its review to ensure that the total accredited expenditures exceeded the minimum expenditures limit.

➢ **The SR Concession**

Petzed has a 12.75% non-operating interest in the SR Concession.

➢ **The EK Concession**

Petzed has a 100% participating interest in the EK Concession agreement which is subject to ratification by the People's Assembly of Egypt.

2- GENERAL ACCOUNTING PRINCIPLES

2-1 Basis of combination and consolidation

The accompanying combined consolidated special purpose financial statements include assets, liabilities and results of operations of the Combined Entities.

The basis of the combination is as follows:

- All intra-group balances and transactions have been eliminated.
- These combined consolidated special purpose financial statements include the financial statements of Petzed and NPC Egypt Ltd. and those subsidiaries over which Petzed and NPC Egypt Ltd. exercise control, both directly or indirectly, from the date of acquisition to the date when such control ceases. Control may be exercised through direct or indirect ownership of shares with majority voting rights, or by exercising a dominant influence expressed as the direct or indirect power, based on contractual agreements or statutory provisions, to determine the financial and operational policies of the entity and obtain the related benefits, regardless of any equity relationships. The existence of potential voting rights that are exercisable or convertible at the end of the reporting period is also considered when determining whether there is control or not.

The financial statements used in the combination process are those prepared using local accounting standards by the individual Group entities as at and for the years ended December 31, 2010, 2009 and 2008, the reporting date for these combined consolidated special purpose financial statements.

The consolidation procedures used are as follows:

- The assets and liabilities and income and expenses of consolidated subsidiaries are included on a line-by-line basis, allocating to non-controlling interests, where applicable, the share of equity and profit or loss for the year that is attributable to them. The resulting balances are presented separately in the combined consolidated statement of changes in equity and the combined consolidated statement of comprehensive income; and

- Unrealized gains and losses on transactions carried out between companies consolidated on a line-by-line basis and the respective tax effects are eliminated, as are corresponding balances for receivables and payables, income and expense, and finance income and expense;

As at December 31, 2010, NPC Egypt Ltd. owned directly the following subsidiaries:

	Ownership
NPC SHM	*100%*
NPC SAZ	*100%*
NPC EEOO	*100%*

2.2 Accounting standards and interpretations

The Combined Entities have adopted all the newly issued and amended standards of the IASB and interpretations of the IFRIC, applicable to its transactions and effective for financial statements for years beginning January 1, 2008 and thereafter.

The following accounting policies that are those policies that were applied in preparing the combined consolidated special purpose financial statements for the years ended December 31, 2010, 2009 and 2008. The policies applied are based on IFRS issued and outstanding as of the date of the combined consolidated financial statements. Any subsequent changes to IFRS that are given effect in the Combined Entities' annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these combined consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

Summary of accounting principles and policies

A - Currency Translation

The Combined Entities' revenue is collected and most of its expenditures are incurred in US$. In addition, in accordance with the provisions of the aforementioned concession agreements, the Combined Entities maintain their accounts in US$. The US$ gives a fairer presentation of the Combined Entities' financial position and results of operations and is considered the Combined Entities functional currency. Transactions in Egyptian Pounds ("EGP") are translated to US$ at the prevailing exchange rates declared by the Central Bank of Egypt for the respective monthly accounting period.

Transactions in currencies other than the EGP or US$ are translated to US$ at the prevailing exchange rates declared by the Combined Entities' bank, for the respective monthly accounting period. At the end of each accounting period the balances of monetary assets and liabilities denominated in currencies other than the US$ are translated to US$ at the prevailing exchange rate that is declared by the preceding sources. Any gains or losses arising from the re-translation are recognized in the combined consolidated statement of comprehensive income.

B- Financial instruments:

(i) Non-derivative financial instruments:

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial assets and liabilities are recognized when the Combined Entities become a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Combined Entities have transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Cash and cash equivalents:
Cash and cash equivalents are comprised of cash on hand, term deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are designated as loans and receivables.

Other:
Other non-derivative financial instruments, such as trade and other receivables, and trade and other payables, are measured at fair value through profit & losses.

Trade and other receivables, which are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

C-Property, plant and equipment and intangible exploration and evaluation assets:

(i) Recognition and measurement:

Development and production costs:

Property, plant and equipment is stated at cost, less accumulated depletion and depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Expenditures on major maintenance, inspections or overhauls are capitalized when the item enhances the life or performance of an asset above its original standard. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programs are capitalized and amortized over the period to the next inspection. All other maintenance expenditures are expensed as incurred.

Intangible exploration and evaluation expenditures:

Pre-license costs are recognized in the statement of operations as incurred.

Exploration and evaluation expenditures, including the costs of acquiring licenses and directly attributable general and administrative costs, geological and geophysical costs, other direct costs of exploration (drilling, trenching, sampling and evaluating the technical feasibility and commercial viability of extraction) and appraisal are accumulated and capitalized as intangible exploration and evaluation ("E&E") assets.

On a quarterly basis, a review of any areas classified and accounted for as E&E is performed to determine whether enough information exists to make a determination of the technical feasibility and commercial viability of the area. Where appropriate, review may indicate that an area should be further sub-divided due to a significant portion having been explored whilst a significant undeveloped portion with different traits (i.e. different zone, technical approach, play type, etc.) remains that requires additional E&E activities to arrive at the point where it can be assessed for technical feasibility and commercial viability.

The assessment of technical feasibility and commercial viability is performed on an area level basis unless further sub-division is merited. Depending on the extent and complexity of the prospective play, many wells may need to be drilled and potentially significant E&E costs accumulated prior to obtaining enough information to make the determination of technical feasibility and commercial viability possible.

E&E costs are not amortized prior to the conclusion of appraisal activities. At the completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then, the carrying value of the relevant E&E asset will be reclassified as a development and production asset ("D&P") into the cash generating unit ("CGU") to which it relates, but only after the carrying value of the relevant E&E asset has been assessed for impairment, and where appropriate, its carrying value adjusted. Typically, technical feasibility and commercial viability of extracting a mineral resource is considered to be demonstrable when proven or probable reserves are determined to exist. However, if the Company determines the area or portion thereof is not technically feasible and commercially viable, accumulated E&E costs are expensed.

(ii) Depletion and depreciation:

The net carrying value of development and production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. These estimates are reviewed by independent reserve engineers at least annually.

For other assets, depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for other assets for the current and comparative years are as follows:

Furniture & fixtures	*6-7 years*
Vehicles	*5 years*
Office equipments	*5 years*
Computers	*3 years*
Leasehold improvements	*5 years*

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

D-Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed when there is a significant change in the underlying estimates or other objective evidence. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

(ii) Non-financial assets:

Exploration and evaluation costs are tested for impairment when reclassified to oil and gas properties or whenever facts and circumstances indicate potential impairment. Exploration and evaluation assets are tested separately for impairment. An impairment loss is recognized for the amount by which the exploration and evaluation expenditure's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation expenditure's fair value less costs to sell and their value in use.

Values of oil and gas properties and other property, plant and equipment are reviewed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. Assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (the CGU). The recoverable amount of an asset or CGU is the greater of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. An impairment loss is charged to the income statement. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years.

E- Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs (if any). Subsequent to initial recognition, Interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis (if any).

As for bank facilities Interest expenses are charged to Income statements as incurred.

F-Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

G-Decommissioning obligations:

The Company's activities can give rise to dismantling, decommissioning and site disturbance re-mediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the balance sheet date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the asset retirement obligations are charged against the provision to the extent the provision was established.

Due to the nature of the Company's concession agreements, there is no legal or constructive liability in the current country of operation that would require the Company to recognize a decommissioning liability.

H-Revenue:

Revenue from the sale of oil and natural gas is recorded when the significant risks and rewards of ownership of the product is transferred to the buyer which is usually when legal title passes to the external party. This is generally at the time product enters the pipeline or delivered to the refinery. Revenue is measured net of discounts, customs duties and royalties.

I-Income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Pursuant to the terms of the Combined Entities' concession agreements, the corporate tax liability of the joint venture partners is paid by the government controlled corporations, namely EGPC and GPC ("collectively, the Corporations") out of the profit oil attributable to the Corporations, and not by the Company. For accounting purposes the corporate taxes paid by the Corporations are treated as a benefit earned by the Company; the amount is included in net oil revenues and deducted as an income tax expense.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

2.3 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The financial instrument valuation methods have been defined as follows:

- Fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices; and
- The carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables included in the consolidated balance sheet approximate fair value due to the short term nature of those instruments.

3-Financial risk management:

(a) Overview:

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Currency risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these combined consolidated special purpose financial statements.

The board of directors of NPC Egypt Ltd. and Petzed oversees managements' establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint venture partners and oil and natural gas marketers. The maximum exposure to credit risk at years-end is as follows:

	Carrying Amount		
(In US$)	December 31, 2010	December 31, 2009	December 31, 2008
Cash and cash equivalents	5,530,784	7,205,915	4,521,267
Accounts receivable	16,479,416	10,829,041	23,409,774
Total	**22,010,200**	**18,034,956**	**27,931,041**

Accounts receivable:

All of the Combined Entities' operations are conducted in Egypt. The Combined Entities' exposure to credit risk is influenced mainly by the individual characteristics of each counter party.

Receivables relating to oil and gas sales are due from Government of Egypt controlled corporations and are normally collected in two to six months following production. The Combined Entities expect to collect the outstanding receivables in the normal course of operations.

The Combined Entities do not anticipate any default; as such a provision for doubtful accounts has not been recorded as at December 31, 2010, 2009 and 2008.

The maximum exposure to credit risk for receivables at the reporting date by type of customer was:

(In US$)	December 31, 2010	Carrying Amount December 31, 2009	December 31, 2008
Government of Egypt	11,187,313	5,055,920	5,687,987
Operating companies	2,581,168	1,611,759	3,456,213
Others	2,710,935	4,161,362	14,265,574
Total	**16,479,416**	**10,829,041**	**23,409,774**

The Combined Entities' most significant customer, a government controlled corporation in Egypt, accounts for US$11,187,313 of the trade receivables at December 31, 2010 (December 31, 2009: US$5,055,920 and December 31, 2008: US$5,687,987).

As at December 31, 2010, the Combined Entities' trade and other receivables are aged as follows:

(In US$)	December 31, 2010
Current (less than 90 days)	5,035,853
Past due (more than 90 days)	11,443,563
Total	**16,479,416**

Management does not expect any counterparty to fail to meet its obligations.

(c) Liquidity risk:

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

Typically the Combined Entities ensure that they have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. To achieve this objective, the Combined Entities prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non operated projects to further manage capital expenditure.
The Company also attempts to match its payment cycle with collection of oil revenue. In addition, the Combined Entities maintain a US$10 million credit facility to provide capital when needed, of which US$2.3 million were undrawn as at December 31, 2010.

(d) Market risk:

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

No policies are in place to mitigate these market risks.

(e) Currency risk:

Foreign currency risk:

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The reporting and functional currency of the Combined Entities is US$. Substantially all of the Combined Entities' operations are in Egypt and as a result, the Combined Entities are exposed to foreign currency exchange rate risk on some of its activities primarily on exchange fluctuations between the EGP and the US$. The majority of capital expenditures are incurred in US$ and oil revenues are received in US$ therefore reducing the Combined Entities' exposure to foreign exchange.

The table below shows the Combined Entities' exposure to foreign currencies for its financial instruments:

(In US$)	2010		2009	
	US$	EGP	US$	EGP
Cash and cash equivalents	4,728,598	802,186	6,964,436	241,479
Accounts receivable	14,566,419	1,912,997	7,566,901	3,262,140
Accounts payable and accrued liabilities	(8,999,344)	(691,888)	(9,223,299)	(485,984)
Total surplus	**10,295,673**	**2,023,295**	**5,308,038**	**3,017,635**
	2008			
	US$	EGP	EUR	GBP
Cash and cash equivalents	3,553,763	456,311	510,676	517
Accounts receivable	19,619,123	3,788,505	2,146	-
Accounts payable and accrued liabilities	(12,189,260)	(545,441)	-	-
Total surplus	**10,983,626**	**3,699,375**	**512,822**	**517**

Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The interest charged on the outstanding bank facilities fluctuates with the interest rates posted by the lenders. The Combined Entities are exposed to interest rate risk and have not entered into any mitigating interest rate hedges or swaps.

Other price risk:

Other price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil are impacted by not only the relationship between the US$ and other currencies but also world economic events that impact the perceived levels of supply and demand.

4– Cash and cash equivalents

(In US$)	December 31, 2010	December 31, 2009	December 31, 2008
Cash on hand	24,992	25,780	19,490
Current accounts*	5,505,792	7,180,135	4,501,777
Total	**5,530,784**	**7,205,915**	**4,521,267**

* Current accounts includes US$4.1 million which represents the covered amount for an issued letter of guarantee with a restriction in use for the NEM Concession agreement only.

5 – Property, plant and equipment

(In US$)	Oil interests	Other property, plant and equipment	Total
Cost			
Balance as at January 1, 2008	42,731,421	1,283,856	44,015,277
Additions	4,674,489	873,011	5,547,500
Transfer from intangible exploration and evaluation assets	160,957,683	-	160,957683
Balance as at December 31, 2008	**208,363,593**	**2,156,867**	**210,520,460**
Balance as at January 1, 2009	208,363,593	2,156,867	210,520,460
Additions	25,954,412	230,932	26,185,344
Disposals	-	(1,721)	(1,721)
Balance as at December 31, 2009	**234,318,005**	**2,386,078**	**236,704,083**
Balance as at January 1, 2010	234,318,005	2,386,078	236,704,083
Additions	5,522,056	18,429	5,540,485
Disposals	-	(5,601)	(5,601)
Balance as at December 31, 2010	**239,840,061**	**2,398,906**	**242,238,967**
Accumulated depletion and depreciation			
Balance as at January 1, 2008	8,116,777	278,956	8,395,733
Depletion and depreciation for the year	1,179,387	396,969	1,576,356
Balance as at December 31, 2008	**9,296,164**	**675,925**	**9,972,089**
Balance as at January 1, 2009	9,296,164	675,925	9,972,089
Depletion and depreciation for the year	2,578,028	565,997	3,144,025
Balance as at December 31, 2009	**11,874,192**	**1,241,922**	**13,116,114**
Balance as at January 1, 2010	11,874,192	1,241,922	13,116,114
Depletion and depreciation for the year	26,593,615	480,530	27,074,145
Balance as at December 31, 2010	**38,467,807**	**1,722,452**	**40,190,259**
Net book value as at December 31, 2010	**201,372,254**	**676,454**	**202,048,708**
Net book value as at December 31, 2009	**222,443,813**	**1,144,156**	**223,587,969**
Net book value as at December 31, 2008	**199,067,429**	**1,480,942**	**200,548,371**

6 – Intangible exploration and evaluation assets

(In US$)	
Cost	
Balance as at January 1, 2008	72,130,260
Additions	100,943,080
Transfer to property, plant and equipment	(160,957,683)
Balance as at December 31, 2008	**12,115,657**
Balance as at January 1, 2009	12,115,657
Additions	4,198,217
Balance as at December 31, 2009	**16,313,874**
Balance as at January 1, 2010	16,313,874
Additions	2,783,222
Concession relinquishment	(12,079,631)
Balance as at December 31, 2010	**7,017,465**

Intangible exploration and evaluation assets consist of the Combined Entities' exploration projects which are pending the determination of proven or probable reserves. As at December 31, 2010 an amount of US$7 million (December 31, 2009 : US$16.3 million and December 31, 2008 : US$12.1 million) in which represent Intangible E&E assets for the NEM Concession. During the financial year ended December 31, 2010, the Company determined certain exploration and evaluation costs to be unsuccessful and not recoverable. Accordingly, US$12 million in capitalized costs were recognized as exploration and evaluation expense in respect of the EEOO Concession.

7 - Accounts payable and accrued liabilities

(In US$)	December 31, 2010	December 31, 2009	December 31, 2008
Accounts payable	4,618,418	7,119,178	4,713,831
Accrued liabilities	1,680,356	1,923,529	6,981,066
Deferred Charges	2,931,892	-	-
Others	460,566	666,576	1,039,804
Total	**9,691,232**	**9,709,283**	**12,734,701**

The amount of deferred charges represents the amount of debit notes received from Petrozneima regarding the rejected amounts from opening balances of Muzhil Wells # 4, 5, 6, 7 & 8, these amounts were booked as deferred charges until being resolved with technical departments. And then recharge it to Petrozneima which is already resolved and cleared in books during October 2011.

8 - Deferred tax liability

(In US$)	Depreciation and amortization	Carried forward tax losses	Total
As at January 1, 2008	-	-	-
Charged / (credited) to the income statement	4,025,768	-	4,025,768
As at December 31, 2008	**4,025,768**	-	**4,025,768**
Charged / (credited) to the income statement	3,499,581	(2,648,942)	850,639
As at December 31, 2009	**4,876,407**	-	**4,876,407**
Charged / (credited) to the income statement	3,420,142	2,648,942	6,069,084
As at December 31, 2010	**10,945,491**	-	**10,945,491**

9 – Equity

Share capital

As at December 31, 2010, the issued and fully paid-up capital of Petzed is US$241 million represented by 241 million shares with par value of US$1/share. The holders of common shares are entitled to receive dividends as declared by shareholders and are entitled to one vote per share.

It is noted that NPC Egypt Ltd. entered into an assignment and assumption agreement (the "Agreement") with Golden Crescent, National Petroleum Company S.A.E. ("NPC SAE") and Petzed, which records the manner in which the parties thereto transferred all of the shares (the "Shares") in each of NPC EEOO, NPC SAZ, NPC SHM, (NPC EEOO, NPC SAZ and NPC SHM are collectively , the "July 2010 Companies") and NPC NEM and assigned certain inter-company receivables (in aggregate, the "Receivables") owed by each of the July 2010 Companies and NPC NEM.

The transfers of the shares and receivables of each of the July 2010 Companies (collectively, the "July 2010 Property") took place on July 1, 2010 (the "July 2010 Transfers") in three steps:

First, Petzed transferred the July 2010 Property to NPC SAE for an aggregate purchase price equal to the recorded value of the July 2010 Property. Such purchase price was satisfied through the creation of an inter-company amount payable from NPC SAE to Petzed in an amount equal to the value of the July 2010 Property on the effective date of such transfers.

Second, NPC SAE transferred the July 2010 Property to Golden Crescent for an aggregate purchase price equal to the recorded value of the July 2010 Property. Such purchase price was satisfied by Golden Crescent (1) applying part of the purchase price to the repayment of a pre-existing inter-company debt owed by NPC SAE to Golden Crescent; and
(2) by creating an inter-company amount payable from Golden Crescent to NPC SAE for the difference between the recorded value of the July 2010 Property on the effective date of such transfers and the amount of the inter-company debt so repaid.

Third, Golden Crescent transferred the July 2010 Property to NPC Egypt Ltd. for an aggregate purchase price equal to the recorded value of the July 2010 Property. Such purchase price was satisfied through the creation of an inter-company amount payable from NPC Egypt Ltd. to Golden Crescent in an amount equal to the effective date of such transfers.

The transfers of the Shares and Receivables of NPC NEM (the "February 2011 Property") took place on February 1, 2011 in three steps (collectively, the "February 2011 Transfers" and together with the July 2010 Transfers, the "Transfers"):

First, Petzed transferred the February 2011 Property to NPC SAE for an aggregate purchase price equal to the recorded value of the February 2011 Property. Such purchase price was satisfied through the creation of an inter-company amount payable from NPC SAE to Petzed in an amount equal to the recorded value of the February 2011 Property on the effective date of such transfers.

Second, NPC SAE transferred the February 2011 Property to Golden Crescent for an aggregate purchase price equal to the recorded value of the February 2011 Property. Such purchase price was satisfied by an increase of the inter-company amount payable from Golden Crescent to NPC SAE in an amount equal to the recorded value of the February 2011 Property on the effective date of such transfers.

Third, Golden Crescent transferred the February 2011 Property to NPC Egypt Ltd. for an aggregate purchase price equal to the recorded value of the February 2011 Property. Such purchase price was satisfied through the creation of an inter-company amount payable from NPC Egypt Ltd. to Golden Crescent in an amount equal to the recorded value of the February 2011 Property on the effective date of such transfers.

To facilitate the Transfers, NPC Egypt Ltd. directed Golden Crescent, who in turn directed NPC SAE and who in turn directed Petzed to transfer the July 2010 Property and the February 2011 Property directly to NPC Egypt Ltd. on July 1, 2010 and February 1, 2011, respectively.

It is further noted that both NPC Egypt Ltd. and Golden Crescent agreed to capitalize the inter-company balance between them through the issuance of shares by NPC Egypt Ltd. to Golden Crescent based on board decision dated November 23, 2011. This was completed in December 2011.

10 – Revenue

(In US$)	Years ended December 31, 2010	2009	2008
Oil revenue	18,953,122	7,387,529	14,783,342
Total oil revenue	**18,953,122**	**7,387,529**	**14,783,342**

The Combined Entities drives the oil revenue through the crude oil sale from the SHM Concession and SR Concession that is delivered to EGPC and is billed on a monthly basis based in the quantity of the crude delivered and the agreed price formula under the concession.

The revenue of 2010 also includes the benefit earned attributable to the government corporation payment of the corporate tax on behalf of the Combined Entities an amount of US$272,322 in 2010, nil in 2009 and US $2,937,683 in 2008.

11 – Cost of sales

(In US$)	Years ended December 31, 2010	2009	2008
Amortization and depletion	(5,042,359)	(2,685,571)	(2,025,299)
Operating expense	(2,780,083)	(2,516,172)	(2,422,793)
Total	**(7,822,442)**	**(5,201,743)**	**(4,448,092)**

Costs of sales comprise operational expenses for the Combined Entities and the amortization and depletion of the SHM Concession.

12-Pre-license expense

These amounts represent amounts incurred in relation to obtaining the exploration rights in the EK Concession.

13- Impairment of development assets

The impairment test was carried out on the Combined Entities' assets to determine whether there was any objective evidence that there is impairment. The test resulted in an impairment loss related to the SAZ Concession where the carrying amount was higher than the present value of the estimated future cash flows discounted at the effective interest rate. The net result was an impairment loss of US$21.7 million that was recognized in the combined consolidated statement of comprehensive income for the year ended December 31, 2010.

The main assumptions used for the test were as follows:

- Only proved and probable reserves were used.
- Brent price of $100/barrel were used.
- Capital expenditures required to develop the proven and probable reserves was included.
- Discount rate of 8% was used.
-

14- Loss of disposal of concession

During 2010, the Combined Entities concluded that there is no technical feasibility or commercial viability in the EEOO Concession. Accordingly, the board of directors of NPC Egypt Ltd. approved to relinquish the concession back to EGPC under the concession agreement. NPC EEOO requested EGPC on October 12, 2010 to relinquish the EEOO Concession and confirmed that it had met all the financial obligations under the concession agreement. The total expenditures amounting on the concession up to June 30, 2010 reached US$13 million, which exceeded the minimum expenditure limit stated in the concession agreement. On October 25, 2010, EGPC responded with a primary approval subject to its review to ensure that the total accredited expenditures exceeded the minimum expenditures limit.

Subsequent to financial statements' date, management is in process to obtain final approval.

15- General and administrative costs

(In US$)	Years ended December 31, 2010	2009	2008
Employee cost	(6,641,597)	(5,683,234)	(6,014,612)
Rent & utilities	(494,106)	(542,529)	(484,905)
Professional fees	(265,403)	(538,633)	(492,856)
Office expenses	(471,667)	(459,795)	(554,330)
Public relations	(35,490)	(24,785)	(129,611)
Travel & entertainment	(17,240)	(293,003)	(420,858)
Banking charges	-	(23,543)	-
Motor vehicles operating expenses	(125,057)	(126,717)	(104,256)
Property insurance	(46,958)	(56,887)	(103,119)
Miscellaneous admin. Expenses	(296,014)	(125,396)	(391,226)
Total	**(8,393,532)**	**(7,874,522)**	**(8,695,773)**

General and administrative expenses include all the indirect cost for both the joint venture companies with EGPC in addition to the overheads for both NPC Egypt Ltd. and Petzed offices in Cairo.

Key management personnel have been identified as the board of directors and the five executive officers of the Combined Entities. Details of key management remuneration are shown in note 21.

16- Financing costs

(in US$)	Years ended December 31, 2010	2009	2008
A-Finance income			
Credit interest on letter of guarantee cover	6,471	33,110	191,564
Credit interest on banks current accounts	14,267	36,059	90,617
Total finance Income	**20,738**	**69,169**	**282,181**
B-Finance expense			
Letter of guarantee commission	(300,441)	(337,025)	(217,000)
Bank charges	(22,593)	(18,888)	(20,961)
Interest expenses on credit facilities	(176,365)	-	-
Total finance expense	**(499,399)**	**(355,913)**	**(237,961)**
C-Foreign exchange			
Foreign exchange (loss) gain	(215,078)	28,148	(215,707)
Total foreign exchange	**(215,078)**	**28,148**	**(215,707)**
Net financing cost	**(693,739)**	**(258,596)**	**(171,487)**

Petzed has a short term credit facility from a local bank in Egypt that is used to fund the operations short term needs. As of December 31, 2010, the credit facility limit was US$10 million and the used portion was US$7.6 million and the financing cost was US$0.2 million for the year ended December 31, 2010.

17 – Income tax expense

(In US$)	Years ended December 31, 2010	2009	2008
Current income tax expense	(272,321)	-	(2,937,682)
Deferred taxes liabilities	(6,069,084)	(850,639)	(4,025,768)
Total	**(6,341,405)**	**(850,639)**	**(6,963,450)**

Pursuant to the terms of the Company's concession agreements, the corporate tax liability of the joint venture partners (OSOCO and Petrozneima) is paid by the Corporations out of the profit oil attributable to the Corporations, and not by the Company. For accounting purposes the corporate taxes paid by the Corporations are treated as a benefit earned by the Company; the amount is included in net oil revenues and deducted as an income tax expense see Note 10.

Reconciliation of effective tax rate

	Years ended December 31,		
(In US$)	**2010**	**2009**	**2008**
(Loss) profit before income tax	(33,284,316)	(5,657,462)	979,411
Expected tax rate	68.20%	68.20%	68.20%
Expected income tax	(22,699,904)	(3,858,389)	667,958
Permanent differences related to expenses recognition	25,774,310	4,709,028	8,295,632
Permanent differences related to revenue recognition	(185,723)	-	(2,000,140)
Utilization of tax losses	2,648,943	-	-
Other differences	803,779	-	-
Total income tax expense	**6,341,405**	**850,639**	**6,963,450**

18 – Commitments

Pursuant to concession agreements in Egypt, the Combined Entities are required to perform certain minimum exploration activities that include the drilling of exploration wells. These obligations have not been provided for in the combined consolidated special purpose financial statements. The following are the anticipated payments under the contracts:

(In US$)	**December 31, 2010**
Less than one year (NEM Concession)	4,365,560
Between one and five years (EK Concession)	5,000,000
Total	**9,365,560**

In addition to the above legal commitments, NPC Egypt Ltd. currently intends to develop the Muzhil project under the SAZ Concession and in accordance with the best estimate of its management; the expected capital for the project will be US$44 million relating to the Muzhil development plan.

19 – Contingencies

On October 14, 2009, Petzed initiated a lawsuit against Transocean Mediterranean and Red Sea Drilling Ltd. ("Transocean") registered under No. 1383/2009 court of Helwan in order to declare the "Drilling rig Contract" No. PTZ 10/2008 dated September 22, 2008 (the "Contract") as legally terminated.

On September 30, 2010, the Helwan Court of first instance issued a judgment of non admissibility of the case due to the existence of an arbitration clause .This judgment was subject to an appeal, duly registered on November 7 , 2010 under No. 25400/127J, however, the appeal court decided to confirm the first degree judgment.

Meanwhile, on January 14, 2010, Transocean registered under No. 662/2010, a notice of arbitration against Petzed at the Cairo Regional Center for International Commercial Arbitration requesting the settlement of the dispute arising out of the Contract.

Pursuant to the terms of reference dated December 13, 2010 signed by the members of (the "Arbitral Tribunal") and the two parties to the dispute, Transocean and Petzed, the relief sought by Transocean includes a compensation for the losses and lost revenues incurred throughout the period during which the rig remained idle, with a total of US$87,909,000 as estimated by Transocean. Petzed's position is that Transocean is not entitled to any such relief, specifically because the Contract required the rig to be available at a date no later than December 31, 2008. Which Transocean failed to honor and consequently, Transocean is in no contractual position to enforce any other commencement date for the Contract. Two rounds of written submissions by Transocean and Petzed were exchanged and oral pleadings are expected to take place at the coming hearings scheduled for February 29, 2012 and March 1, 2012.

Subsequent to financial statements' date, Petzed's legal consultant's opinion on November 2, 2011 is that Transocean's claim has no valid grounds and Petzed's position is likely to be found acceptable.

20 – Related party transactions

Description	Transaction type	The nature of the relationship	December 31,		
(In US$)			**2010**	**2009**	**2008**
NPC SAE	The Combined Entities paying certain expenses on behalf of NPC SAE	NPC SAE is The holding company of Petzed.	521,242	1,395,068	902,775
National Oil Production Company ("NOPC")	The Combined Entities paying certain expenses on behalf of NOPC	NOPC is a subsidiary company of NPC SAE.	41,007	2,810	2,681
Scimitar Production Egypt Limited – BVI ("SPEL BVI")	The Combined Entities paying certain expenses on behalf of SPEL BVI	SPEL BVI is an associate company of NOPC.	533,785	725,697	934,709
Total			**1,096,034**	**2,123,575**	**1,840,165**

21 – Compensation of key management personnel

The remuneration of directors and other key management personnel during the periods ended December 31, 2010, 2009 and 2008 was as follows:

(In US$)	Years ended December 31,		
	2010	**2009**	**2008**
Remuneration	1,620,904	1,933,151	2,106,350

The remuneration of directors and key executives is determined by the board of directors of the Combined Entities having regard to the performance of individuals and market trends.

22 – Explanation of transition to IFRS

For all periods up to and including the year ended December 31, 2008, the Combined Entities prepared their financial statements in accordance with the basis of accounting set forth in the concession agreements (the "Concession GAAP").

These combined consolidated special purpose financial statements, for the years ended December 31, 2010, 2009 and 2008 are the first financial statements for the Combined Entities prepared in accordance with IFRS.

The Combined Entities have prepared these combined consolidated special purpose financial statements which comply with IFRS applicable for periods beginning on or after January 1, 2008 and the significant accounting policies meeting those requirements are described in Note1.

The Combined Entities have prepared the IFRS opening statement of financial position as at January 1, 2008, being the date of transition to IFRS. The NPC Group identified some adjustments as part of this process that do not arise from a GAAP difference and have therefore been classified as Concession GAAP adjustments, rather than IFRS reclassifications or re-measurements. Therefore, this note also explains the principal adjustments made by the Combined Entities in restating its Concession GAAP Financial position as at December 31, 2010 and its previously issued Concession GAAP financial statements for the years ended December 31, 2008 and 2009

In accordance with IFRS 1 'First time adoption of IFRS', certain disclosures relating to the transition to IFRS are given in this note. These disclosures are prepared under IFRS as set out in the basis of preparation in Note1.

IFRS 1 allows first time adopters to take advantage of a number of voluntary exemptions from the general principal of retrospective restatement. The Combined Entities have relied on the following exemptions:

IFRS 6 Full cost as deemed cost

Under the amendments to IFRS 1 made in July 2009, a first-time adopter using full cost accounting may elect to measure oil and gas assets at the date of transition to IFRS on the amount determined under the previous GAAP.

IFRS 3 Business Combinations

This standard has not been applied to acquisitions of subsidiaries that occurred before January 1, 2008, the Combined Entities transition date.

Explanation of the effect of the transition to IFRS:

The following explains the material adjustments to the statement of financial position and the statement of comprehensive Income (referenced with letters in the below tables) of the Combined Entities:

A. Charging the general and administrative expenses not directly attributable to exploration and development that were capitalized under Concession GAAP or that included within operating expenses to the statement of comprehensive income. This resulted an increase in profit and loss and a decrease in recoverable capitalized expenditures.

A. Reclassify recoverable capitalized expenditures to either exploration and evaluation assets or development assets based on the stage of each relevant concession / field.

A. Depletion policy:
The Combined Entities adopted a policy of depleting oil and natural gas interests on a unit of production basis over proved plus probable reserves. The depletion policy under concession agreement basis was based on amounts recovered from the recoverable capitalized expenditures on each quarter. IFRS requires the amortization under concession basis to be reversed and depletion to be calculated based on individual components (fields or combinations thereof).

A. Pre-license costs are recognized in the statement of comprehensive income as incurred.

B. An impairment loss is charged to the income statement by assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

B. Recognizing the expense of current tax being the burden on the Combined Entities against the net revenue being benefits earned based on the fact that these taxes have been paid by EGPC on behalf of the Combined Entities.

B. Deferred taxes adjustments were made on changes in net book values resulted from first time adoption adjustments as discussed above.

B. Reclassifying the letter of guarantee cover from cash at banks to other debit balances in year 2008.The impact of these differences on adoption of IFRS at December 31, 2008, 2009 and 2010 as a result of the IFRS 1 election as discussed above are shown on below schedules.

C. Reclassification through the statement of comprehensive income.

A-Transition of statement of financial position as at December 31, 2010 to IFRS

(in US$)	December 31, 2010 as reported	Adjustments 2010	Adjustments 2009	Adjustments 2008	Adjustments 2007	IFRS reclassification 2010	December 31, 2010 as presented
Assets							
Non-current assets							
Fixed assets (net)	676,459	-	-	-	-	(676,459)	-
Recoverable capitalized expenditures	278,109,407	(6,038,655)	(12,080,646)	51,980,210	(72,130,261)	(239,840,055)	-
Accumulated amortization for recoverable expenditures	(35,712,401)	(15,980,891)	6,482,698	6,742,788	-	38,467,806	-
Intangible oil rights	13,979,275	(1,060,000)		120,000	-	(13,039,275)	-
Accumulated depletion for intangible oil rights	(800,000)	201,256	292,459	1,327,169	-	(1,020,884)	-
Concession relinquishment	(14,630,308)	14,630,308	-	-	-	-	
Property, plant and equipment (net)	-	-	-	-	-	*202,048,708*	*202,048,708*
Intangible exploration and evaluation assets	-	*(9,296,409)*	*4,198,216*	*(60,014,603)*	*72,130,261*		*7,017,465*
Other intangible assets	-	-	-	-	-	*14,060,159*	*14,060,159*
Investments	6,873	-	-	-	-	-	6,873
Total non-current assets	241,629,305	(17,544,391)	(1,107,273)	155,564	-	-	223,133,205
Current assets							
Trade receivables	11,187,313	-	-	-	-	(11,187,313)	-
JV Operating Company - current account	2,581,168	-	-	-	-	(2,581,168)	-
Other debit balances	2,710,935	-	-	-	-	(2,710,935)	-
Receivable from related parties	1,096,034	-	-	-	-	-	1,096,034
Inventory	10,036,473	-	-	-	-	-	10,036,473
Accounts receivable	-	-	-	-	-	*16,479,416*	16,479,416
Cash and cash equivalents	5,530,784	-	-	-	-	-	5,530,784
Total current assets	33,142,707	-	-	-	-	-	33,142,707
Total assets	274,772,012	(17,544,391)	(1,107,273)	155,564	-	-	256,275,912
Equity and liabilities							
Equity							
Share capital	241 000 000	-	-	-	-	-	241,000,000
Retained earnings	6 557 725	-	(1,957,911)	(3,870,204)	-	-	729,610
Net (loss) profit for the years	(16 012 245)	(23,613,476)	-	-	-	-	(39,625,721)
Due from Holding Company of Petzed (National Petroleum Company SAE)	-	-	-	-	-	(237,449,396)	(237,449 396)
Payment under capital increase from ultimate parent	-	-	-	-	-	263,338,395	263 338 395
Total equity	231 545 480	(23,613,476)	(1,957,911)	(3,870,204)	-	25,888,999	227,992,888
Liabilities							
Non-current liabilities							
Due from Holding Company of Petzed (National Petroleum Company SAE)	(237,449,396)	-	-	-	-	237,449,396	-
Due to Holding Company of NPC Egypt (Golden Crescent)	263,338,395	-	-	-	-	(263,338,395)	-
Deferred tax liability	-	6,069,085	850,638	4,025,768	-	-	10,945,491
Total non-current liabilities	25,888,999	6 069 085	850,638	4,025,768	-	(25,888,999)	10,945,491
Current liabilities							
Accrued expenses and other credit balances	9,428,155	-	-	-	-	(9,428,155)	-
Trade payables	263,077	-	-	-	-	(263,077)	-
Bank facilities	7,646,301	-	-	-	-	-	7,646,301
Accounts payable and accrued liabilities	-	-	-	-	-	9,691,232	9,691,232
Total current liabilities	17,337,533	-	-	-	-	-	17,337,533
Total liabilities	43,226,532	6 069 085	850,638	4,025,768	-	(25,888,999)	28,283,024
Total shareholders' equity and liabilities	274,772,012	(17,544,391)	(1,107,273)	155,564	-	-	256,275,912

Transition of statement of financial position as at December 31, 2009 to IFRS

(in US$)	December 31, 2009 as reported	Adjustments 2009	Adjustments 2008	Adjustments 2007	IFRS reclassification 2009	December 31, 2009 as presented
Assets						
Non-current assets						
Fixed assets (net)	1,144,158	-	-	-	(1,144,158)	-
Recoverable capitalized expenditures	266,548,698	(12,080. 646)	51,980,210	(72,130,261)	(234,318,001)	-
Accumulated amortization for recoverable expenditures	(25,099,677)	6,482,699	6,742,788	-	11,874,190	-
Intangible oil rights	13,859,275	-	120,000	-	(13,979,275)	-
Accumulated depletion for intangible oil rights	(1,885,872)	292,459	1,327,169	-	266,244	-
Property, plant and equipment (net)					223,587,969	223,587,969
Intangible exploration and evaluation assets		4,198,216	(60,014,603)	72,130,261		16,313,874
Other intangible assets					13,713,031	13,713,031
Investments	6,873	-	-	-		6,873
Total non-current assets	254,573,455	(1,107,272)	155,564	-	-	253,621,747
Current assets						
Trade receivables	5,055,919	-	-	-	(5,055,919)	-
JV Operating Company - current account	1,611,759	-	-	-	(1,611,759)	-
Other debit balances	4,161,363	-	-	-	(4,161,363)	-
Receivable from related parties	2,123,575	-	-	-	-	2,123,575
Inventory	10,494,904	-	-	-	-	10,494,904
Accounts receivable		-	-	-	10,829,041	10,829,041
Cash and cash equivalents	7,205,915	-	-	-	-	7,205,915
Total current assets	30,653,435	-	-	-	-	30,653,435
Total assets	285,226,890	(1,107,272)	155,564	-	-	284,275,182
Equity and liabilities						
Equity						
Share capital	241,000,000	-	-	-	-	241,000,000
Retained earnings	13,699,757	(2,591,842)	(3,870,204)	-	-	7,237,711
Net (loss) profit for the years	(7,142,032)	633,931	-	-	-	(6,508,101)
Total equity	247,557,725	(1,957,911)	(3,870,204)	-	-	241,729,610
Liabilities						
Non-current liabilities						
Payable to holding company of Petzed (National Petroleum S.A.E.)	25,889,000	-	-	-	-	25,889,000
Deferred tax liability	-	850,639	4,025,768	-	-	4,876,407
Total non-current liabilities	25,889,000	850,639	4,025,768	-	-	30,765,407
Current liabilities					-	
Accrued expenses and other credit balances	9,705,596	-	-	-	(9,705,596)	-
Trade payables	3 687	-	-	-	(3,687)	-
Bank facilities	2,070,882	-	-	-	-	2,070,882
Accounts payable and accrued liabilities	-	-	-	-	9,709,283	9,709,283
Total current liabilities	11,780,165	-	-	-	-	11,780,165
Total liabilities	37,669,165	850,639	4,025,768	-	-	42,545,572
Total shareholders' equity and liabilities	285,226,890	(1,107,272)	155,564	-	-	284,275,182

Transition of statement of financial position as at December 31, 2008 to IFRS

(in US$)	December 31,2008 as reported	Adjustments 2008	Adjustments 2007	IFRS Reclassification 2008	December 31, as presented
Assets					
Non-current assets					
Fixed assets (net)	1,466,788	-	-	(1,466,788)	-
Fixed assets in progress	14,155	-	-	(14,155)	-
Recoverable capitalized expenditures	228,513,641	51,980,210	(72,130,261)	(208,363,590)	-
Accumulated amortization for recoverable Expenditures	(16,038,950)	6,742,788	-	9,296,162	-
Intangible oil rights	13,859,275	120,000	-	(13,979,275)	-
Accumulated depletion for intangible oil rights	(1,485,871)	1,327,169	-	158,702	-
Property , plant and equipment (net)	-	-	-	200,548,371	200,548,371
Intangible exploration and evaluation assets	-	(60,014,604)	72,130,261		12,115,657
Other intangible assets	-	-	-	13,820,573	13,820,573
Investments	6,873	-	-		6,873
Total non-current assets	226,335,911	155,563	-	-	226,491,474
Current assets					
Trade receivables	5,687,987	-	-	(5,687,987)	-
JV. operating company - current account	3,456,212	-	-	(3,456,212)	-
Other debit balances	4,679,996	9,585,579	-	(14,265,575)	-
Receivable from related parties	1,840,165	-	-		1,840,165
Inventory	8,735,500	-	-		8,735,500
Accounts receivable	-	-	-	23,409,774	23,409,774
Cash and cash equivalents	14,106,845	(9,585,579)	-		4,521,267
Total current assets	38,506,705	-	-	-	38,506,706
Total assets	264,842,616	155,564	-	-	264,998,180
Equity and liabilities					
Equity					
Share capital	241,000,000	-	-	-	241,000,000
Retained earnings	11,794,220	1,427,530	-	-	13,221,750
Net (loss) profit for the years	(686,305)	(5,297,734)	-	-	(5,984,039)
Total equity	252,107,915	(3,870,204)	-	-	248,237,711
Liabilities					
Non-current liabilities					
Deferred tax liability	-	4,025,768	-	-	4,025,768
Total non-current liabilities	-	4,025,768	-	-	4,025,768
Current liabilities					
Accrued expenses and other credit balances	12,732,534	-	-	(12,732,534)	-
Trade payables	2,167	-	-	(2,167)	-
Bank facilities	-	-	-	-	-
Accounts payable and accrued liabilities	-	-	-	12,734,701	12,734,701
Total current liabilities	12,734,701	-	-	-	12,734,701
Total liabilities	12,734,701	4,025,768	-	-	16,760,469
Total shareholders' equity and liabilities	264,842,616	155,564	-	-	264,998,180

Transition of statement of financial position as at January 1, 2008 to IFRS

(in US$)	December 31, 2007 as reported	Adjustments 1/1/2008	IFRS Reclassification 2010	Presented January 1, 2008
Assets				
Non-current assets				
Fixed assets (net)	982,061	-	(982,061)	-
Fixed assets in progress	22,837	-	(22,837)	-
Recoverable capitalized expenditures	114,861,681	(72,130,260)	(42,731,421)	-
Accumulated amortization for recoverable expenditures	(8,116,775)	-	8,116,775	-
Intangible oil rights	13,859,275	-	(13,859,275)	-
Accumulated depletion for intangible oil rights	(1,085,871)	-	1,085,871	-
Property, plant and equipment (net)	-	-	35,619,544	35,619,544
Intangible exploration and evaluation assets	-	72,130,260	-	72,130,260
Other intangible assets	-	-	12,773,404	12,773,404
Investments	5,000	-	-	5,000
Total non-current assets	120,528,208	-	-	120,528,208
Total current assets	39,150,306	-	-	39,150,306
Total assets	159,678,514	-	-	159,678,514
Equity and liabilities				
Total equity	13,231,750	-	-	13,231,750
Liabilities				
Total non-current liabilities	129,294,778	-	-	129,294,778
Total current liabilities	17,151,986	-	-	17,151,986
Total liabilities	146,446,764	-	-	146,446,764
Total shareholders' equity and liabilities	159,678,514	-	-	159,678,514

B- Transition of Income statements

Transition of statement of comprehensive income for the year ended December 31, 2010

(in US$)	As reported GAAP 2010	A	B	C	As presented under IFRS 2010
Revenue	18,680,801	-	-	272,321	18,953,122
Amortization and Depletion	(11,012,724)	5,970,365	-	5,042,359	-
Other operating expenses	(7,237,102)	(301,594)	-	7,538,696	-
Cost of sales	-	-	-	(7,822 442)	(7,822,442)
Gross profit	430,975	5,668,771	-	5,030,934	11,130,680
Other income	262,947	(171,911)	-	-	91,036
Pre-license expenses	-	(48,600)	-	-	(48,600)
Depreciation	(480,530)	-	-	-	(480,530)
Impairment of Development assets	-	-	(21,750 000)	-	(21,750,000)
Loss of disposal of concession	(14,651,234)	-	1.511 603	-	(13,139,631)
General and administrative costs	(881,427)	(2,154,847)	(598,645)	(4,758 613)	(8,393,532)
Interest income	20,738	-	-	(20,738)	-
interest expenses and commission	(498,636)	-	-	498,636	-
Foreign exchange loss	(215,078)	-	-	215,078	-
Operating profit	(16,012,245)	3,293,413	(20,837,042)	965,298	(32,590,577)
Financial income	-	-	-	20,738	20,738
Financial expense	-	-	-	(499,399)	(499,399)
Foreign exchange (loss) gain	-	-	-	(215,078)	(215,078)
Net financing costs	-	-	-	(693,739)	(693,739)
Profit before income tax	(16,012,245)	3,293,413	(20,837,042)	272,321	(33,284,316)
Income tax expense	-	-	(6,069,084)	(272,321)	(6,341,405)
Profit for the period	(16,012,245)	3,293,413	(26,906,126)	-	(39,625,721)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	(16,012,245)	3,293,413	(26,906,126)	(20,404,260)	(39,625,721)

Transition of statement of comprehensive income for the year ended December 31, 2009

(in US$)	As reported GAAP 2009	A	B	C	As presented under IFRS 2009
Revenue	7,387,529	-	-	-	7,387,529
Amortization and depletion	(9,460,727)	6,775,157	-	2,685,571	-
Other operating expenses	(4,699,193)	(237,511)	-	4,936,704	-
Cost of sales	-	-	-	(5,201 743)	(5,201,743)
Gross (loss) profit	(6,772,392)	6,537,646	-	2,420,532	2,185,786
Other income	1,214,226	(148,366)	-	-	1,065,860
Pre-license expenses	-	(209,993)	-	-	(209,993)
Depreciation	(565,997)	-	-	-	(565,997)
General and administrative costs	(1,115,186)	(4,646,897)	-	(2,112,439)	(7,874,522)
Interest income	69,169	-	-	(69,169)	-
Foreign exchange (loss) gain	28,148	-	-	(28,148)	-
Operating (loss) profit	(7,142,032)	1,532,390	-	(12,613,241)	(5,398,866)
Financial income	-	-	-	69,169	69,169
Financial expense	-	-	-	(355,913)	(355,913)
Foreign exchange (loss) gain	-	-	-	28,148	28,148
Net financing costs	-	-	-	(258,596)	(258,596)
Profit before income tax	(7,142,032)	1,532,390	-	(47,820)	(5,657,462)
Income tax expense			(850,639)		(850,639)
Profit for the period	(7,142,032)	1,532,390	(850,639)	(47,820)	(6,508,101)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	(7,142,032)	1,532,390	(850,639)	(47,820)	(6,508,101)

Transition of statement of comprehensive income for the year ended December 31, 2008

(in US$)	As reported GAAP 2008	A	B	C	As presented under IFRS 2008
Revenue	11,845,660	-	-	2,937,682	14,783,342
Amortization and depletion	(8,667,727)	6,642,427	-	2,025,300	-
Other operating expenses	(4,386,456)	(379,141)	-	4,765,597	-
Cost of sales	-	-	-	(4,448,092)	(4,448,092)
Gross (loss) profit	(1,208,523)	6,263,286	-	5,280,486	10,335,250
Other income	1,674,328	(1,674,328)	-	-	-
Pre-license expenses	-	(91,610)	-	-	(91,610)
Depreciation	(396,969)	-	-	-	(396,969)
General and administrative costs	(821,614)	(5,769,315)	-	(2,104,843)	(8,695,772)
Interest income	282,181	-	-	(282,181)	-
Foreign exchange (loss) gain	(215 ,708)	-	-	215,708	-
Operating (loss) profit	(686, 305)	(1,271,967)	-	3,109,169	1,150,899
Financial income	-	-	-	282,181	282,181
Financial expense	-	-	-	(237,961)	(237,961)
Foreign exchange (loss) gain	-	-	-	(215,708)	(215,708)
Net financing costs	-	-	-	(171,488)	(171,488)
Profit before income tax	(686,305)	(1,271,967)	-	2,937,682	979,411
Income tax expense	-	-	(4,025,768)	(2,937,682)	(6,963,450)
Profit for the period	(686,305)	(1,271,967)	(4,025,768)	-	(5,984,039)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	(686,305)	(1,271,967)	(4,025,768)	-	(5,984,039)

SCHEDULE "H"
FORM OF SHAREHOLDER SUPPORT AGREEMENT

See attached.

SHAREHOLDER SUPPORT AGREEMENT

_______________________, 2012

TO: ____ (“**Securityholder**”)
(*please print full name*)

Dear Sir/Madame:

Re: Agreement respecting the acquisition of National Petroleum Company Egypt Limited by Sea Dragon Energy Inc.

Golden Crescent Investments Ltd. (“**Golden Crescent**”) and Sea Dragon Energy Inc. (“**Sea Dragon**”) have agreed to undertake a transaction pursuant to which Sea Dragon will acquire all of the shares of National Petroleum Company Egypt Limited (“**NPC Egypt**”), a wholly-owned subsidiary of Golden Crescent. In connection with the foregoing, Golden Crescent and Sea Dragon have entered into a share purchase agreement of even date herewith (the “**Share Purchase Agreement**”). A copy of the Share Purchase Agreement has been provided to the Securityholder by Sea Dragon. Capitalized terms used in this shareholder support agreement (the “**Agreement**”) and not otherwise defined herein have the respective meanings ascribed thereto in the Share Purchase Agreement.

The Securityholder is the beneficial owner of and/or exercises control and direction over the securities of Sea Dragon specified on the Securityholder’s signature page hereof (the “**Subject Securities**”). In consideration of Golden Crescent entering into the Share Purchase Agreement and advancing the Transactions, the Securityholder, in its capacity as a securityholder of Sea Dragon, hereby irrevocably undertakes to do and not to do certain things to support the Transactions as set forth in Section 1 below.

1. Covenants of the Securityholder

From the date hereof until the earlier of the Closing Date or the date this Agreement is terminated as provided for in Section 3 below, the Securityholder covenants and irrevocably agrees:

(a) to vote or cause to be voted all of the voting securities of Sea Dragon forming part of the Subject Securities in favour of the Sea Dragon Resolutions at the Sea Dragon Meeting;

(b) at any meeting of Sea Dragon Shareholders called to consider a resolution or transaction which if passed or consummated, as applicable, would in any manner frustrate, prevent, impede or delay the consummation of the Transactions, to vote, or cause to be voted, all voting securities of Sea Dragon forming part of the Subject Securities against such resolution or transaction;

(c) not to grant or agree to grant any proxy or other right to vote any of the voting securities of Sea Dragon forming part of the Subject Securities (other than in furtherance of its obligations under subsections 1(a) and 1(b) hereof) or enter into any voting trust, vote pooling or other agreement in respect of such securities with respect to voting rights attached thereto;

(d) not to sell, convey, assign, transfer, encumber, pledge, grant a security interest in, option or otherwise convey or dispose of any Subject Securities or any right or interest therein (direct or indirect), or enter into any agreement or contract in respect thereof (other than such encumbrances or security interests incurred in the normal course that will not prevent the Securityholder from complying with its obligations hereunder), it being acknowledged and agreed that the foregoing will not prevent the Securityholder from exercising any Sea Dragon Options or Sea Dragon Warrants for Sea Dragon Shares but that any Sea Dragon Shares so issued will then form part of the Subject Securities; and

(e) subject to Section 2 hereof, not to take any action which may in any way prevent, impede or delay the consummation of the Transactions and to take all commercially reasonable actions to support the Transactions.

2. No Limit on Fiduciary Duty

Golden Crescent acknowledges and agrees that the Securityholder is bound hereunder solely in its capacity as a securityholder of Sea Dragon and that the provisions hereof shall not:

(a) to the extent that the Securityholder is a director or officer of Sea Dragon or of a subsidiary of Sea Dragon, restrict or limit the actions of the Securityholder in his or her capacity as a director or officer, required to be taken in the discharge of his or her fiduciary duties as a director or officer of Sea Dragon or a subsidiary of Sea Dragon, including any fiduciary obligations imposed on the directors and officers of Sea Dragon or a subsidiary of Sea Dragon imposed under the by-laws of Sea Dragon or a subsidiary of Sea Dragon, as applicable; or

(b) require the Securityholder, in his or her capacity as an officer (if applicable) of Sea Dragon or a subsidiary of Sea Dragon, to take any action in contravention of, or omit to take any action pursuant to, or otherwise take or refrain from taking any actions which are inconsistent with, instructions or directions of the Sea Dragon Board undertaken in the exercise of its fiduciary duties.

3. Termination

This Agreement shall terminate upon the occurrence of the earlier of the following events:

(a) Golden Crescent and the Securityholder mutually agree in a written instrument (with a copy to Sea Dragon) to terminate this Agreement;

(b) automatically, without further action by the Parties upon the termination of the Share Purchase Agreement prior to Closing in accordance with its terms; or

(c) automatically, without further action by the Parties on the day on which Closing is completed.

Upon termination in the manner aforesaid, the provisions of this Agreement will become void and no party shall have any liability or obligations to any other party, except in respect of a breach of this Agreement which occurred prior to such termination.

4. Time

Time is of the essence in the performance of the parties' respective obligations under this Agreement.

5. Expenses

The parties agree that all costs and expenses of the parties relating to this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

6. Specific Performance

The Securityholder acknowledges that it will be impossible to measure in money the damages to Golden Crescent in the event that the Securityholder fails to comply with any of its obligations under this Agreement and that, in the event of any such failure, Golden Crescent will not have an adequate remedy at law or in damages, and accordingly, the Securityholder agrees that the issuance of an injunction or other equitable remedy is the appropriate remedy for any such failure.

7. Public Disclosure

The Securityholder consents to the disclosure of the terms of this Agreement in the Sea Dragon Meeting Circular, the Subscription Receipt Offering Documentation and any other documents (including any press releases) prepared in respect of the Transactions. Except as required by applicable laws or applicable stock exchange requirements, the Securityholder shall not make any public announcement or statement with respect to the Transactions, other than in relation to matters which have been previously publicly disclosed by Sea Dragon.

8. Governing Law

This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable in the Province of Alberta.

9. Execution and Delivery

This Agreement may be executed by the parties in counterparts and may be executed and delivered by facsimile or functionally equivalent electronic means and all such counterparts shall together constitute one and the same agreement.

[*The Remainder of this Page Has been Intentionally Left Blank.*]

If you are in agreement with the foregoing, please indicate your acceptance thereof by signing and returning this letter to Golden Crescent.

GOLDEN CRESCENT INVESTMENTS LTD.

By: ______________________________

Name: Alaa El Fas
Title: Authorized Signatory

(Securityholder Signature on Next Page)

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Securityholder hereby irrevocably accepts the foregoing as of the ____ day of __________________________.

If the Securityholder is an individual:

WITNESS SIGNATURE	**SECURITYHOLDER SIGNATURE**
Witness Name (please print)	Name of Securityholder (please print)

If the Securityholder is not an individual:

Name of Securityholder (please print)

By: ______________________________

Name:

Title:

Address of Securityholder:

____

____

____

Attention: _________________________

Email and/or Fax: _________________________

Subject Securities:

Subject Securities	**Number of Securities**
Sea Dragon Shares	
Sea Dragon Options	
Sea Dragon Warrants	

SCHEDULE "I"
NPC EGYPT GROUP, JV SUBSIDIARIES AND PETZED TRANSPORTATION, PROCESSING AND SALE AGREEMENTS

Existing agreements- NPC SHM

Service agreement December 5, 1980 between OSOCO and GPC for handling, treatment and transportation of Shukeir Bay crude and service agreement signed September 5, 1990 between OSOCO and GPC for pipeline transportation and terminalling for Gamma crude as follows:

1- SHB Crude with treatment and transportation of $1.32/bbl

2- Gamma crude transportation fees of $0.37/bbl

GPC recently asking to increase the fees but there is no final agreement yet.

Sale Agreements

1. Contract for the purchase of Shukheir Bay crude oil dated September 29, 1981 between GPC and St Joe Petroleum Egypt Corporation, pursuant to which GPC agreed to purchase St Joe's share of volume-adjusted net crude oil from the Shukheir Bay #1 well and the Shukheir Bay #2 well under the SHM Concession at a price per barrel equal to the price GPC obtains on term contracts for Ras Gharib blend oil (with which the purchased net crude oil is to be commingled). St Joe's interest in the agreement was assigned to the other partners in the SHM Concession effective December 23, 1984. The term of the agreement is automatically renewed on January 1 of each year unless NPC SHM gives notice of termination to GPC 30 days before the end of any contract year.

2. Contract for the purchase of crude oil from Gamma field dated July 26, 1990 between GPC, Total Proche Orient ("**Total**") and IEOC Company Inc. ("**IEOC**") pursuant to which GPC agreed to purchase Total's and IEOC's share of oil produced from the Gamma field for a price equal to the official price published by EGPC for Suez blend crude oil, minus $1 (one dollar) as of the time of production. If at any time EGPC issues an official price for Ras El Bahar blend crude oil which is different from the official price of Suez blend crude oil, the parties to the agreement agreed to meet to decide whether to either use the Ras El Bahar Blend price as a new reference price under the agreement, or to terminate the agreement. Total's and IEOC's interests in the agreement were assigned to OSOCO. The term of the agreement is automatically renewed on July 1 of each year unless either party to the agreement gives notice of termination 30 days before the end of any contract year or terminable if GPC refuses to take the oil for a period of thirty days.

Existing agreements – NPC SR

1. Contract for the purchase of crude oil signed February 5, 1985 and dated August 15, 1985 between GPC and Total pursuant to which GPC agreed to purchase Total's share of crude oil producing from the producing wells of the SR Development Lease at a price equal to the official price as published by EGPC from time to time for the quality of the blend with which the crude oil will be actually commingled. Total's interest in the agreement was assigned to the other partners in the SR Concession. The term of the agreement is

automatically renewed each year unless terminated by the SR Concession partners by notice delivered 30 days prior to June 30 of any year.

2. Contract for transportation of South Ramadan crude oil via LL87 facilities dated July 30, 1985 between SUCO and GPC (as operator on behalf of Total and GPC) pursuant to which GPC is granted certain rights to use a production platform and subsea line for transportation of South Ramadan crude oil to GPC's station at Ras Shukheir for a price equal to $0.20/bbl. Total's interest in the agreement was assigned to the other partners in the SR Concession. The term of the agreement is for one year, subject to termination and renegotiation if production from the LL87 facilities is restored. The agreement may be terminated by either party on 3 months' notice.

3. Contract for the handling of South Ramadan crude oil dated August 15, 1985 between GPC, as owner (the "**Owner**"), and GPC and Total, as operator and contractor for the SR Concession, respectively, (collectively, the "**Users**"), pursuant to which the Users are permitted to use certain facilities for the handling and transportation of crude oil in the areas of Shukheir to Um El Yusr and to Ras Gharib for a price calculated on a sliding scale from $0.20/bbl to $1/bbl, depending on whether separators and pipeline have been installed by the Users. Total's interest in the agreement was assigned to the other partners in the SR Concession. The term of the agreement expires on termination of production from the SR Concession, subject to termination on 3 months' notice by the Users or on 9 months' notice by the Owner.

Agreement under negotiations - NPC SAZ

Service Agreement for Processing, Storage and Loading of Muzhil Field Production in the Ras Budran Facilities, and Provision of Treated Injection Water from the Ras Budran Facilities between EGPC/ RWE Dea Egypt and EGPC/Petzed. NPC SAZ and RWE Dea Egypt have agreed to a definitive form of agreement which has not yet been initialled by the parties. There can be no assurance that this agreement will be entered into by the parties thereto.

SCHEDULE "J"
SEA DRAGON GROUP TRANSPORTATION, PROCESSING AND SALE AGREEMENTS

HANDLING AND TRANSPORTATION AGREEMENTS

NW Gemsa:

1. Agreement for Utilization of Zeitco's East Zeit Bay Facilities and Services dated 1st December 2008, between East Zeit Petroleum Company and Vegas Oil & Gas S.A. relating to handling and transportation of NW Gemsa crude oil to East Zeit Bay.

2. Agreement for Storage and Loading of NW Gemsa Field Production in the East Zeit Bay Facilities dated 18th December 2011 between The Egyptian General Petroleum Corporation, RWE Dea SUEZ GmbH, Vegas Oil & Gas S.A, Circle Oil and Sea Dragon Energy relating to the receiving, storage in a 230,000 bbl tank, loading and redelivery of NW Gemsa production in the Zeit Bay Facilities owned and operated by SUCO, the joint venture company between EGPC and RWE, at a fee of $482,000 annual storage tank rental paid monthly plus shipping charges of $0.65/bbl.

The December 1st 2008 Agreement for Utilization of Zeitco's East Zeit Bay Facilities and Service) refines and replaces an earlier Feb 17/09 agreement.

Kom Ombo:

1. Transportation of Al Baraka Crude Oil Service Agreement (call-out crude trucking) between Al Baraka Joint Operation Committee (Dana Gas/Sea Dragon) and Egyptian International Company effective 1st April 2009, renewable yearly for transportation of crude oil from the Al Baraka facility to the Assuit Refinery in heater tanker trucks at a fee of 12.75 LE/bbl. Standby rate of L.E 750 per day.

2. Transportation Agreement (call-out crude trucking) between the Al Baraka Joint Operation Committee (Dana Gas/Sea Dragon) and Petroleum Arrows effective 1st March 2010, renewable yearly for transportation of crude oil from the Al Baraka facility to the Assuit Refinery in heater tanker trucks at a fee of 12.75 LE/bbl. Standby rate of L.E 750 per day.

SALE AGREEMENTS:

Crude Sales

Kom Ombo – Upon a discovery of oil on the concession, the Contractor has the oil analyzed and a sample is submitted to Ganope who in turn received a pricing formula for the oil from EGPC based on a differential to Brent. Currently, the oil production from the Kom Ombo Concession receives the oil price at East Beni Souef less $0.15 per barrel pursuant to the Kom Ombo Concession Agreement.

NW Gemsa **-** Currently the oil production from the NW Gemsa Concession receives the oil price at East Zeit Bay less $0.25/bbl pursuant to the NW Gemsa Concession Agreement.

Gas Sales

In accordance with the terms of the NW Gemsa Concession Agreement, the gas price is $1.60/mmbtu for Cost Recovery Gas and $1.00/mmbtu for Production Sharing Gas (Profit Gas).

SCHEDULE "K"
PRE-CLOSING REORGANIZATION MEMORANDUM

See attached.

Memorandum

Privileged & Confidential

To: Citadel Capital

c: Richard May, *Maples and Calder*
Matthew Gilbert, *Maples and Calder*

Date: December 20, 2011

From: Osler, Hoskin & Harcourt LLP

Tel: 403.260.7000

Subject: Pre-Closing Reorganization

Matter No: 1131840

I. INTRODUCTION AND BACKGROUND

Golden Crescent Investments Ltd. ("**Golden Crescent**") and Sea Dragon Energy Inc. ("**Sea Dragon**") propose to enter into a share purchase agreement (the "**Share Purchase Agreement**") pursuant to which Golden Crescent will sell to Sea Dragon, and Sea Dragon will purchase from Golden Crescent, all of the issued and outstanding shares of National Petroleum Company Egypt Limited ("**NPC Egypt**"), which is a wholly-owned subsidiary of Golden Crescent.

NPC Egypt holds the following concessions located in Egypt:

(a) a 100% participating interest in the SAZ Concession Agreement owned by its wholly-owned subsidiary, National Petroleum Company South Abu Zeneima Ltd. ("**NPC SAZ**");

(b) a 100% participating interest in the SHM Concession Agreement owned by its wholly-owned subsidiary, National Petroleum Company Shukheir Marine Ltd. ("**NPC SHM**"); and

(c) a 100% participating interest in the NEM Concession Agreement owned by its wholly-owned subsidiary, National Petroleum Company North El Maghara Ltd. ("**NPC NEM**", and together with NPC SAZ and NPC SHM, the "**Opcos**"),

(the foregoing concessions are collectively referred to herein as the "**NPC Egypt Concessions**").

NPC Egypt also holds all of the issued and outstanding shares of National Petroleum Company Ezz El Orban Offshore Ltd. ("**NPC EEOO**"), which held a 100% participating interest in the concession agreement for petroleum exploration and exploitation issued by Law No. 10 of 2007, dated June 5, 2007 (the "**EEOO Concession Agreement**"), entered into between the Arab Republic of Egypt, the Egyptian General Petroleum Corporation ("**EGPC**") and Petzed Investment and Project Management Ltd. ("**Petzed**") prior to the relinquishment of such concession by NPC EEOO in accordance with the terms of the EEOO Concession Agreement on October 25, 2010.

Golden Crescent holds indirectly, through its wholly-owned subsidiary, National Petroleum Company S.A.E. ("**NPC SAE**"), all of the issued and outstanding shares of Petzed. Petzed holds the following interests located in Egypt:

(a) the EK Concession Interests (as such term is defined in the Share Purchase Agreement); and

(b) the SR Concession Interests (as such term is defined in the Share Purchase Agreement),

(the foregoing interests are collectively referred to herein as the "**Petzed Concession Interests**").

It is a condition to the closing of the Transactions contemplated by the Share Purchase Agreement that prior to the Closing Date, Golden Crescent complete a reorganization (referred to in the Share Purchase Agreement as the "**Pre-Closing Reorganization**") which will result in NPC Egypt holding the Petzed Concession Interests through two wholly-owned subsidiaries (being the Subcos described below).

The purpose of this memorandum is to describe the steps comprising the Pre-Closing Reorganization. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Share Purchase Agreement. This memorandum is the Pre-Closing Reorganization Memorandum contemplated by the Share Purchase Agreement.

As we are not qualified to provide advice on non-Canadian legal and tax matters, any discussion of the same herein is based on our understanding of advice received from legal and tax advisors in the relevant foreign jurisdictions.

II. ASSIGNMENT OF THE PETZED CONCESSION INTERESTS TO THE SUBCOS

(a) Petzed will assign all of its beneficial and legal right, title, interest and estate in the SR Concession Agreement to its wholly-owned subsidiary, National Petroleum Company South Ramadan Limited ("**NPC SR**") by way of deed of assignment, the draft form of which shall be prepared and submitted by Petzed to EGPC, the receipt of which by EGPC will be evidenced by the "Received" stamped copy or EGPC signature evidencing receipt of the same. The foregoing assignment will become effective when such deed of assignment is accepted by EGPC. Legalized notarial copies of the Memorandum and Articles of Association, Certificate of Incorporation, Certificate of Incumbency, share certificate(s) and confirmation letter from the corporate agent of NPC SR and Petzed's Commercial Registration Card will also be submitted to EGPC if so requested by EGPC.

To the extent not conveyed pursuant to operation of the above-noted deed of assignment, Petzed will also assign all of its beneficial and legal right, title, interest and estate in all SR Concession Interests, if any, that arise from the SR Concession to NPC SR. This assignment will be effected pursuant to the operation of an assignment and assumption agreement among certain parties to the Pre-Closing Reorganization (the "**Assignment and Assumption Agreement**"), the form of which is attached to this memorandum as Schedule "A". The foregoing will be accounted for as a contribution of capital from Petzed to NPC SR.

The Assignment and Assumption Agreement will provide for the following:

(i) the assumption by NPC SR of all of the obligations and liabilities of Petzed arising from the SR Concession Interests following the effective time of transfer of such interests from Petzed to NPC SR pursuant to the operation of the Assignment and Assumption Agreement (the "**Assumed SR Obligations**"), if any;

(ii) a covenant of NPC SR to Petzed to perform or comply with, as applicable, in all material respects, the Assumed SR Obligations in accordance with their respective terms;

(iii) subject to the limitations set forth in the Assignment and Assumption Agreement, the indemnification of Petzed by NPC SR from and against any and all actions, claims, suits, costs, demands, liabilities, losses, damages and expenses arising out of or in any way connected to the Assumed SR Obligations following the effective time of transfer of the SR Concession Interests pursuant to the operation of the Assignment and Assumption Agreement; and

(iv) until such time as the transfer of the SR Concession to NPC SR is recognized and accepted by EGPC, Petzed will hold all beneficial right, title, interest and estate of NPC SR in the SR Concession Interests in trust for the sole and exclusive benefit of NPC SR pursuant to the trust agreement attached to this memorandum as Schedule "B".

(b) Petzed will assign all of its beneficial and legal right, title, interest and estate in the EK Concession Interests to its wholly-owned subsidiary, National Petroleum Company East Kheir Ltd. ("**NPC EK**"). The foregoing assignment and assumption will be effected pursuant to the operation of the Assignment and Assumption Agreement and will be accounted for as a contribution to capital.

The Assignment and Assumption Agreement will provide for the following:

(i) the assumption by NPC EK of all of the obligations and liabilities of Petzed arising from the EK Concession Interests following the effective time of transfer of such interests from Petzed to NPC EK pursuant to the operation of the Assignment and Assumption Agreement (the "**Assumed EK Obligations**"), if any;

(ii) a covenant of NPC EK to Petzed to perform or comply with, as applicable, in all material respects, the Assumed EK Obligations in accordance with their respective terms;

(iii) subject to the limitations set forth in the Assignment and Assumption Agreement, the indemnification of Petzed by NPC EK from and against any and all actions, claims, suits, costs, demands, liabilities, losses, damages and expenses arising out of or in any way connected to the Assumed EK Obligations following the effective time of transfer of the EK Concession Interests pursuant to the operation of the Assignment and Assumption Agreement; and

(iv) until such time as the EK Concession Agreement is ratified by the People's Assembly of Egypt and the transfer of the EK Concession to NPC EK is recognized and accepted by EGPC, Petzed will hold all beneficial right, title, interest and estate of NPC EK in the EK Concession Interests in trust for the sole and exclusive benefit of NPC EK pursuant to the trust agreement attached to this memorandum as Schedule "C".

III. TRANSFER OF SHARES OF NPC EEOO

Prior to Closing, NPC Egypt will transfer all of the outstanding shares in the capital of NPC EEOO to an Affiliate of Golden Crescent that is not a member of the NPC Egypt Group on a basis that will not result in any liability to any member of the NPC Egypt Group and so as to ensure that following such transfer, no member of the NPC Egypt Group will have any liability to NPC EEOO.

IV. TRANSFER OF THE SUBCOS TO NPC EGYPT

The transfer of the shares of NPC EK and NPC SR (collectively, the "**Subcos**") from Petzed to NPC Egypt will occur and be accounted for in the following manner. Pursuant to the operation of the Assignment and Assumption Agreement:

(a) Petzed agrees to transfer, or cause to be transferred:

(i) all of the issued and outstanding shares of NPC EK and NPC SR (collectively, the "**Subco Shares**"); and

(ii) all right, title, interest and estate of Petzed in all of the Subco Receivables (as such term is defined below), (collectively, the "**Subco Property**"),

to NPC SAE, or as NPC SAE shall direct, in consideration of the creation of an intercompany account payable by NPC SAE to Petzed in an amount equal to the Recorded Amount.

For this purpose, "**Recorded Amount**" shall be equal to the aggregate amount of funds recorded in the books of Petzed as having been received by Petzed from NPC SAE and allocated to the Subcos (or either of them) by Petzed against the creation, in connection with each such allocation, of a receivable by the recipient Subco in favour of Petzed equal to the amount so allocated (each a "**Subco Receivable**") through to the effective time of the transfer contemplated in this paragraph (a) as set out in the Assignment and Assumption Agreement (the "**Time of Transfer**");

(b) NPC SAE agrees to transfer, or cause to be transferred, to Golden Crescent or as Golden Crescent shall direct, the Subco Property, in consideration of the creation of an intercompany account payable by Golden Crescent to NPC SAE in an amount equal to the Recorded Amount.

(c) Golden Crescent agrees to transfer, or to cause to be transferred, the Subco Property to NPC Egypt, or as NPC Egypt shall direct, in consideration for the creation of intercompany amount payable by NPC Egypt to Golden Crescent in an amount equal to the Recorded Amount.

(d) NPC Egypt directs Golden Crescent to cause the Subco Property to be transferred to it.

(e) Golden Crescent directs NPC SAE to cause the Subco Property to be transferred to NPC Egypt in accordance with the direction received from NPC Egypt described at paragraph (d) above.

(f) NPC SAE directs Petzed to transfer the Subco Property to NPC Egypt in accordance with the direction received from Golden Crescent described at paragraph (e) above.

(g) Petzed transfers all of the Subco Property to NPC Egypt in the manner directed by NPC SAE as described at paragraph (f) above. While this obligation will be set out in the Assignment and Assumption Agreement, the transfer of the Subco Shares will be further evidenced by instruments of transfer.

V. CAPITALIZATION OF INTERCOMPANY DEBT BETWEEN NPC EGYPT AND THE SUBCOS AND THE OPCOS

NPC Egypt will capitalize:

(a) all amounts owing by the Subcos to NPC Egypt pursuant to the Subco Receivables outstanding at the Time of Transfer;

(b) all amounts made available, or allocated, to the Subcos by NPC Egypt as inter-company debt subsequent to the Time of Transfer through to the date of capitalization, and reflected as a receivable owed by a Subco to NPC Egypt; and

(c) all amounts made available, or allocated, to the Opcos by NPC Egypt as inter-company debt subsequent to September 30, 2011 through to the date of capitalization, and reflected as a receivable owed by an Opco to NPC Egypt,

by converting the total amount of the intercompany indebtedness described at paragraphs (a) through (c) above into such number of additional shares in the capital of the applicable Subco or Opco, with a par value of US$1.00 per share and at an issue price of US$1.00 per share (all of which shares will be held by NPC Egypt).

VI. CAPITALIZATION OF INTERCOMPANY DEBT BETWEEN GOLDEN CRESCENT AND NPC EGYPT

Golden Crescent will capitalize all amounts made available, or allocated, to NPC Egypt by Golden Crescent as intercompany debt subsequent to September 30, 2011 through to the date of capitalization, and reflected as a receivable owed by NPC Egypt to Golden Crescent, by converting the total amount of such indebtedness into such number of additional shares in the capital of NPC Egypt, with a par value of US$1.00 per share and at an issue price of US$1.00 per share (all of which shares will be held by Golden Crescent).

*****

We trust the foregoing is of assistance to you. Please do not hesitate to contact either Frank Turner at (403) 260-7017, Drew Morier at (403) 260-7092 or Heidi Wong at (403) 260-7076 should you have any questions or concerns regarding the foregoing.

SCHEDULE "A"
ASSIGNMENT AND ASSUMPTION AGREEMENT

(See attached.)

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is made on ●, 2012,

AMONG:

GOLDEN CRESCENT INVESTMENTS LTD., a BVI business company existing under the laws of the British Virgin Islands,

(“**Golden Crescent**”)

- and -

NATIONAL PETROLEUM COMPANY EGYPT LIMITED, a BVI business company existing under the laws of the British Virgin Islands,

(“**NPC Egypt**”),

- and -

NATIONAL PETROLEUM COMPANY S.A.E., a corporation existing under the laws of Egypt,

(“**NPC SAE**”)

- and -

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD., a corporation existing under the laws of Jersey,

(“**Petzed**”)

- and -

NATIONAL PETROLEUM COMPANY EAST KHEIR LTD., a BVI business company existing under the laws of the British Virgin Islands,

(“**NPC EK**”)

- and -

NATIONAL PETROLEUM COMPANY SOUTH RAMADAN LIMITED, a BVI business company existing under the laws of the British Virgin Islands,

(“**NPC SR**”)

(collectively, the “**Parties**” and each of them, a “**Party**”)

RECITALS:

A. Golden Crescent and Sea Dragon Energy Inc. ("**Sea Dragon**") are parties to a second amended and restated share purchase agreement dated May 10, 2012 (the "**Share Purchase Agreement**"), pursuant to which Golden Crescent has agreed to sell to Sea Dragon, and Sea Dragon has agreed to purchase from Golden Crescent, all of the issued and outstanding shares of NPC Egypt, which is a wholly-owned subsidiary of Golden Crescent.

B. Golden Crescent holds, indirectly, through its wholly-owned subsidiary, NPC SAE, all of the issued and outstanding shares of Petzed, which holds the following interests located in Egypt:

1. the EK Concession Interests (as such term is defined in the Share Purchase Agreement); and

2. the SR Concession Interests (as such term is defined in the Share Purchase Agreement).

C. It is a condition to the closing of the Transactions contemplated by the Share Purchase Agreement that prior to the Closing Date (as such terms are defined in the Share Purchase Agreement), Golden Crescent complete a reorganization (referred to in the Share Purchase Agreement as the "**Pre-Closing Reorganization**") in the manner described in the memorandum attached as Schedule "K" to the Share Purchase Agreement (the "**Pre-Closing Reorganization Memorandum**").

D. Petzed beneficially owns and controls all of the issued and outstanding shares of NPC EK and NPC SR (collectively, the "**Subcos**") and wishes to assign the EK Concession Interests to NPC EK and the SR Concession Interests to NPC SR.

E. Petzed and the Subcos wish to provide for the assumption by the relevant Subcos of all of the obligations and liabilities of Petzed relating to the Petzed Concession Interests as a result of the foregoing assignments.

F. Golden Crescent, NPC Egypt, NPC SAE and Petzed have, directly or indirectly, provided or made available funds to the Subcos for purposes of undertaking their respective businesses, including conducting exploration, development and operations on the Petzed Concessions (as such term is defined in the Share Purchase Agreement), which have been accounted for as intercompany receivables owed by the recipient Subcos in favour of Petzed (in aggregate, the "**Subco Receivables**").

G. The Parties wish to provide for the transfer of all of the issued and outstanding shares of the Subcos (collectively, the "**Subco Shares**"), as well as the Subco Receivables, among themselves with the result that upon the completion of such transactions, the Subco Shares and the Subco Receivables (collectively, the "**Subco Property**") will be held by NPC Egypt, and to set out the manner in which such transfers will be accounted for by the Parties.

H. The Parties have entered into this Agreement to provide for the matters referred to in the foregoing Recitals and the other matters contemplated herein.

THEREFORE, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Unless otherwise specifically defined in this Agreement, all capitalized terms used in this Agreement shall have the respective meanings given to them in the Share Purchase Agreement unless the context otherwise requires. Whenever used in this Agreement, including the Preamble and Recitals, the following words and terms have the respective meanings set out below:

"**Agreement**" means this assignment and assumption agreement, including all schedules, and all amendments or restatements, as permitted, and references to "Article" or "Section" mean the specified Article or Section of this Agreement;

"**Assumed EK Obligations**" has the meaning ascribed to it in Section 3.1(a);

"**Assumed SR Obligations**" has the meaning ascribed to it in Section 3.1(b);

"**Books and Records**" means the books and records of Golden Crescent, NPC Egypt, NPC SAE or Petzed, as applicable, including financial records and books of account;

"**Claims**" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations, or other similar processes, assessments or reassessments, judgments, debts, liabilities, penalties, fines, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

"**Deed of Assignment**" means the draft deed of assignment between Petzed and NPC SR providing for the assignment by Petzed of its 25.5% interest in the 50% participating interest of the "Contractor" parties under the SR Concession Agreement, being an effective 12.75% participating interest in the SR Concession Agreement, to NPC SR, attached hereto as Schedule "A", it being acknowledged and agreed by Petzed and NPC SR that such draft shall be amended to reflect those modifications proposed by Sea Dragon's Egyptian counsel on January 5, 2012 that may be accepted and agreed to by EGPC and any further changes that may be required by EGPC; the final form of the deed of assignment shall be evidenced by EGPC's execution of such instrument;

"**Effective Date**" has the meaning ascribed to it in Section 2.1;

"**EGPC**" means the Egyptian General Petroleum Corporation;

"**EK Concession Agreement**" has the meaning ascribed to it in the Share Purchase Agreement;

"**EK Concession Interests**" has the meaning ascribed to it in the Share Purchase Agreement;

"**EK Trust Agreement**" means the trust agreement to be entered into between Petzed and NPC EK in the form attached hereto as Schedule "D";

"**Instruments of Transfer**" means, collectively:

(a) the instrument of transfer providing for the transfer by Petzed of the NPC EK Shares to NPC Egypt for aggregate consideration of $1,000; and

(b) the instrument of transfer providing for the transfer by Petzed by the NPC SR Shares to NPC Egypt for aggregate consideration of $1,000,

each of which is attached hereto at Schedule "B";

"**Pre-Closing Reorganization**" has the meaning ascribed to it in the Share Purchase Agreement;

"**Pre-Closing Reorganization Memorandum**" has the meaning ascribed to it in the Recitals;

"**NPC EK Property**" means, collectively, the NPC EK Shares and the NPC EK Receivable;

"**NPC EK Receivable**" means the intercompany receivables issued by NPC EK to Petzed in an amount equal to the amount of the funds made available, or allocated, to NPC EK by Petzed, as more particularly set out in Schedule "C";

"**NPC EK Recorded Value**" means with respect to the NPC EK Property, the value recorded in the Books and Records of Petzed that is equal to the amount of funds received by Petzed from NPC SAE and made available, or allocated, to NPC EK by Petzed through to the Effective Date;

"**NPC EK Shares**" means 1,000 shares in the capital of NPC EK, having a par value of $1.00 each, representing all of the issued and outstanding shares in the capital of NPC EK;

"**NPC SR Property**" means, collectively, the NPC SR Shares and the NPC SR Receivable;

"**NPC SR Receivable**" means the intercompany receivables issued by NPC SR to Petzed in an amount equal to the amount of the funds made available, or allocated, to NPC SR by Petzed through to the Effective Date, as more particularly set out in Schedule "C";

"**NPC SR Recorded Value**" means with respect to the NPC SR Property, the value recorded in the Books and Records of Petzed that is equal to the amount of funds received by Petzed from NPC SAE and made available, or allocated, to NPC SR by Petzed through to the Effective Date;

"**NPC SR Shares**" means 1,000 shares in the capital of NPC SR, having a par value of $1.00 each, representing all of the issued and outstanding shares in the capital of NPC SR;

"**Parties**" and "**Party**" have the respective meanings ascribed to them in the Preamble;

"**Petzed Concession Interests**" means, collectively, the EK Concession Interests and the SR Concession Interests;

"**Petzed Indemnified Parties**" has the meaning ascribed to it in Section 3.2;

"**Recorded Value**" means, collectively, the NPC EK Recorded Value and the NPC SR Recorded Value;

"**SR Concession Agreement**" has the meaning ascribed to it in the Share Purchase Agreement;

"**SR Concession Interests**" has the meaning ascribed to it in the Share Purchase Agreement;

"**SR Development Lease**" has the meaning ascribed to it in the Share Purchase Agreement;

"**SR JOA**" has the meaning ascribed to it in the Share Purchase Agreement;

"**SR Trust Agreement**" means the trust agreement to be entered into between Petzed and NPC SR in the form attached hereto as Schedule "E";

"**Subco Board Resolutions**" means, collectively:

(a) the written resolution of the board of directors of NPC EK authorizing the transfer by Petzed of the NPC EK Shares to NPC Egypt for aggregate consideration of $1,000; and

(b) the written resolution of the board of directors of NPC SR authorizing the transfer by Petzed of the NPC SR Shares to NPC Egypt for aggregate consideration of $1,000;

"**Subco Property**" has the meaning ascribed to it in the Recitals and, for greater certainty, means, collectively, the Subco Shares and the Subco Receivables;

"**Subco Receivables**" has the meaning ascribed to it in the Recitals and, for greater certainty, means, collectively:

(a) the NPC EK Receivable; and

(b) the NPC SR Receivable;

"**Subco Shares**" has the meaning ascribed to it the Recitals and, for greater certainty, means, collectively:

(a) the NPC EK Shares; and

(b) the NPC SR Shares;

"**Subcos**" has the meaning ascribed to it in the Recitals;

"**TransOcean**" means TransOcean Mediterranean & Red Sea Drilling Ltd.; and

"**TransOcean Litigation**" means the arbitration proceedings initiated by TransOcean against Petzed and registered with the Cairo Regional Centre for International Commercial Arbitration as Case No. 662/2010 relating to Drilling Rig Contract No. PTZ-10/2008 dated September 22, 2008 between TransOcean and Petzed or any appeal taken by TransOcean or Petzed from the decision of the arbitrator resulting from such proceedings or other legal action taken by either Petzed or TransOcean in respect of the subject matter of the above-noted arbitration proceedings.

1.2 Certain Rules of Interpretation

In this Agreement:

(a) Consent - Whenever a provision of this Agreement requires an approval or consent by a Party and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) Currency - Unless otherwise specified, all references to money amounts are to the lawful currency of the United States.

(c) Governing Law - This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the British Virgin Islands.

(d) Headings - Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

(e) Including - Where the words "including" or "includes" are used in this Agreement, it means "including (or includes) without limitation".

(f) No Strict Construction - The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(g) Number and Gender - Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) Severance and Validity - If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any applicable jurisdiction, such provision shall be deemed to be severed from this Agreement. The remaining provisions will remain in full force in that jurisdiction and all provisions will continue in full force in all other applicable jurisdictions.

(i) References to this Agreement - The words "herein" and "hereof" and other words of similar import refer to this Agreement as a whole and not to any particular article, section or other subdivision of this Agreement.

(j) Statutory References - A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

(k) Time - Time is of the essence in the performance of the Parties' respective obligations.

1.3 Schedules

The following schedules (the "**Schedules**") are attached to, form an integral part of, and are incorporated into this Agreement:

Schedule	Description
"A"	Form of Deed of Assignment
"B"	Instruments of Transfer
"C"	Details of Subco Receivables
"D"	EK Trust Agreement
"E"	SR Trust Agreement

ARTICLE 2
ASSIGNMENT OF PETZED CONCESSION INTERESTS

2.1 Assignment of EK Concession Interests

Effective as of the date hereof (the "**Effective Date**"), Petzed hereby assigns, transfers and conveys its entire estate, right, title and interest in, to and under the EK Concession Interests to NPC EK as a contribution to the capital of NPC EK, and NPC EK hereby accepts the assignment, transfer and conveyance of such estate, right, title and interest in, to and under the EK Concession Interests from Petzed.

2.2 Assignment of SR Concession Interests

Effective as of the Effective Date, Petzed hereby assigns, transfers and conveys its entire estate, right, title and interest in, to and under the SR Concession Interests to NPC SR as a contribution to the capital of NPC SR, and NPC SR hereby accepts the assignment, transfer and conveyance of such estate, right, title and interest in, to and under the SR Concession Interests from Petzed.

ARTICLE 3
ASSUMPTION AND INDEMNIFICATION

3.1 Assumption and Performance of Responsibilities, Liabilities and Obligations

(a) NPC EK hereby accepts the contribution to the capital of NPC EK made by Petzed pursuant to Section 2.1 and agrees to assume all of the responsibilities, obligations and liabilities of Petzed arising from the EK Concession Interests, including the payment of all guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances and other liabilities, as of and with effect from the Effective Date (the "**Assumed EK Obligations**"), and covenants and agrees with Petzed that it shall observe and perform all of the Assumed EK Obligations in the place and stead of Petzed.

(b) NPC SR hereby accepts the contribution to the capital of NPC SR made by Petzed pursuant to Section 2.2 and the Deed of Assignment and agrees to assume all of the responsibilities, obligations and liabilities of Petzed arising from the SR Concession Interests, including the payment of all guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances and other liabilities, as of and with effect from the Effective Date (collectively, the "**Assumed SR Obligations**"), and covenants and agrees with Petzed that it shall observe and perform all of the Assumed SR Obligations in the place and stead of Petzed.

3.2 Indemnification

Other than in respect of any valid Claims, whether or not arising due to Claims made by a third party, which may be made or brought against Petzed and its directors, officers, employees or agents or which Petzed and its directors, officers, employees or agents may suffer or incur, directly or indirectly, as a result of or in connection with or relating to the TransOcean Litigation:

(a) NPC EK shall indemnify and save harmless Petzed and its directors, officers, employees or agents (collectively, the "**Petzed Indemnified Parties**") from and against any and all Claims arising out of or in any way connected to the Assumed EK Obligations; and

(b) NPC SR shall indemnify and save harmless the Petzed Indemnified Parties from and against any and all Claims arising out of or in any way connected to the Assumed SR Obligations.

3.3 Limitations on Indemnification Rights

The respective indemnification obligations of the Subcos to the Petzed Indemnified Parties under this Article 3 are subject to the following rules and limitations:

(a) the respective obligations of the Subcos under Section 3.2 shall terminate on the third anniversary of the date on which the Subcos cease to be Affiliates of Petzed; and

(b) for Claims made under Section 3.2, the Subcos shall not be required to pay for any amount until the aggregate of all Claims against the Subcos made pursuant to this Article 3, taken as a whole, exceeds $250,000 and upon the aggregate of all Claims against the Subcos, taken as a whole, exceeding $250,000 as aforesaid, the Subcos shall be required to pay the amount owing in respect all such Claims in excess of $250,000, except that the foregoing limitation shall not apply to fraud.

3.4 Trustee and Agent

Petzed acknowledges that it is acting as trustee and agent for the remaining Petzed Indemnified Parties on whose behalf or for whose benefit the indemnity in Section 3.2 is provided and that such remaining Petzed Indemnified Parties shall have the full rights and entitlement to take the benefit of and enforce such indemnity notwithstanding that they may not individually be parties to this Agreement. Each of the Subcos agrees that Petzed may enforce the indemnity for and on behalf of such remaining Petzed Indemnified Parties and, in such event, the Subco from whom indemnification is sought will not in any proceeding to enforce the indemnity by or on behalf of such remaining Petzed Indemnified Parties assert any defence thereto based on the absence of authority or consideration or privity of contract and irrevocably waives the benefit of any such defence.

ARTICLE 4
DEED OF ASSIGNMENT AND TRUST OBLIGATIONS

4.1 Deed of Assignment

On December 27, 2011, Petzed submitted the Deed of Assignment, together with such other customary documentation as is typically requested by EGPC in connection with assignment of the SR Concession Agreement by Petzed to NPC SR, to EGPC. Following the date hereof, Petzed shall provide reasonable commercial assistance to NPC SR so as to obtain the approval and acceptance by EGPC of the Deed of Assignment.

4.2 Consents and Trust Obligations

(a) From the Effective Date until such time as the EK Concession Agreement is ratified by the People's Assembly of Egypt and the assignment of the EK Concession Agreement by Petzed to NPC EK is recognized and accepted by EGPC, Petzed will hold all beneficial right, title, interest and estate of NPC EK in the EK Concession Interests in trust for the sole and exclusive benefit of NPC EK pursuant to, and in the manner contemplated by, the EK Trust Agreement.

(b) From the Effective Date until such time as the assignment of the SR Concession Agreement by Petzed to NPC SR is recognized and accepted by EGPC, Petzed will hold all beneficial right, title, interest and estate of NPC SR in the SR Concession Interests in trust for the sole and exclusive benefit of NPC SR pursuant to, and in the manner contemplated by, the SR Trust Agreement.

ARTICLE 5
TRANSFER OF SUBCO PROPERTY

5.1 Transfer of Subco Property by Petzed to NPC SAE

Effective as of the Effective Date and following the completion of the transactions set out in Article 2 and Section 3.1, Petzed agrees to assign, transfer and convey to NPC SAE, or as NPC SAE shall direct, all of Petzed's estate, right, title and interest in, to and under the Subco Shares and the Subco Receivables (collectively, the "**Subco Property**"), and NPC SAE agrees to accept such assignment, transfer and conveyance, for an aggregate purchase price equal to the Recorded Value.

5.2 Transfer of Subco Property by NPC SAE to Golden Crescent

Effective as of the Effective Date and following the completion of the transactions set out in Section 5.1, NPC SAE agrees to assign, transfer and convey, or cause to be assigned, transferred and conveyed, to Golden Crescent, or as Golden Crescent shall direct, all of NPC SAE's estate, right, title and interest in, to and under the Subco Property, and Golden Crescent agrees to accept such assignment, transfer and conveyance, for an aggregate purchase price equal to the Recorded Value.

5.3 Transfer of Subco Property by Golden Crescent to NPC Egypt

Effective as of the Effective Date and following the completion of the transactions set out in Section 5.2, Golden Crescent agrees to assign, transfer and convey, or cause to be assigned, transferred and conveyed, to NPC Egypt, or as NPC Egypt shall direct, all of Golden Crescent's estate, right, title and interest in, to and under the Subco Property, and NPC Egypt agrees to accept such assignment, transfer and conveyance, for an aggregate purchase price equal to the Recorded Value.

5.4 Directions to Transfer Subco Property

Effective as of the Effective Date:

(a) NPC Egypt directs Golden Crescent to cause the Subco Property to be assigned, transferred and conveyed to it pursuant to its right set out at Section 5.3;

(b) Golden Crescent authorizes and directs NPC SAE to cause the Subco Property to be assigned, transferred and conveyed to NPC Egypt pursuant to its right set out at Section 5.2;

(c) NPC SAE authorizes and directs Petzed to assign, transfer and convey the Subco Property to NPC Egypt pursuant to its right set out at Section 5.1; and

(d) Petzed agrees to give effect to the direction received from NPC SAE set out at Section 5.4(c) by undertaking the following actions:

(i) assigning, transferring and conveying all of its estate, right, title and interest in, to and under the Subco Shares to NPC Egypt pursuant to the operation of the corresponding Instruments of Transfer in the forms attached hereto as Schedule "B"; and

(ii) hereby substitutes NPC Egypt for itself under the Subco Receivables with the result that NPC Egypt enjoys all the benefits, rights and interests currently enjoyed by Petzed under the Subco Receivables prior to such substitution, and NPC Egypt hereby accepts such substitution on the terms set forth herein.

5.5 Evidence of Ownership of Subco Shares

Share certificates registered in the name of NPC Egypt evidencing that NPC Egypt is the registered holder of the Subco Shares shall be issued and delivered by each of the Subcos in accordance with the Subco Board Resolutions upon the completion of the transfers of the Subco Shares in the manner contemplated pursuant to Section 5.4.

ARTICLE 6
CONSIDERATION

6.1 Purchase Price

(a) The purchase price payable by NPC SAE to Petzed in consideration of the transfer of the Subco Property in the manner described in Section 5.1 shall be paid and satisfied by the creation of an intercompany amount payable by NPC SAE to Petzed in an amount equal to the Recorded Value on the Effective Date of such transfer as set out in Section 5.4.

(b) The purchase price payable by Golden Crescent to NPC SAE in consideration of the transfer of the Subco Property in the manner described in Section 5.2 shall be paid and satisfied by the creation of an intercompany amount payable by Golden Crescent to NPC SAE in an amount equal to the Recorded Value on the Effective Date of such transfer as set out in Section 5.4.

(c) The purchase price payable by NPC Egypt to Golden Crescent in consideration of the transfer of the Subco Property in the manner described in Section 5.3 shall be paid and satisfied by the creation of an intercompany amount payable by NPC Egypt to Golden Crescent in an amount equal to the Recorded Value on the Effective Date of such transfer as set out in Section 5.4.

ARTICLE 7
GENERAL PROVISIONS

7.1 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Parties to be bound thereby.

7.2 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

7.3 No Waiver

A waiver by any Party of the strict performance by the other Parties of any term, covenant or agreement herein contained shall not of itself constitute a waiver of any subsequent breach of such term, covenant or agreement set out in this Agreement.

7.4 Further Assurances

The Parties shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

[*The Remainder of this Page Has Been Intentionally Left Blank.*]

IN WITNESS OF WHICH the Parties have duly executed this Assignment and Assumption Agreement as of the date first written above.

GOLDEN CRESCENT INVESTMENTS LTD.

By: ________________________________
Name:
Title:

NATIONAL PETROLEUM COMPANY EGYPT LIMITED

By: ________________________________
Name:
Title:

By: ________________________________
Name:
Title:

NATIONAL PETROLEUM COMPANY S.A.E.

By: ________________________________
Name:
Title:

By: ________________________________
Name:
Title:

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD.

By: ________________________________
Name:
Title:

By: ________________________________
Name:
Title:

NATIONAL PETROLEUM COMPANY EAST KHEIR LTD.

By: ________________________________
Name:
Title:

By: ________________________________
Name:
Title:

NATIONAL PETROLEUM COMPANY SOUTH RAMADAN LIMITED

By: ________________________________
Name:
Title:

By: ________________________________
Name:
Title:

SCHEDULE "A"
FORM OF DEED OF ASSIGNMENT

(See attached.)

DEED OF ASSIGNMENT South Ramadan Area Offshore Gulf of Suez Concession Agreement	وثيقــة تنــازل اتفاقية التزام منطقة جنوب رمضان البحرية بخليج السويس
This Deed of Assignment is made and entered into on this ___ day of _______ 2011 by and between: Petzed Investment & Project Management Limited, a corporation organized and existing under the laws of Jersey Channel Islands (hereinafter referred to as "PETZED"), as the Assignor,	تحررت وثيقة التنازل هذه و أبرمت في يوم ___ من شهر _____ سنة 2011، بمعرفة وفيما بين شركة بتزيد للاستثمارات و إدارة المشروعات ليمتد وهي شركة مؤسسة و قائمة طبقا لقوانين ولاية جيرسي ، (و يشار إليها فيما يلى بـ "بتزيد") بوصفها المتنازل.
- and - National Petroleum Company South Ramadan Limited, a company organized and existing under the laws of British Virgin Islands (hereinafter referred to as "NPC"), as the Assignee	و الشركة الوطنية للبترول جنوب رمضان ليميتد، وهي شركة مؤسسة و قائمة وفقاً لقوانين جزر فيرجن البريطانية ،(و يشار إليها فيما يلى بـ "إن بي سي") بوصفها المتنازل اليه .
WHEREAS, PETZED has certain rights, privileges, duties and obligations under the Concession Agreement, promulgated by law No. 148 of 1981 (hereinafter referred to as the "Concession Agreement"), entered into by and between the Government of the Arab Republic of Egypt (the "Government"), the Egyptian General Petroleum Corporation ("EGPC"), the General Petroleum Company ("GPC") and Total Proche Orient S.A ("Total") for petroleum exploration and exploitation covering South Ramadan Area Offshore (Gulf of Suez), as described in Annex "A" and out lined in Annex "B" of the Concession Agreement;	حيث أن بتزيد لها حقوق و امتيازات وواجبــات والتزامات معينة بموجب اتفاقية الالـتزام الصادرة بموجب القانـون رقم 148 لسنة 1981 (والمشار إليها فيما يلي بـ "اتفاقية الالتزام") المبرمة بين حكومــة جمهورية مصر العربية ("الحكومــة") الهيئة المصرية العامة للبترول ("الهيئة") والشركة العامة للبترول ("الشركة العامة") وشركة توتال بروشيه أوريانت (اس . ايه) ("توتال") للبحث عن البترول و استغلاله في منطقـة جنوب رمضان البحرية بخليج السويس كما هي موصوفة في الملحق(أ) والموضحة حدودها في الملحق(ب) باتفاقية الالتزام.

AND WHEREAS, Total has assigned an undivided one hundred percent (100%) interest of its rights, interests, privileges, duties and obligations in the Concession Agreement to Racebrook Limited ("Racebrook") as per the Deed of Assignment approved on 15 August 1990;	وحيث أن توتال كانت قد تنازلت عن نصيب قدره مائة في المائة (100%) على المشاع والذي يمثل جميع حقوقها ومصالحها وامتيازاتها وواجباتها والتزاماتها في اتفاقية الالتزام إلى راسبروك ليمتد ("راسبروك") بموجب وثيقة التنازل الموافق عليها في 15 أغسطس 1990.
AND WHEREAS, Racebrook has assigned an undivided one hundred percent (100%) interest of its rights, interests, privileges, duties and obligations in the Concession Agreement to Racebrook Petroleum (Egypt) Limited ("Racebrook Egypt") as per the Deed of Assignment approved on 25 November 1992;	وحيث أن راسبروك كانت قد تنازلت عن نصيب قدره مائة في المائة (100%) على المشاع والذي يمثل جميع حقوقها ومصالحها وامتيازاتها وواجباتها والتزاماتها في اتفاقية الالتزام إلى شركة راسبروك بتروليم (إيجيبت) ليمتد (راسبروك إيجيبت) بموجب وثيقة التنازل الموافق عليها في 25 نوفمبر 1992.
AND WHEREAS, Racebrook Egypt has assigned an undivided forty percent (40%) interest of its rights, interests, privileges, duties and obligations in the Concession Agreement to Pico International Petroleum Services Panama S.A. per the Deed of Assignment approved on 3 January 1994;	وحيث أن راسبروك إيجيبت كانت قد تنازلت عن نصيب قدره أربعون في المائة (40%) على المشاع من حقوقها ومصالحها وامتيازاتها وواجباتها والتزاماتها في اتفاقية الالتزام إلى بيكو انترناشيونال بتروليم سرفيسز بنما اس . ايه بموجب وثيقة التنازل الموافق عليها في 3 يناير 1994.
AND WHEREAS, Racebrook Egypt has changed its name to Greystone Petroleum (Egypt) Limited ("Greystone");	وحيث أن راسبروك إيجيبت قد تغير اسمها إلى جرايستون بتروليم (إيجيبت) ليمتد ("جرايستون").
AND WHEREAS, by virtue of the Deed of Assignment approved by the Government on 17 September 2007, Greystone assigned an undivided forty two and half percent (42.5%) interest of its rights, interests, privileges, duties and obligations in the Concession Agreement to PETZED;	وحيث أنه بموجب وثيقة تنازل وافقت عليها الحكومة في 2007/9/17 تنازلت جرايستون عن نصيب قدره اثنين وأربعون ونصف في المائة (42،5%) على المشاع من حقوقها ومصالحها وامتيازاتها وواجباتها والتزاماتها في اتفاقية الالتزام إلى بتزد.

AND WHEREAS, PETZED wishes to assign an undivided one hundred percent (100%) interest of all its rights, interests, privileges, duties and obligations in the Concession Agreement to NPC;	وحيث أن بتزيد ترغب في أن تتنـــازل عن نصيب قدره مائة فى المائة (100%) على المشاع والذى يمثل جميع حقوقـها ومصالحها و امتيازاتها وواجباتها و التزاماتها في اتفاقيـة الالتزام إلـى ان بي سي.
AND WHEREAS, NPC accepts such assignment;	وحيث أن ان بي سي تقبل هذا التنازل.
AND WHEREAS, EGPC must review and approve the text of this Deed of Assignment;	و حيث انه يجب مراجعة هذا التنازل و اعتماد صيغته من الهيئة.
AND WHEREAS, such assignment is subject to the approval of the Government.	و حيث أن هذا التنازل يخضع لموافقة حكومة جمهورية مصر العربية.
Now, THEREFORE, the Parties to this Deed of Assignment agree as follows:	بناء عليه، فقد اتفق أطراف هذا التنازل على ما يلى:-
1) This Deed of Assignment is made in accordance with the provisions of Article XX of the Concession Agreement.	1. ابرم هذا التنازل وفقا لنصوص المادة العشرون من اتفاقية الالتزام.
2) PETZED hereby assigns an undivided one hundred percent (100%) interest which represents all its rights, interests, privileges, duties and obligations in the Concession Agreement to NPC.	2. بموجب هذا تتنازل بتزيد عن نصيب قدره مائة فى المائة (100%) على المشاع والذي يمثل كامل حقوقها ومصالحها و امتيازاتها وواجباتها و التزاماتها في اتفاقية الالتزام إلى ان بي سي

Upon the approval of this Deed of Assignment, the interest of the parties constituting the Contractor under the Concession Agreement shall be as follows: NPC 25.5% Greystone 34.5% Pico 40%	ولدى اعتماد وثيقة التنازل هذه فان حصص الأطراف المكونة للمقاول في اتفاقية الالتزام ستكون كالآتي: ان بي سي %25،5 جرايستون %34،5 بيكو %40
3) This Deed of Assignment shall be binding upon and inure to the benefit of the Parties hereto, their successors and assignees.	3. هذا التنـازل ملزم لأطرافه وينفذ في حقهم هم و خلفائهم ومن يتنازلون اليهم .
4) PETZED, as the Assignor, states that it has duly fulfilled all its obligations under the Concession Agreement as of the date of this Deed of Assignment.	4. تقر بتزيد (المتنازل) بأنها قد أوفت بجميع التزاماتها المنصوص عليها فى اتفاقية الالتزام حتى تاريخ هذا التنازل.
5) NPC, as the Assignee, hereby expressly states that it is bound by all the provisions and covenants contained in the Concession Agreement and any modifications or additions in writing as well as, any contracts concluded by PETZED, as the Assignor, with EGPC in implementation thereof that may have been made up to the date of this Deed of Assignment.	5. تقر ان بي سي (المتنازل إليها) صراحة بالتزامها بجميع الشروط الواردة في اتفاقية الالتزام وما يكون قد ادخل عليها كتابة من تعديلات أو إضافات وأي عقود تكون قد أبرمت بين بتزيد (المتنازل) مع الهيئة لتنفيذ اتفاقية الالتزام حتى تاريخ وثيقة التنازل هذه.
6) PETZED and NPC state that the rights and privileges of both the Government and EGPC contained in the Concession Agreement shall not be prejudiced by the provisions of this Deed of Assignment.	6. تقر كل من بتزيد و ان بي سي أن حقوق و امتيازات كلا من الحكومة و الهيئة الواردة في اتفاقية الالتزام لن تضار بنصوص وثيقة التنازل هذه.

7) GPC (the "Operator") through its office in the Arab Republic of Egypt shall be the entity to which, from which and in whose name all notifications related to or in connection with the Concession Agreement shall be made.	7. ستكون الشركة العامة للبترول (القائمة بالعمليات) من خلال مكتبها فى جمهورية مصر العربية هى الجهة التى توجه إليها و منها و باسمها كافة الاخطارات المتعلقة باتفاقية الالتزام سالفة الذكر أو المتصلة بها.
8) This Deed of Assignment shall be effective as of the date of the approval of the Government.	8. يكون هذا التنازل ساري المفعول اعتبارا من تاريخ موافقة الحكومة عليه.
In witness whereof, the Parties hereto have duly executed this Deed of Assignment on this ____ day of ___________ 2011.	و إثباتاً لذلك قام أطراف هذا التنازل بالتوقيع عليه اليوم ____ من شهر __________ سنة 2011.
Assignor: Petzed Investment & Project Management Limited By: ____________________ Title: ____________________ Signature: ____________________	المتنازل : شركة بتزيد للاستثمارات و إدارة المشروعات ليمتد عنها : ____________________ المنصب : ____________________ التوقيع : ____________________
Assignee: National Petroleum Company South Ramadan Limited By;____________________ Title:____________________ Signature:____________________	المتنازل إليه : الشركة الوطنية للبترول جنوب رمضان ليميتد عنها : ____________________ المنصب : ____________________ التوقيع : ____________________
The Deed of Assignment dated ____ of _________ 2011 of South Ramadan Area Offshore Gulf of Suez Concession Agreement, in the Arab Republic of Egypt, promulgated by Law No. 148 of 1981, is accepted and approved.	وثيقة التنازل المذكورة أعلاه المؤرخة في ___ من _______ 2011 و الخاصة باتفاقية التزام منطقة جنوب رمضان البحرية بخليج السويس و الموقعة بموجب القانون 148 لسنة 1981 مقبولة و موافق عليها.

Egyptian General Petroleum Corporation By: Eng. Title : Executive Chairman Signature:____________________	الهيئة المصرية العامة للبترول عنها: السيد المهندس/ المنصب: الرئيس التنفيذي التوقيع:________________
Arab Republic of Egypt Government BY: Eng. Abdullah Ghorab Title: Minister of Petroleum Signature:__________________________ Date: ______________________________	حكومة جمهورية مصر العربية عنها: مهندس/ عبد الله غراب المنصب: وزير البترول التوقيع:______________________ التاريخ-_____________________

SCHEDULE “B”
INSTRUMENTS OF TRANSFER

(See attached.)

NATIONAL PETROLEUM COMPANY SOUTH RAMADAN LIMITED
A BVI Business Company
(the "Company")

SHARE TRANSFER FORM

Petzed Investments and Project Management Ltd (the "**Transferor**") for good and valuable consideration hereby:

1 transfers to National Petroleum Company Egypt Limited (the "**Transferee**") of Geneva Place, Waterfront Drive, Road Town, Tortola, the 1,000 shares standing in the Transferor's name in the register of members of the Company, to hold the same unto the Transferee, subject to the conditions on which the Transferor held the same at the time of execution of this Share Transfer Form; and

2 consents to its name remaining on the register of members of the Company until such time as the Company replaces such name with the name of the Transferee.

Signed for and on behalf of the Transferor

____

Name:

Title: Director

Dated this day of 2012

This Share Transfer Form constitutes an Instrument of Transfer for the purposes of section 54 of the BVI Business Companies Act, 2004 (as amended).

NATIONAL PETROLEUM COMPANY EAST KHEIR LTD
A BVI Business Company
(the "Company")

SHARE TRANSFER FORM

Petzed Investments and Project Management Ltd (the "**Transferor**") for good and valuable consideration hereby:

1 transfers to National Petroleum Company Egypt Limited (the "**Transferee**") of Geneva Place, Waterfront Drive, Road Town, Tortola, the 1,000 shares standing in the Transferor's name in the register of members of the Company, to hold the same unto the Transferee, subject to the conditions on which the Transferor held the same at the time of execution of this Share Transfer Form; and

2 consents to its name remaining on the register of members of the Company until such time as the Company replaces such name with the name of the Transferee.

Signed for and on behalf of the Transferor

____

Name:

Title: Director

Dated this day of 2012

This Share Transfer Form constitutes an Instrument of Transfer for the purposes of section 54 of the BVI Business Companies Act, 2004 (as amended).

SCHEDULE "C"
DETAILS OF SUBCO RECEIVABLES

(See attached.)

NPC EK Receivable at November 30, 2011	**$658,790.11**
NPC SR Receivable at November 30, 2011	**$411,942.73**
Total at November 30, 2011	**$1,070,732.80**

SCHEDULE "D"
EK TRUST AGREEMENT

(See attached.)

THIS TRUST AGREEMENT is dated this ● day of ●, 2012

BETWEEN:

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD., a company existing under the laws of Jersey (the "**Trustee**")

- and -

NATIONAL PETROLEUM COMPANY EAST KHEIR LTD., a BVI business company existing under the laws of the British Virgin Islands (the "**Beneficiary**")

RECITALS:

A. Golden Crescent Investments Ltd. ("**Golden Crescent**") and Sea Dragon Energy Inc., ("**Sea Dragon**") are parties to a second amended and restated share purchase agreement dated May 10, 2012 (the "**Share Purchase Agreement**").

B. It was a condition to closing of the transactions contemplated in the Share Purchase Agreement that Golden Crescent complete a pre-closing reorganization (the "**Pre-Closing Reorganization**") in the manner specified in the Share Purchase Agreement.

C. The Pre-Closing Reorganization was completed on ●, 2012 whereupon the Beneficiary acquired the entire right, title, estate and interest of the Trustee in the letter of award for the EK Concession and the EK Concession Agreement, in each case as such terms are defined in the Share Purchase Agreement (collectively, the "**EK Concession Interests**").

D. The Beneficiary is an indirect wholly-owned subsidiary of Sea Dragon.

E. The Trustee, the Beneficiary, Golden Crescent and Sea Dragon have agreed that the Trustee shall hold the EK Concession Interests in trust for and on behalf of the Beneficiary on the terms and subject to the conditions hereinafter set forth.

THEREFORE in consideration of the premises and mutual covenants and conditions herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby mutually acknowledged), the parties hereto agree as follows:

1. Capitalized terms used herein but not defined shall have the respective meanings ascribed to such terms in the Share Purchase Agreement unless the context otherwise requires.

2. The Trustee hereby acknowledges that:

   (a) the Trustee holds and stands possessed of the EK Concession Interests in trust, as bare trustee, nominee and agent, for and on behalf of the Beneficiary, for the full use, benefit and ownership of the Beneficiary;

(b) the Trustee holds legal title to the EK Concession Interests without beneficial interest therein whatsoever;

(c) all benefit and advantage accruing to the EK Concession Interests, if and when received by the Trustee, shall be received and held in trust by the Trustee, its successors and assigns, for the full use, benefit and ownership of the Beneficiary; and

(d) except as contemplated in Section 14(b) and Section 15, the Trustee will not transfer legal title to or otherwise sell, assign, transfer, convey, encumber, surrender, mortgage, pledge or otherwise dispose of the EK Concession Interests or any portion thereof without the express, prior written consent of the Beneficiary.

3. Notwithstanding any other provision of this Trust Agreement:

(a) the Beneficiary shall be responsible for the performance of any of the agreements comprising the EK Concession Interests and the payment of all guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances and other liabilities arising in connection with the EK Concession Interests including, without limitation, the payment of any bonuses under Article IX of the EK Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the EK Concession Interests;

(b) the Trustee shall have no obligation, responsibility or liability for the performance of any of the agreements comprising the EK Concession Interests or the payment of any guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances or other liabilities arising in connection with the EK Concession Interests including, without limitation, the payment of any bonuses under Article IX of the EK Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the EK Concession Interests; and

(c) except with respect to the transmittal of notices under Section 4 hereof, the Trustee shall not be required to do any act or thing without being directed to so, in writing, by the Beneficiary. The Trustee shall not be required to do any such act or thing until it has received from the Beneficiary sufficient funds to undertake any such action, and any such actions or things shall be undertaken at the sole cost, risk and expense of the Beneficiary.

4. The Trustee shall, upon receipt of any notice issued and received pursuant to any of the EK Concession Interests, convey such notice without undue delay to the Beneficiary at the address and in the manner specified in Section 12 herein.

5. Provided the Trustee acts in good faith as Trustee in accordance with the terms hereof, the Beneficiary hereby agrees to indemnify and save harmless the Trustee, its directors, officers, employees, shareholders and agents (collectively, the "**Trustee Indemnified Parties**") from and against all actions, claims, suits, costs, demands, losses, damages and expenses which may be brought against or suffered by the Trustee Indemnified Parties or

any of them or which the Trustee Indemnified Parties or any of them may sustain, pay or incur by reason of any matter or thing arising out of or in any way attributable to the Trustee holding the EK Concession Interests or as a result of the Trustee carrying out the instructions of the Beneficiary as provided herein.

6. The Trustee shall not be liable to the Beneficiary for any loss or damage arising from any act or omission of the Trustee unless the Trustee fails to act in good faith or is grossly negligent in performing its obligations.

7. The parties hereto agree that the Trustee does not purport to hold in trust and does not warrant to the Beneficiary any better title to the EK Concession Interests than it has now or is entitled to receive.

8. This Trust Agreement shall be effective as of the Closing Time.

9. The terms, covenants and conditions of this Trust Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

10. In the event a dispute arises under this Trust Agreement, the provisions of Article 17 of the Share Purchase Agreement shall apply, *mutatis mutandis*, to the resolution of any such dispute.

11. This Trust Agreement, including any non-contractual obligations arising out of or in connection with this Trust Agreement, is governed by, and this Trust Agreement shall be construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to its conflicts of law rules.

12. Any notice or other writing required or permitted to be given hereunder to the other party shall be sufficiently given if delivered personally, or if sent by prepaid registered mail or if transmitted by facsimile to:

(a) the Trustee:

Petzed Investment and Project Management Ltd.
c/o Citadel Capital
Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish El-Nile
Cairo, Egypt

Attention: Alaa El-Fas – Principal
Email: aelfas@citadelcapital.com
Fax: +202 2791 4448

with a copy to:

Petzed Investment and Project Management Ltd.
c/o Citadel Capital

Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish El-Nile
Cairo, Egypt

Attention: Amr Namek - Legal Counsel
Email: anamek@citadelcapital.com
Fax: +202 2791 4448

with a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 – 1st Street S.W.
Calgary, Alberta T2P 5H1

Attention: Frank J. Turner
Fax: 403.260.7024
E-mail: fturner@osler.com

(b) the Beneficiary:

Sea Dragon Energy Inc.
Suite 2320, Bow Valley Square 3
255 – 5th Avenue S.W.
Calgary, Alberta T2P 3G6

Attention: A.D. (Tony) Anton
Fax: (403) 457-5420
E-mail: antont@seadragonenergy.com

with a copy to:

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

Attention: Edward W. Tapuska
Fax: 403.266.1395
E-mail: etapuska@blg.com

or at such other address as the party to whom such notice is to be given shall have last notified the other party.

13. The Trustee shall not be entitled to receive any remuneration for its services as bare trustee or nominee hereunder. Without limiting Section 5 hereof, the Trustee shall be entitled to be reimbursed by the Beneficiary for any third party expenses, disbursements and costs made or incurred by it in connection with the execution of its duties and the

execution of the powers conferred upon it as Trustee hereunder, such reimbursement to be made forthwith upon the receipt by the Beneficiary of a statement in writing from the Trustee setting out the nature of the third party expenses, disbursements and costs made or incurred and the amounts thereof.

14. The Trustee shall, upon the written request of the Beneficiary or its duly appointed agents or attorneys, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, instruments, assurances or other documents and take all such other actions as may be necessary from time to time in order to:

    (a) evidence the manner in which the Trustee holds legal title to all or any part of the EK Concession Interests; and

    (b) transfer legal title to the EK Concession Interests to the Beneficiary.

15. This Trust Agreement will terminate automatically without any further action required by any Party on the date that the EK Concession Agreement is ratified by the People's Assembly of Egypt and the transfer of legal title of such concession agreement to the Beneficiary has been accepted by EGPC.

16. This Trust Agreement shall be binding upon and enure to the benefit of the Trustee and the Beneficiary and their respective heirs, executors, administrators, successors and permitted assigns.

17. This Trust Agreement may be executed in counterpart and, when each party has executed a counterpart, all counterparts taken together shall constitute one agreement.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF the parties hereto have executed this Trust Agreement and delivered these presents.

NATIONAL PETROLEUM COMPANY EAST KHEIR LTD.

Per: ______________________________________

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD.

Per: ______________________________________

SCHEDULE "E"
SR TRUST AGREEMENT

(See attached.)

THIS TRUST AGREEMENT is dated this ● day of ●, 2012

BETWEEN:

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD., a company existing under the laws of Jersey (the "**Trustee**")

- and -

NATIONAL PETROLEUM COMPANY SOUTH RAMADAN LIMITED, a BVI business company existing under the laws of the British Virgin Islands (the "**Beneficiary**")

RECITALS:

A. Golden Crescent Investments Ltd. ("**Golden Crescent**") and Sea Dragon Energy Inc., ("**Sea Dragon**") are parties to a second amended and restated share purchase agreement dated May 10, 2012 (the "**Share Purchase Agreement**").

B. It was a condition to closing of the transactions contemplated in the Share Purchase Agreement that Golden Crescent complete a pre-closing reorganization (the "**Pre-Closing Reorganization**") in the manner specified in the Share Purchase Agreement.

C. The Pre-Closing Reorganization was completed on ●, 2012 whereupon the Beneficiary acquired the entire right, title, estate and interest of the Trustee in the SR Concession and the SR Concession Agreement, the SR Development Lease and the SR JOA, in each case as such terms are defined in the Share Purchase Agreement (collectively, the "**SR Concession Interests**").

D. The Beneficiary is an indirect wholly-owned subsidiary of Sea Dragon.

E. The Trustee, the Beneficiary, Golden Crescent and Sea Dragon have agreed that the Trustee shall hold the SR Concession Interests in trust for and on behalf of the Beneficiary on the terms and subject to the conditions hereinafter set forth.

THEREFORE in consideration of the premises and mutual covenants and conditions herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby mutually acknowledged), the parties hereto agree as follows:

1. Capitalized terms used herein but not defined shall have the respective meanings ascribed to such terms in the Share Purchase Agreement unless the context otherwise requires.

2. The Trustee hereby acknowledges that:

   (a) the Trustee holds and stands possessed of the SR Concession Interests in trust, as bare trustee, nominee and agent, for and on behalf of the Beneficiary, for the full use, benefit and ownership of the Beneficiary;

(b) the Trustee holds legal title to the SR Concession Interests without beneficial interest therein whatsoever;

(c) all benefit and advantage accruing to the SR Concession Interests, if and when received by the Trustee, shall be received and held in trust by the Trustee, its successors and assigns, for the full use, benefit and ownership of the Beneficiary; and

(d) except as contemplated in Section 14(b) and Section 15, the Trustee will not transfer legal title to or otherwise sell, assign, transfer, convey, encumber, surrender, mortgage, pledge or otherwise dispose of the SR Concession Interests or any portion thereof without the express, prior written consent of the Beneficiary.

3. Notwithstanding any other provision of this Trust Agreement:

(a) the Beneficiary shall be responsible for the performance of any of the agreements comprising the SR Concession Interests and the payment of all guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances and other liabilities arising in connection with the SR Concession Interests including, without limitation, the payment of any bonuses under Article IX of the SR Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the SR Concession Interests or pursuant to the SR JOA or the SR Development Lease;

(b) the Trustee shall have no obligation, responsibility or liability for the performance of any of the agreements comprising the SR Concession Interests or the payment of any guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances or other liabilities arising in connection with the SR Concession Interests including, without limitation, the payment of any bonuses under Article IX of the SR Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the SR Concession Interests or pursuant to the SR JOA or the SR Development Lease; and

(c) except with respect to the transmittal of notices under Section 4 hereof, the Trustee shall not be required to do any act or thing without being directed to so, in writing, by the Beneficiary. The Trustee shall not be required to do any such act or thing until it has received from the Beneficiary sufficient funds to undertake any such action, and any such actions or things shall be undertaken at the sole cost, risk and expense of the Beneficiary.

4. The Trustee shall, upon receipt of any notice issued and received pursuant to any of the SR Concession Interests, convey such notice without undue delay to the Beneficiary at the address and in the manner specified in Section 12 herein.

5. Provided the Trustee acts in good faith as Trustee in accordance with the terms hereof, the Beneficiary hereby agrees to indemnify and save harmless the Trustee, its directors, officers, employees, shareholders and agents (collectively, the "**Trustee Indemnified**

Parties") from and against all actions, claims, suits, costs, demands, losses, damages and expenses which may be brought against or suffered by the Trustee Indemnified Parties or any of them or which the Trustee Indemnified Parties or any of them may sustain, pay or incur by reason of any matter or thing arising out of or in any way attributable to the Trustee holding the SR Concession Interests or as a result of the Trustee carrying out the instructions of the Beneficiary as provided herein.

6. The Trustee shall not be liable to the Beneficiary for any loss or damage arising from any act or omission of the Trustee unless the Trustee fails to act in good faith or is grossly negligent in performing its obligations.

7. The parties hereto agree that the Trustee does not purport to hold in trust and does not warrant to the Beneficiary any better title to the SR Concession Interests than it has now or is entitled to receive.

8. This Trust Agreement shall be effective as of the Closing Time.

9. The terms, covenants and conditions of this Trust Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

10. In the event a dispute arises under this Trust Agreement, the provisions of Article 17 of the Share Purchase Agreement shall apply, *mutatis mutandis*, to the resolution of any such dispute.

11. This Trust Agreement, including any non-contractual obligations arising out of or in connection with this Trust Agreement, is governed by, and this Trust Agreement shall be construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to its conflicts of law rules.

12. Any notice or other writing required or permitted to be given hereunder to the other party shall be sufficiently given if delivered personally, or if sent by prepaid registered mail or if transmitted by facsimile to:

    (a) the Trustee:

    Petzed Investment and Project Management Ltd.
    c/o Citadel Capital
    Four Seasons Nile Plaza Office Building
    Third Floor, 1089 Cornish El-Nile
    Cairo, Egypt

    Attention: Alaa El-Fas – Principal
    Email: aelfas@citadelcapital.com
    Fax: +202 2791 4448

    with a copy to:

Petzed Investment and Project Management Ltd.
c/o Citadel Capital
Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish El-Nile
Cairo, Egypt

Attention: Amr Namek – Legal Counsel
Email: anamek@citadelcapital.com
Fax: +202 2791 4448

with a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 – 1st Street S.W.
Calgary, Alberta T2P 5H1

Attention: Frank J. Turner
Fax: 403.260.7024
E-mail: fturner@osler.com

(b) the Beneficiary:

Sea Dragon Energy Inc.
Suite 2320, Bow Valley Square 3
255 – 5th Avenue S.W.
Calgary, Alberta T2P 3G6

Attention: A.D. (Tony) Anton
Fax: (403) 457-5420
E-mail: antont@seadragonenergy.com

with a copy to:

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

Attention: Edward W. Tapuska
Fax: 403.266.1395
E-mail: etapuska@blg.com

or at such other address as the party to whom such notice is to be given shall have last notified the other party.

13. The Trustee shall not be entitled to receive any remuneration for its services as bare trustee or nominee hereunder. Without limiting Section 5 hereof, the Trustee shall be entitled to be reimbursed by the Beneficiary for any third party expenses, disbursements and costs made or incurred by it in connection with the execution of its duties and the execution of the powers conferred upon it as Trustee hereunder, such reimbursement to be made forthwith upon the receipt by the Beneficiary of a statement in writing from the Trustee setting out the nature of the third party expenses, disbursements and costs made or incurred and the amounts thereof.

14. The Trustee shall, upon the written request of the Beneficiary or its duly appointed agents or attorneys, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, instruments, assurances or other documents and take all such other actions as may be necessary from time to time in order to:

    (a) evidence the manner in which the Trustee holds legal title to all or any part of the SR Concession Interests; and

    (b) transfer legal title to the SR Concession Interests to the Beneficiary.

15. This Trust Agreement will terminate automatically without any further action required by any Party on the date that the transfer of legal title of the SR Concession Agreement and the SR Development Lease to the Beneficiary have been accepted by EGPC.

16. This Trust Agreement shall be binding upon and enure to the benefit of the Trustee and the Beneficiary and their respective heirs, executors, administrators, successors and permitted assigns.

17. This Trust Agreement may be executed in counterpart and, when each party has executed a counterpart, all counterparts taken together shall constitute one agreement.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF the parties hereto have executed this Trust Agreement and delivered these presents.

NATIONAL PETROLEUM COMPANY SOUTH RAMADAN LIMITED

Per: ______________________________

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD.

Per: ______________________________

SCHEDULE "B"
SOUTH RAMADAN TRUST AGREEMENT

(See attached.)

THIS TRUST AGREEMENT is dated this ● day of ●, 2012

BETWEEN:

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD., a company existing under the laws of Jersey (the "**Trustee**")

- and -

NATIONAL PETROLEUM COMPANY SOUTH RAMADAN LIMITED, a BVI business company existing under the laws of the British Virgin Islands (the "**Beneficiary**")

RECITALS:

A. Golden Crescent Investments Ltd. ("**Golden Crescent**") and Sea Dragon Energy Inc., ("**Sea Dragon**") are parties to a second amended and restated share purchase agreement dated May 10, 2012 (the "**Share Purchase Agreement**").

B. It was a condition to closing of the transactions contemplated in the Share Purchase Agreement that Golden Crescent complete a pre-closing reorganization (the "**Pre-Closing Reorganization**") in the manner specified in the Share Purchase Agreement.

C. The Pre-Closing Reorganization was completed on ●, 2012 whereupon the Beneficiary acquired the entire right, title, estate and interest of the Trustee in the SR Concession and the SR Concession Agreement, the SR Development Lease and the SR JOA, in each case as such terms are defined in the Share Purchase Agreement (collectively, the "**SR Concession Interests**").

D. The Beneficiary is an indirect wholly-owned subsidiary of Sea Dragon.

E. The Trustee, the Beneficiary, Golden Crescent and Sea Dragon have agreed that the Trustee shall hold the SR Concession Interests in trust for and on behalf of the Beneficiary on the terms and subject to the conditions hereinafter set forth.

THEREFORE in consideration of the premises and mutual covenants and conditions herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby mutually acknowledged), the parties hereto agree as follows:

1. Capitalized terms used herein but not defined shall have the respective meanings ascribed to such terms in the Share Purchase Agreement unless the context otherwise requires.

2. The Trustee hereby acknowledges that:

   (a) the Trustee holds and stands possessed of the SR Concession Interests in trust, as bare trustee, nominee and agent, for and on behalf of the Beneficiary, for the full use, benefit and ownership of the Beneficiary;

(b) the Trustee holds legal title to the SR Concession Interests without beneficial interest therein whatsoever;

(c) all benefit and advantage accruing to the SR Concession Interests, if and when received by the Trustee, shall be received and held in trust by the Trustee, its successors and assigns, for the full use, benefit and ownership of the Beneficiary; and

(d) except as contemplated in Section 14(b) and Section 15, the Trustee will not transfer legal title to or otherwise sell, assign, transfer, convey, encumber, surrender, mortgage, pledge or otherwise dispose of the SR Concession Interests or any portion thereof without the express, prior written consent of the Beneficiary.

3. Notwithstanding any other provision of this Trust Agreement:

(a) the Beneficiary shall be responsible for the performance of any of the agreements comprising the SR Concession Interests and the payment of all guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances and other liabilities arising in connection with the SR Concession Interests including, without limitation, the payment of any bonuses under Article IX of the SR Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the SR Concession Interests or pursuant to the SR JOA or the SR Development Lease;

(b) the Trustee shall have no obligation, responsibility or liability for the performance of any of the agreements comprising the SR Concession Interests or the payment of any guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances or other liabilities arising in connection with the SR Concession Interests including, without limitation, the payment of any bonuses under Article IX of the SR Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the SR Concession Interests or pursuant to the SR JOA or the SR Development Lease; and

(c) except with respect to the transmittal of notices under Section 4 hereof, the Trustee shall not be required to do any act or thing without being directed to so, in writing, by the Beneficiary. The Trustee shall not be required to do any such act or thing until it has received from the Beneficiary sufficient funds to undertake any such action, and any such actions or things shall be undertaken at the sole cost, risk and expense of the Beneficiary.

4. The Trustee shall, upon receipt of any notice issued and received pursuant to any of the SR Concession Interests, convey such notice without undue delay to the Beneficiary at the address and in the manner specified in Section 12 herein.

5. Provided the Trustee acts in good faith as Trustee in accordance with the terms hereof, the Beneficiary hereby agrees to indemnify and save harmless the Trustee, its directors, officers, employees, shareholders and agents (collectively, the "**Trustee Indemnified**

Parties") from and against all actions, claims, suits, costs, demands, losses, damages and expenses which may be brought against or suffered by the Trustee Indemnified Parties or any of them or which the Trustee Indemnified Parties or any of them may sustain, pay or incur by reason of any matter or thing arising out of or in any way attributable to the Trustee holding the SR Concession Interests or as a result of the Trustee carrying out the instructions of the Beneficiary as provided herein.

6. The Trustee shall not be liable to the Beneficiary for any loss or damage arising from any act or omission of the Trustee unless the Trustee fails to act in good faith or is grossly negligent in performing its obligations.

7. The parties hereto agree that the Trustee does not purport to hold in trust and does not warrant to the Beneficiary any better title to the SR Concession Interests than it has now or is entitled to receive.

8. This Trust Agreement shall be effective as of the Closing Time.

9. The terms, covenants and conditions of this Trust Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

10. In the event a dispute arises under this Trust Agreement, the provisions of Article 17 of the Share Purchase Agreement shall apply, *mutatis mutandis*, to the resolution of any such dispute.

11. This Trust Agreement, including any non-contractual obligations arising out of or in connection with this Trust Agreement, is governed by, and this Trust Agreement shall be construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to its conflicts of law rules.

12. Any notice or other writing required or permitted to be given hereunder to the other party shall be sufficiently given if delivered personally, or if sent by prepaid registered mail or if transmitted by facsimile to:

    (a) the Trustee:

    Petzed Investment and Project Management Ltd.
    c/o Citadel Capital
    Four Seasons Nile Plaza Office Building
    Third Floor, 1089 Cornish El-Nile
    Cairo, Egypt

    Attention: Alaa El-Fas – Principal
    Email: aelfas@citadelcapital.com
    Fax: +202 2791 4448

    with a copy to:

Petzed Investment and Project Management Ltd.
c/o Citadel Capital
Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish El-Nile
Cairo, Egypt

Attention: Amr Namek – Legal Counsel
Email: anamek@citadelcapital.com
Fax: +202 2791 4448

with a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 – 1st Street S.W.
Calgary, Alberta T2P 5H1

Attention: Frank J. Turner
Fax: 403.260.7024
E-mail: fturner@osler.com

(b) the Beneficiary:

Sea Dragon Energy Inc.
Suite 2320, Bow Valley Square 3
255 – 5th Avenue S.W.
Calgary, Alberta T2P 3G6

Attention: A.D. (Tony) Anton
Fax: (403) 457-5420
E-mail: antont@seadragonenergy.com

with a copy to:

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

Attention: Edward W. Tapuska
Fax: 403.266.1395
E-mail: etapuska@blg.com

or at such other address as the party to whom such notice is to be given shall have last notified the other party.

13. The Trustee shall not be entitled to receive any remuneration for its services as bare trustee or nominee hereunder. Without limiting Section 5 hereof, the Trustee shall be entitled to be reimbursed by the Beneficiary for any third party expenses, disbursements and costs made or incurred by it in connection with the execution of its duties and the execution of the powers conferred upon it as Trustee hereunder, such reimbursement to be made forthwith upon the receipt by the Beneficiary of a statement in writing from the Trustee setting out the nature of the third party expenses, disbursements and costs made or incurred and the amounts thereof.

14. The Trustee shall, upon the written request of the Beneficiary or its duly appointed agents or attorneys, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, instruments, assurances or other documents and take all such other actions as may be necessary from time to time in order to:

    (a) evidence the manner in which the Trustee holds legal title to all or any part of the SR Concession Interests; and

    (b) transfer legal title to the SR Concession Interests to the Beneficiary.

15. This Trust Agreement will terminate automatically without any further action required by any Party on the date that the transfer of legal title of the SR Concession Agreement and the SR Development Lease to the Beneficiary have been accepted by EGPC.

16. This Trust Agreement shall be binding upon and enure to the benefit of the Trustee and the Beneficiary and their respective heirs, executors, administrators, successors and permitted assigns.

17. This Trust Agreement may be executed in counterpart and, when each party has executed a counterpart, all counterparts taken together shall constitute one agreement.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF the parties hereto have executed this Trust Agreement and delivered these presents.

NATIONAL PETROLEUM COMPANY SOUTH RAMADAN LIMITED

Per: ______________________________

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD.

Per: ______________________________

SCHEDULE "C"
EAST KHEIR TRUST AGREEMENT

(See attached.)

THIS TRUST AGREEMENT is dated this ● day of ●, 2012

BETWEEN:

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD., a company existing under the laws of Jersey (the "**Trustee**")

- and -

NATIONAL PETROLEUM COMPANY EAST KHEIR LTD., a BVI business company existing under the laws of the British Virgin Islands (the "**Beneficiary**")

RECITALS:

A. Golden Crescent Investments Ltd. ("**Golden Crescent**") and Sea Dragon Energy Inc., ("**Sea Dragon**") are parties to a second amended and restated share purchase agreement dated May 10, 2012 (the "**Share Purchase Agreement**").

B. It was a condition to closing of the transactions contemplated in the Share Purchase Agreement that Golden Crescent complete a pre-closing reorganization (the "**Pre-Closing Reorganization**") in the manner specified in the Share Purchase Agreement.

C. The Pre-Closing Reorganization was completed on ●, 2012 whereupon the Beneficiary acquired the entire right, title, estate and interest of the Trustee in the letter of award for the EK Concession and the EK Concession Agreement, in each case as such terms are defined in the Share Purchase Agreement (collectively, the "**EK Concession Interests**").

D. The Beneficiary is an indirect wholly-owned subsidiary of Sea Dragon.

E. The Trustee, the Beneficiary, Golden Crescent and Sea Dragon have agreed that the Trustee shall hold the EK Concession Interests in trust for and on behalf of the Beneficiary on the terms and subject to the conditions hereinafter set forth.

THEREFORE in consideration of the premises and mutual covenants and conditions herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby mutually acknowledged), the parties hereto agree as follows:

1. Capitalized terms used herein but not defined shall have the respective meanings ascribed to such terms in the Share Purchase Agreement unless the context otherwise requires.

2. The Trustee hereby acknowledges that:

   (a) the Trustee holds and stands possessed of the EK Concession Interests in trust, as bare trustee, nominee and agent, for and on behalf of the Beneficiary, for the full use, benefit and ownership of the Beneficiary;

(b) the Trustee holds legal title to the EK Concession Interests without beneficial interest therein whatsoever;

(c) all benefit and advantage accruing to the EK Concession Interests, if and when received by the Trustee, shall be received and held in trust by the Trustee, its successors and assigns, for the full use, benefit and ownership of the Beneficiary; and

(d) except as contemplated in Section 14(b) and Section 15, the Trustee will not transfer legal title to or otherwise sell, assign, transfer, convey, encumber, surrender, mortgage, pledge or otherwise dispose of the EK Concession Interests or any portion thereof without the express, prior written consent of the Beneficiary.

3. Notwithstanding any other provision of this Trust Agreement:

(a) the Beneficiary shall be responsible for the performance of any of the agreements comprising the EK Concession Interests and the payment of all guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances and other liabilities arising in connection with the EK Concession Interests including, without limitation, the payment of any bonuses under Article IX of the EK Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the EK Concession Interests;

(b) the Trustee shall have no obligation, responsibility or liability for the performance of any of the agreements comprising the EK Concession Interests or the payment of any guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances or other liabilities arising in connection with the EK Concession Interests including, without limitation, the payment of any bonuses under Article IX of the EK Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the EK Concession Interests; and

(c) except with respect to the transmittal of notices under Section 4 hereof, the Trustee shall not be required to do any act or thing without being directed to so, in writing, by the Beneficiary. The Trustee shall not be required to do any such act or thing until it has received from the Beneficiary sufficient funds to undertake any such action, and any such actions or things shall be undertaken at the sole cost, risk and expense of the Beneficiary.

4. The Trustee shall, upon receipt of any notice issued and received pursuant to any of the EK Concession Interests, convey such notice without undue delay to the Beneficiary at the address and in the manner specified in Section 12 herein.

5. Provided the Trustee acts in good faith as Trustee in accordance with the terms hereof, the Beneficiary hereby agrees to indemnify and save harmless the Trustee, its directors, officers, employees, shareholders and agents (collectively, the "**Trustee Indemnified Parties**") from and against all actions, claims, suits, costs, demands, losses, damages and expenses which may be brought against or suffered by the Trustee Indemnified Parties or

any of them or which the Trustee Indemnified Parties or any of them may sustain, pay or incur by reason of any matter or thing arising out of or in any way attributable to the Trustee holding the EK Concession Interests or as a result of the Trustee carrying out the instructions of the Beneficiary as provided herein.

6. The Trustee shall not be liable to the Beneficiary for any loss or damage arising from any act or omission of the Trustee unless the Trustee fails to act in good faith or is grossly negligent in performing its obligations.

7. The parties hereto agree that the Trustee does not purport to hold in trust and does not warrant to the Beneficiary any better title to the EK Concession Interests than it has now or is entitled to receive.

8. This Trust Agreement shall be effective as of the Closing Time.

9. The terms, covenants and conditions of this Trust Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

10. In the event a dispute arises under this Trust Agreement, the provisions of Article 17 of the Share Purchase Agreement shall apply, *mutatis mutandis*, to the resolution of any such dispute.

11. This Trust Agreement, including any non-contractual obligations arising out of or in connection with this Trust Agreement, is governed by, and this Trust Agreement shall be construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to its conflicts of law rules.

12. Any notice or other writing required or permitted to be given hereunder to the other party shall be sufficiently given if delivered personally, or if sent by prepaid registered mail or if transmitted by facsimile to:

(a) the Trustee:

Petzed Investment and Project Management Ltd.
c/o Citadel Capital
Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish El-Nile
Cairo, Egypt

Attention: Alaa El-Fas – Principal
Email: aelfas@citadelcapital.com
Fax: +202 2791 4448

with a copy to:

Petzed Investment and Project Management Ltd.
c/o Citadel Capital

Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish El-Nile
Cairo, Egypt

Attention: Amr Namek - Legal Counsel
Email: anamek@citadelcapital.com
Fax: +202 2791 4448

with a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 – 1st Street S.W.
Calgary, Alberta T2P 5H1

Attention: Frank J. Turner
Fax: 403.260.7024
E-mail: fturner@osler.com

(b) the Beneficiary:

Sea Dragon Energy Inc.
Suite 2320, Bow Valley Square 3
255 – 5th Avenue S.W.
Calgary, Alberta T2P 3G6

Attention: A.D. (Tony) Anton
Fax: (403) 457-5420
E-mail: antont@seadragonenergy.com

with a copy to:

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

Attention: Edward W. Tapuska
Fax: 403.266.1395
E-mail: etapuska@blg.com

or at such other address as the party to whom such notice is to be given shall have last notified the other party.

13. The Trustee shall not be entitled to receive any remuneration for its services as bare trustee or nominee hereunder. Without limiting Section 5 hereof, the Trustee shall be entitled to be reimbursed by the Beneficiary for any third party expenses, disbursements and costs made or incurred by it in connection with the execution of its duties and the

execution of the powers conferred upon it as Trustee hereunder, such reimbursement to be made forthwith upon the receipt by the Beneficiary of a statement in writing from the Trustee setting out the nature of the third party expenses, disbursements and costs made or incurred and the amounts thereof.

14. The Trustee shall, upon the written request of the Beneficiary or its duly appointed agents or attorneys, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, instruments, assurances or other documents and take all such other actions as may be necessary from time to time in order to:

    (a) evidence the manner in which the Trustee holds legal title to all or any part of the EK Concession Interests; and

    (b) transfer legal title to the EK Concession Interests to the Beneficiary.

15. This Trust Agreement will terminate automatically without any further action required by any Party on the date that the EK Concession Agreement is ratified by the People's Assembly of Egypt and the transfer of legal title of such concession agreement to the Beneficiary has been accepted by EGPC.

16. This Trust Agreement shall be binding upon and enure to the benefit of the Trustee and the Beneficiary and their respective heirs, executors, administrators, successors and permitted assigns.

17. This Trust Agreement may be executed in counterpart and, when each party has executed a counterpart, all counterparts taken together shall constitute one agreement.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF the parties hereto have executed this Trust Agreement and delivered these presents.

NATIONAL PETROLEUM COMPANY EAST KHEIR LTD.

Per: ______________________________

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD.

Per: ______________________________

SCHEDULE “L”
FORM OF TRUST AGREEMENTS

See attached.

THIS TRUST AGREEMENT is dated this ● day of ●, 2012

BETWEEN:

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD., a company existing under the laws of Jersey (the "**Trustee**")

- and -

NATIONAL PETROLEUM COMPANY SOUTH RAMADAN LIMITED, a BVI business company existing under the laws of the British Virgin Islands (the "**Beneficiary**")

RECITALS:

A. Golden Crescent Investments Ltd. ("**Golden Crescent**") and Sea Dragon Energy Inc., ("**Sea Dragon**") are parties to a second amended and restated share purchase agreement dated May 10, 2012 (the "**Share Purchase Agreement**").

B. It was a condition to closing of the transactions contemplated in the Share Purchase Agreement that Golden Crescent complete a pre-closing reorganization (the "**Pre-Closing Reorganization**") in the manner specified in the Share Purchase Agreement.

C. The Pre-Closing Reorganization was completed on ●, 2012 whereupon the Beneficiary acquired the entire right, title, estate and interest of the Trustee in the SR Concession and the SR Concession Agreement, the SR Development Lease and the SR JOA, in each case as such terms are defined in the Share Purchase Agreement (collectively, the "**SR Concession Interests**").

D. The Beneficiary is an indirect wholly-owned subsidiary of Sea Dragon.

E. The Trustee, the Beneficiary, Golden Crescent and Sea Dragon have agreed that the Trustee shall hold the SR Concession Interests in trust for and on behalf of the Beneficiary on the terms and subject to the conditions hereinafter set forth.

THEREFORE in consideration of the premises and mutual covenants and conditions herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby mutually acknowledged), the parties hereto agree as follows:

1. Capitalized terms used herein but not defined shall have the respective meanings ascribed to such terms in the Share Purchase Agreement unless the context otherwise requires.

2. The Trustee hereby acknowledges that:

   (a) the Trustee holds and stands possessed of the SR Concession Interests in trust, as bare trustee, nominee and agent, for and on behalf of the Beneficiary, for the full use, benefit and ownership of the Beneficiary;

(b) the Trustee holds legal title to the SR Concession Interests without beneficial interest therein whatsoever;

(c) all benefit and advantage accruing to the SR Concession Interests, if and when received by the Trustee, shall be received and held in trust by the Trustee, its successors and assigns, for the full use, benefit and ownership of the Beneficiary; and

(d) except as contemplated in Section 14(b) and Section 15, the Trustee will not transfer legal title to or otherwise sell, assign, transfer, convey, encumber, surrender, mortgage, pledge or otherwise dispose of the SR Concession Interests or any portion thereof without the express, prior written consent of the Beneficiary.

3. Notwithstanding any other provision of this Trust Agreement:

(a) the Beneficiary shall be responsible for the performance of any of the agreements comprising the SR Concession Interests and the payment of all guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances and other liabilities arising in connection with the SR Concession Interests including, without limitation, the payment of any bonuses under Article IX of the SR Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the SR Concession Interests or pursuant to the SR JOA or the SR Development Lease;

(b) the Trustee shall have no obligation, responsibility or liability for the performance of any of the agreements comprising the SR Concession Interests or the payment of any guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances or other liabilities arising in connection with the SR Concession Interests including, without limitation, the payment of any bonuses under Article IX of the SR Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the SR Concession Interests or pursuant to the SR JOA or the SR Development Lease; and

(c) except with respect to the transmittal of notices under Section 4 hereof, the Trustee shall not be required to do any act or thing without being directed to so, in writing, by the Beneficiary. The Trustee shall not be required to do any such act or thing until it has received from the Beneficiary sufficient funds to undertake any such action, and any such actions or things shall be undertaken at the sole cost, risk and expense of the Beneficiary.

4. The Trustee shall, upon receipt of any notice issued and received pursuant to any of the SR Concession Interests, convey such notice without undue delay to the Beneficiary at the address and in the manner specified in Section 12 herein.

5. Provided the Trustee acts in good faith as Trustee in accordance with the terms hereof, the Beneficiary hereby agrees to indemnify and save harmless the Trustee, its directors, officers, employees, shareholders and agents (collectively, the "**Trustee Indemnified**

Parties") from and against all actions, claims, suits, costs, demands, losses, damages and expenses which may be brought against or suffered by the Trustee Indemnified Parties or any of them or which the Trustee Indemnified Parties or any of them may sustain, pay or incur by reason of any matter or thing arising out of or in any way attributable to the Trustee holding the SR Concession Interests or as a result of the Trustee carrying out the instructions of the Beneficiary as provided herein.

6. The Trustee shall not be liable to the Beneficiary for any loss or damage arising from any act or omission of the Trustee unless the Trustee fails to act in good faith or is grossly negligent in performing its obligations.

7. The parties hereto agree that the Trustee does not purport to hold in trust and does not warrant to the Beneficiary any better title to the SR Concession Interests than it has now or is entitled to receive.

8. This Trust Agreement shall be effective as of the Closing Time.

9. The terms, covenants and conditions of this Trust Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

10. In the event a dispute arises under this Trust Agreement, the provisions of Article 17 of the Share Purchase Agreement shall apply, *mutatis mutandis*, to the resolution of any such dispute.

11. This Trust Agreement, including any non-contractual obligations arising out of or in connection with this Trust Agreement, is governed by, and this Trust Agreement shall be construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to its conflicts of law rules.

12. Any notice or other writing required or permitted to be given hereunder to the other party shall be sufficiently given if delivered personally, or if sent by prepaid registered mail or if transmitted by facsimile to:

    (a) the Trustee:

    Petzed Investment and Project Management Ltd.
    c/o Citadel Capital
    Four Seasons Nile Plaza Office Building
    Third Floor, 1089 Cornish El-Nile
    Cairo, Egypt

    Attention: Alaa El-Fas – Principal
    Email: aelfas@citadelcapital.com
    Fax: +202 2791 4448

    with a copy to:

Petzed Investment and Project Management Ltd.
c/o Citadel Capital
Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish El-Nile
Cairo, Egypt

Attention:	Amr Namek – Legal Counsel
Email:	anamek@citadelcapital.com
Fax:	+202 2791 4448

with a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 – 1st Street S.W.
Calgary, Alberta T2P 5H1

Attention:	Frank J. Turner
Fax:	403.260.7024
E-mail:	fturner@osler.com

(b) the Beneficiary:

Sea Dragon Energy Inc.
Suite 2320, Bow Valley Square 3
255 – 5th Avenue S.W.
Calgary, Alberta T2P 3G6

Attention:	A.D. (Tony) Anton
Fax:	(403) 457-5420
E-mail:	antont@seadragonenergy.com

with a copy to:

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

Attention:	Edward W. Tapuska
Fax:	403.266.1395
E-mail:	etapuska@blg.com

or at such other address as the party to whom such notice is to be given shall have last notified the other party.

13. The Trustee shall not be entitled to receive any remuneration for its services as bare trustee or nominee hereunder. Without limiting Section 5 hereof, the Trustee shall be entitled to be reimbursed by the Beneficiary for any third party expenses, disbursements and costs made or incurred by it in connection with the execution of its duties and the execution of the powers conferred upon it as Trustee hereunder, such reimbursement to be made forthwith upon the receipt by the Beneficiary of a statement in writing from the Trustee setting out the nature of the third party expenses, disbursements and costs made or incurred and the amounts thereof.

14. The Trustee shall, upon the written request of the Beneficiary or its duly appointed agents or attorneys, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, instruments, assurances or other documents and take all such other actions as may be necessary from time to time in order to:

    (a) evidence the manner in which the Trustee holds legal title to all or any part of the SR Concession Interests; and

    (b) transfer legal title to the SR Concession Interests to the Beneficiary.

15. This Trust Agreement will terminate automatically without any further action required by any Party on the date that the transfer of legal title of the SR Concession Agreement and the SR Development Lease to the Beneficiary have been accepted by EGPC.

16. This Trust Agreement shall be binding upon and enure to the benefit of the Trustee and the Beneficiary and their respective heirs, executors, administrators, successors and permitted assigns.

17. This Trust Agreement may be executed in counterpart and, when each party has executed a counterpart, all counterparts taken together shall constitute one agreement.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF the parties hereto have executed this Trust Agreement and delivered these presents.

NATIONAL PETROLEUM COMPANY SOUTH RAMADAN LIMITED

Per: ____________________________________

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD.

Per: ____________________________________

THIS TRUST AGREEMENT is dated this ● day of ●, 2012

BETWEEN:

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD., a company existing under the laws of Jersey (the "**Trustee**")

- and -

NATIONAL PETROLEUM COMPANY EAST KHEIR LTD., a BVI business company existing under the laws of the British Virgin Islands (the "**Beneficiary**")

RECITALS:

A. Golden Crescent Investments Ltd. ("**Golden Crescent**") and Sea Dragon Energy Inc., ("**Sea Dragon**") are parties to a second amended and restated share purchase agreement dated May 10, 2012 (the "**Share Purchase Agreement**").

B. It was a condition to closing of the transactions contemplated in the Share Purchase Agreement that Golden Crescent complete a pre-closing reorganization (the "**Pre-Closing Reorganization**") in the manner specified in the Share Purchase Agreement.

C. The Pre-Closing Reorganization was completed on ●, 2012 whereupon the Beneficiary acquired the entire right, title, estate and interest of the Trustee in the letter of award for the EK Concession and the EK Concession Agreement, in each case as such terms are defined in the Share Purchase Agreement (collectively, the "**EK Concession Interests**").

D. The Beneficiary is an indirect wholly-owned subsidiary of Sea Dragon.

E. The Trustee, the Beneficiary, Golden Crescent and Sea Dragon have agreed that the Trustee shall hold the EK Concession Interests in trust for and on behalf of the Beneficiary on the terms and subject to the conditions hereinafter set forth.

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1. Capitalized terms used herein but not defined shall have the respective meanings ascribed to such terms in the Share Purchase Agreement unless the context otherwise requires.

2. The Trustee hereby acknowledges that:

   (a) the Trustee holds and stands possessed of the EK Concession Interests in trust, as bare trustee, nominee and agent, for and on behalf of the Beneficiary, for the full use, benefit and ownership of the Beneficiary;

(b) the Trustee holds legal title to the EK Concession Interests without beneficial interest therein whatsoever;

(c) all benefit and advantage accruing to the EK Concession Interests, if and when received by the Trustee, shall be received and held in trust by the Trustee, its successors and assigns, for the full use, benefit and ownership of the Beneficiary; and

(d) except as contemplated in Section 14(b) and Section 15, the Trustee will not transfer legal title to or otherwise sell, assign, transfer, convey, encumber, surrender, mortgage, pledge or otherwise dispose of the EK Concession Interests or any portion thereof without the express, prior written consent of the Beneficiary.

3. Notwithstanding any other provision of this Trust Agreement:

(a) the Beneficiary shall be responsible for the performance of any of the agreements comprising the EK Concession Interests and the payment of all guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances and other liabilities arising in connection with the EK Concession Interests including, without limitation, the payment of any bonuses under Article IX of the EK Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the EK Concession Interests;

(b) the Trustee shall have no obligation, responsibility or liability for the performance of any of the agreements comprising the EK Concession Interests or the payment of any guarantees, bonuses, expenses, losses, charges, rentals, taxes, encumbrances or other liabilities arising in connection with the EK Concession Interests including, without limitation, the payment of any bonuses under Article IX of the EK Concession Agreement or any other actions or payments as may be necessary for the preservation of any of the EK Concession Interests; and

(c) except with respect to the transmittal of notices under Section 4 hereof, the Trustee shall not be required to do any act or thing without being directed to so, in writing, by the Beneficiary. The Trustee shall not be required to do any such act or thing until it has received from the Beneficiary sufficient funds to undertake any such action, and any such actions or things shall be undertaken at the sole cost, risk and expense of the Beneficiary.

4. The Trustee shall, upon receipt of any notice issued and received pursuant to any of the EK Concession Interests, convey such notice without undue delay to the Beneficiary at the address and in the manner specified in Section 12 herein.

5. Provided the Trustee acts in good faith as Trustee in accordance with the terms hereof, the Beneficiary hereby agrees to indemnify and save harmless the Trustee, its directors, officers, employees, shareholders and agents (collectively, the "**Trustee Indemnified Parties**") from and against all actions, claims, suits, costs, demands, losses, damages and expenses which may be brought against or suffered by the Trustee Indemnified Parties or

any of them or which the Trustee Indemnified Parties or any of them may sustain, pay or incur by reason of any matter or thing arising out of or in any way attributable to the Trustee holding the EK Concession Interests or as a result of the Trustee carrying out the instructions of the Beneficiary as provided herein.

6. The Trustee shall not be liable to the Beneficiary for any loss or damage arising from any act or omission of the Trustee unless the Trustee fails to act in good faith or is grossly negligent in performing its obligations.

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Petzed Investment and Project Management Ltd.
c/o Citadel Capital
Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish El-Nile
Cairo, Egypt

Attention: Alaa El-Fas – Principal
Email: aelfas@citadelcapital.com
Fax: +202 2791 4448

with a copy to:

Petzed Investment and Project Management Ltd.
c/o Citadel Capital

Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish El-Nile
Cairo, Egypt

Attention: Amr Namek - Legal Counsel
Email: anamek@citadelcapital.com
Fax: +202 2791 4448

with a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 – 1st Street S.W.
Calgary, Alberta T2P 5H1

Attention: Frank J. Turner
Fax: 403.260.7024
E-mail: fturner@osler.com

(b) the Beneficiary:

Sea Dragon Energy Inc.
Suite 2320, Bow Valley Square 3
255 – 5th Avenue S.W.
Calgary, Alberta T2P 3G6

Attention: A.D. (Tony) Anton
Fax: (403) 457-5420
E-mail: antont@seadragonenergy.com

with a copy to:

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

Attention: Edward W. Tapuska
Fax: 403.266.1395
E-mail: etapuska@blg.com

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execution of the powers conferred upon it as Trustee hereunder, such reimbursement to be made forthwith upon the receipt by the Beneficiary of a statement in writing from the Trustee setting out the nature of the third party expenses, disbursements and costs made or incurred and the amounts thereof.

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    (b) transfer legal title to the EK Concession Interests to the Beneficiary.

15. This Trust Agreement will terminate automatically without any further action required by any Party on the date that the EK Concession Agreement is ratified by the People's Assembly of Egypt and the transfer of legal title of such concession agreement to the Beneficiary has been accepted by EGPC.

16. This Trust Agreement shall be binding upon and enure to the benefit of the Trustee and the Beneficiary and their respective heirs, executors, administrators, successors and permitted assigns.

17. This Trust Agreement may be executed in counterpart and, when each party has executed a counterpart, all counterparts taken together shall constitute one agreement.

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IN WITNESS WHEREOF the parties hereto have executed this Trust Agreement and delivered these presents.

NATIONAL PETROLEUM COMPANY EAST KHEIR LTD.

Per: ______________________________________

PETZED INVESTMENT AND PROJECT MANAGEMENT LTD.

Per: ______________________________________

SCHEDULE "M"
NPC EGYPT GROUP, JV SUBSIDIARIES AND PETZED WELLS

NEM

well	contractor / YEAR	TD M	Formation	Status	Remarks
Slav-1	Isarel 1973	1699	M Jurassic	P&A	
Pelusion-1	Isarel 1977	2499	Oligocene	P&A	
Gofer-1	Isarel 1977	2157	M Jurassic	P&A	
Misfaq-1	IEOC 1985	3170	M.L Jurassic	P&A	
Bardawil-1	IEOC 1985	4490	E Cretaceous	P&A	
Mazar-1	IEOC 1986	2492	L Jurassic	P&A	
El Malha-1	IEOC 1986	2198	E-Jurassic	P&A	
Nem-1	NPC 2010	1438	L.Miceme	P&A	

SAZ

well	contractor / YEAR	TD ft	Formation	Status	Remarks
AZ-3	GUPCO 1991	12360	NUBIA	P&A	OIL &GAS SHOWS IN NUKHUL , MATULLA&NUBIA
EE84-2	SUCO 1983	13545	NUBIA	P&A	TEST OIL IN BASALT (MATULLA EQUIVALENT) OIL AND GAS
AZ11-1	AMOCO/GUPCO 1988	12750	NUBIA	P&A	DRY HOLE WITH OIL &GAS SHOWS IN BASALT &RAHA
AZ11-1A	AMOCO/GUPCO 1989	12567	NUBIA	P&A	DRY HOLE WITH OIL &GAS SHOWS IN BASALT &RAHA
EE 85-6	SUCO 1982	10219	THEBES	P&A	
EE 85-6A	SUCO 1982	12286	THEBES	P&A	WITH GAS SHOWS IN RUDEIS, NUKHUL, & THEBES
EE84-1 1A,1B	DEMINIX/SUCO 1979	12663	NUBIA	P&A	DRY HOLE WITH OIL & GAS SHOWS THROUGH OUT
EE85-5B	DEMINEX/SUCO 1980	12839	NUBIA	P&A	DRY HOLE WITH OIL &GAS SHOWS IN MATULLA
EE85-8	DEMINIX/SUCO 1983	13400	NUBIA	P&A	DRY HOLE WITH OIL &GAS SHOWS IN NUKHUL&MATULLA
EE85-9	DEMINIX/SUCO 1983	13560	NUBIA	P&A	DRY HOLE WITH OIL &GAS SHOWS IN NUKHUL
Muzhil-1	BP /2004	12522	NUBIA	T& A	Tested oil from Matull and Nukhul BY PetZed in 2007
Muzhil -2	NPC- Petzed 2007	13005	NUBIA	T& A	Tested oil in Matulla
Muzhil-3 B	NPC- Petzed 2007	13425	NUBIA	T& A	Tested oil in Nukhul
Muzhil-4	NPC- Petzed 2008	12300	Raha	T& A	open hole loss shows oil zone in Matulla
Muzhil-5	NPC- Petzed 2008	13450	NUBIA	T& A	open hole loss shows oil zone in Matulla
Muzhil-6	NPC- Petzed 2008	13294	Nubia	P&A	Fish in hole
Muzhil-7	NPC- Petzed 2008	12960	Wata	P&A	Tested fresh water in Matulla
Muzhil-8	NPC- Petzed 2009	11901	Wata	P&A	Tested fresh water in Matulla

East Kheir

well	contractor / YEAR	TD ft	Formation	Status	Remarks
SHM-1	TRANSWORLD 1975	11038	Rudies	P&A	OIL SHOWS IN MIOCEN SECTION
SHM-2	TRANSWORLD 1976	10714	NUKUL	P&A	TEST OIL IN KAREEM
SHM-4	Total 1979	12087	NUBIA	P&A	OIL SHOWS IN RUDIES SAND

OSOCO Gamma					
well	contractor /YEAR	TD M	Formation	Status	Remarks
WDM-1	TRANSWORLD 1979	1890	NUBIA	P&A	OIL AND GAS SHOWS IN L.RUDEIS EQ &MATULLA
GA-1	TOTAL 1987	1930	BASEMENT	KAREEM PRODUCER	TESTED OIL FROM KAREEM & NUBIA produced 5.7 MMBO from nubia
GA-1ST	TOTAL 1990	1382	NUBIA	NUBIA PRODUCER	PRODUCED 5.7MMSTB
WGA-1	OSOCO 2007	2167	THEBES	L.RUDEIS SAND INTERMITTENT PRODUCTION	TESTED OIL FROM L.RUDEIS SAND
EWD-1 ST1	OSOCO 2009	2655	NUBIA	SUSPENDED	TESTED GAS &MINOR OIL FROM L.RUDEIS SAND
EWD-1	OSOCO 2009	1737	L. RUDIES	P&A	DRY HOLE
GA-12ST	TOTAL 1988	1403	THEBES	P&A	DRY HOLE
GA-12M	TOTAL 1988	1485	NUBIA	P&A	OIL AND GAS SHOWS IN L.RUDEIS ESAND
GA-4A	OSOCO 2004	1422	L.RUDEIS SAND	T&A	OIL & GAS SHOWS IN KAREEM
GA-13M	TOTAL 1990	1560	L.RUDEIS SAND	P&A	OIL AND GAS SHOWS IN KAREEM
GA-3	TOTAL 1990	1484	NUBIA	KAREEM INTERMITTENT PRODUCTION	
WDM-2	TOTAL 1980	1728	NUBIA	P&A	OIL AND GAS SHOWS IN L.RUDEIS EQ., RAHA &NUBIA

SHB					
well	contractor /YEAR	TD M	Formation	Status	Remarks
SHB-2	OSOCO 1981	2535	L. RUDEIS SAND	SI	TESTED AND PRODUCE OIL FROM L.RUDEIS SAND
SHB-3A	OSOCO 1982	2652.5	NUBIA	SI	TESTED AND PRODUCE OIL AND GAS FROM KAREEM SAND
SHB-1	TOTAL 1980	2209	L.RUDEIS SAND	SI	L.RUDEIS SAND PRODUCER
SHB5-ST	OSOCO 2006	2034	L.RUDEIS SAND	Producer	U.&L. RUDEIS SAND PRODUCER
SHB-6	OSOCO 2010	2014	KAREEM / L.RUDEIS SAND	Producer	KAREEM SAND OIL PRODUCER
SHB-5	OSOCO 2006	2399	L.RUDEIS	P&A	GAS SHOWS IN KAREEM
SHB4-A	OSOCO 1998	2264	L.RUDEIS SAND PAY	SI	TESTED PRODUCED OIL AMD GAS FROM L.RUDEIS SAND
SHM-3	TRANSWORLD 1977	2490	MATULLA	P&A	OIL AND GAS SHOWS IN MIOCENE&PREMIOCENE
SHB-3	OSOCO 1982	2146	L.RUDEIS SAND	P&A	

SR						
Well Name	DATE	Latitude	Longitude	Total Depth (ft)	Formation @ TD	STATUS
SRM-1A	1981	281352.0	332101.6	12758	NUBIAN	CENOMNIAN OIL PROD. CURRENTLY SHUT IN
SRM-2	1983	281427.8	332046.9	12711	CENOMNIAN	NUKHULK OIL PROD. CURRENTLY SHUT IN
GS313-1	1974	281513.5	332141.5	11105	PRE MIOCENE	P/A
GS313-2	1975	281509.0	332038.4	12948	NUBIAN	P/A
GS313-3	1976	281344.5	332148.3	13125	NUBIAN	GAS SHOWS IN L.MIOCENE

SCHEDULE "N"
SEA DRAGON GROUP WELLS

Kom Ombo: Well Dates and Status

Well	Spud Date	Zone	On Production Date	Stimulation Work	Comments
Al Baraka-1	May 25, 2007	Abu Ballas	Dec 22, 2007	Initially frac'd Sep 1, 2008. Second frac Jan 1, 2010	
Al Baraka-2	May 9, 2008	Six Hills F-1	Jun 19, 2008	Frac'd Jan 12, 2010	
Al Baraka-3	Sep 26, 2009	Abu Ballas	Nov 1, 2009	Frac'd prior to first production & again Jan 11, 2011	poor results on second frac
Al Baraka-4	Dec 5, 2009	Six Hills E	Jan 1, 2010	none	
Al Baraka-6	May 8, 2010	Six Hills F-2 Six Hills F-1	Jun 17, 2010 Nov 3, 2010	none frac'd Feb 19, 2011	Zone abandoned Jan 26, 2011 Current zone producing
Al Baraka-5	Jun 23, 2010	Six Hills E	Jul 12, 2010	none	
Al Baraka-7	Jul 21, 2010	Abu Ballas	Aug 10, 2009	Frac'd Jan 7, 2011	Responded well to frac
Al Baraka-9	Aug 20, 2010	well was cased but never produced		none	Planned water injector for Six Hills F-1
Al Baraka SE-1	Sep 15, 2010	Komombo A	Nov 19, 2010	Frac'd Jan 27, 2011	Poor response to frac
Al Baraka-12	Nov 4, 2010	Six Hills E2	Nov 28, 2010		
Al Baraka-11	Nov 22, 2010	Six Hills E	Dec 21, 2010		Shut-in Mar 13, 2011
Al Baraka-13	Dec 12, 2010	well D&A		none	Pressure depleted in Abu Ballas
Memphis-1	Dec 27, 2010	well D&A		none	Exploration well
Al Baraka-14	Jan 11, 2011	Six Hills D2	Mar 17, 2011		
Al Baraka-15	Feb 9, 2011	Six Hills E1	Mar 26, 2011		

NW Gemsa: Well Dates and Status

Well	Spud Date	Zone	On Prod Date	On Inj Date	Comments
Al Amir SE-1X	Mar 13, 2008	Shagar	Feb 23, 2009		
Al Amir SE-2X	Nov 15, 2008	Rahmi	Mar 1, 2009		
Al Amir SE-3X	May 24, 2009	Shagar	Aug 5, 2009		
Geyad-1X	Mar 1, 2009	Rahmi	Aug 19, 2009		
Al Amir SE-4X	Aug 3, 2009	Rahmi	Oct 18, 2009		
Geyad-2X	Oct 16, 2009	Shagar	Jan 14, 2010		
Al Amir SE-5X	Jan 29, 2010	Shagar	Mar 6, 2010		SI Oct 18, 2010 due to high GOR
Al Amir SE-6X	Mar 13, 2010	Shagar	Jul 15, 2010		
Al Ola-1X	Jul 15, 2010	Rahmi	Long term test began Dec 1/10 Sustained prod began Feb 20/12		Al Ola Dev lease approved Feb 19/12
Al Amir SE-7X	Nov 26, 2010	Commingled Shagar/Rahmi		Sep 27, 2011	Water Injector
Geyad-3X	Apr 22, 2011	Shagar	May 14, 2011		
Al Amir SE-8X	May 20, 2011	Commingled Shagar/Rahmi		Oct 1, 2011	Water Injector
Geyad-5	Jul 23, 2011	Dual completion Shagar and Rahmi		Jan 18, 2012	Water Injector
Al Ola-2	Sep 1, 2011	Shagar	Feb 20, 2012		Al Ola Dev lease approved Feb 19/12
Geyad-4st2	Oct 26, 2011	Rahmi	Dec 20, 2011		
Al Amir SE-10	Dec 20, 2011	Rahmi		Inj test began March 5, 2012	
Al Amir SE-11	Feb 5, 2012				Original hole found wet Kareem sands Planned Producer

SCHEDULE "O"
PETZED ASSIGNED CONTRACTS

1. Drive Shoe Welding Services Agreement dated April 22, 2010 between Petzed and Frank's International Middle East (BVI) Ltd. Egypt Free Zone

2. Processing and Reprocessing of 3D/2D Onshore Seismic Data Agreement dated February 7, 2010 between Petzed and Guide Geoscience Technologies

3. Mud Logging Services Agreement dated November 1, 2008 between Petzed and Halliburton Overseas Limited

SCHEDULE "P"
PREFERRED SHARE PROVISIONS

See attached.

PREFERRED SHARE PROVISIONS

The **[Preferred Share Issuer]** (the "**Corporation**") hereby creates an unlimited number of preferred shares ("**Preferred Shares**") having the following rights, privileges, restrictions and conditions (the "**Share Terms**"):

1. Definitions

The following terms shall have the respective meanings ascribed to them below:

"**Act**" means the **[statute under which the Corporation is incorporated, continued or organized]**.

"**Adjustment Event**" has the meaning ascribed to such term in Section 4.

"**Affiliate**" of any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly, and "**control**" and any derivation thereof means the possession, directly or indirectly, of the power to direct or significantly influence the management and policies and the business or affairs of a Person whether through the ownership of voting securities or otherwise.

"**Board of Directors**" means the board of directors of the Corporation from time to time.

"**business day**" means any day, other than a Friday, a Saturday, a Sunday or a day generally observed as a holiday under applicable laws, on which the principal commercial banks in Cairo, Egypt and Calgary, Alberta, Canada are open for commercial banking business during normal banking hours.

"**Common Shares**" means the common shares in the capital of the Corporation;

"**Conversion Price**" means the U.S. dollar equivalent of:

(a) Cdn$0.15 per Sea Dragon Common Share;

(b) Cdn$1.50 per Sea Dragon Common Share in the event that prior to the Issuance Date, Sea Dragon completes a share consolidation pursuant to which each 10 pre-consolidation Sea Dragon Common Shares are exchanged for one post-consolidation Sea Dragon Common Share;

(c) Cdn$3.00 per Sea Dragon Common Share in the event that prior to the Issuance Date, Sea Dragon completes a share consolidation pursuant to which each 20 pre-consolidation Sea Dragon Common Shares are exchanged for one post-consolidation Sea Dragon Common Share; or

(d) such other price as may be determined in accordance with Section 4 upon the occurrence of an Adjustment Event.

Such U.S. dollar equivalent shall be computed based on the exchange rate equal to the average Cdn$/U.S.$ noon spot rate posted by the Bank of Canada for the ten consecutive business days ending on the business day immediately preceding the date on which a Conversion Notice is delivered by a holder of the Preferred Shares to the Corporation as set out in Section 3.

“**Conversion Notice**” has the meaning ascribed to such term in Section 3.

“**Conversion Ratio**” means for purposes of determining the number of Sea Dragon Common Shares issuable on conversion of Preferred Shares, that number of Sea Dragon Common Shares that is equal to the product obtained by dividing the Redemption Amount by the Conversion Price.

“**Deferred Dividends**” means those Preferred Share Dividends payable in respect of the Preferred Shares that the Corporation has elected not to pay in cash, but instead, to have form part of the Redemption Amount pursuant to Section 5.

“**Dividend Payment Date**” has the meaning ascribed to such term in Section 5.

“**Equivalent Treatment**” has the meaning ascribed to such term in Section 4.

“**GC Holder**” has the meaning ascribed to such term in Section 3; for greater certainty, however, a Person (other than Golden Crescent) is only a GC Holder to the extent it is, at the relevant time, an Affiliate of Golden Crescent.

“**Golden Crescent**” means Golden Crescent Investments Ltd., a BVI business company existing under the laws of the British Virgin Islands.

“**IFC**” means the International Finance Corporation;

“**IFC Loan**” means a committed credit facility of up to $20 million, but not less than $15 million, to Sea Dragon by the IFC in the form made available to Sea Dragon prior to the Issuance Date;

“**Issuance Date**” shall be the same date as the Closing Date (as such term is defined in the second amended and restated share purchase agreement dated May 10, 2012 between Golden Crescent and Sea Dragon).

“**Person**” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, governmental authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.

“**Preferred Issue Price**” in respect of each Preferred Share means U.S.$1,000.

“**Preferred Share Approval Event**” has the meaning ascribed to such term in Section 10.

“**Preferred Share Approval Notice**” has the meaning ascribed to such term in Section 10.

“**Preferred Share Dividend**” has the meaning ascribed to such term in Section 5.

"**Redemption Amount**" means an amount equal to: (a) the Preferred Issue Price, plus (b) the amount of all Deferred Dividends, less (c) the aggregate of any amounts paid out, from time to time, as a reduction of capital in respect of each Preferred Share.

"**Redemption Date**" has the meaning ascribed to such term in Section 7.

"**Redemption Notice**" has the meaning ascribed to such term in Section 7.

"**Redemption Notice Period**" has the meaning ascribed to such term in Section 7.

"**Redemption Payment Date**" has the meaning ascribed to such term in Section 7.

"Sea Dragon" means Sea Dragon Energy Inc., a corporation existing under the laws of Canada.

"**Sea Dragon Board**" has the meaning ascribed to such term in Section 4.

"**Sea Dragon Common Shares**" has the meaning ascribed to such term in Section 3.

"**Sea Dragon Option Plan**" means the stock option plan of Sea Dragon adopted by the Sea Dragon Board on March 28, 2008 and reapproved by the shareholders of Sea Dragon on June 28, 2011, as the same may be amended from time to time in accordance with its terms and applicable laws and regulatory requirements.

"**Senior Secured Reserve-Based Credit Facility**" means the senior secured reserve-based credit facility provided for by the agreement dated September 23, 2011 among Sea Dragon Energy (NW Gemsa) B.V., Sea Dragon Energy (Kom Ombo) B.V. and Sea Dragon Energy Holding B.V., as borrowers, and Sea Dragon, Sea Dragon Coöperatieve U.A. and Sea Dragon Energy (Kom Ombo) Ltd., as guarantors, as arranged by BNP Paribas and HSBC Bank Egypt SAE and related finance documents, in such amended form and amount as may be agreed to by the foregoing Persons prior to the Issuance Date.

"subsidiary" means, with respect of a specified body corporate: (a) any body corporate of which it owns (directly or indirectly) or controls more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of the directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of a certain event or contingency); or (b) any body corporate, partnership, joint venture or other entity over which it exercises direction or control or which is in a like relation to a subsidiary.

2. No Voting Rights

Except as otherwise provided in the Act or in Section 9, the holders of Preferred Shares shall not be entitled to receive notice of, or to attend or to vote at, any meeting of the shareholders of the Corporation or Sea Dragon.

3. Conversion

On and following the day that is the 12 month anniversary of the Issuance Date, each holder of Preferred Shares may, at its option, and from time to time (including any time prior to the expiry of any Redemption Notice Period following receipt of a Redemption Notice), upon delivery to the Corporation of a written notice of conversion substantially in the form attached hereto as

Exhibit "1" ("**Conversion Notice**"), convert all or any part of its Preferred Shares into fully paid and non-assessable common shares in the capital of Sea Dragon ("**Sea Dragon Common Shares**") at the Conversion Ratio; provided, however, that if the holder of the Preferred Shares in respect of which this conversion right is being exercised is Golden Crescent or an Affiliate of Golden Crescent (in either case, a "**GC Holder**"), subject to the following sentence, the GC Holder shall not be entitled to exercise such conversion right if, following conversion, Golden Crescent and its Affiliates would hold, or exercise control or direction over, in the aggregate, more than 50% of the then issued and outstanding Sea Dragon Common Shares. Notwithstanding the foregoing limitation on conversion, a GC Holder shall be entitled to exercise the conversion right attaching to the Preferred Shares even in circumstances where Golden Crescent and its Affiliates hold, or exercise control or direction over, more than 50% of the outstanding Sea Dragon Common Shares provided that the GC Holder simultaneously delivers to the Corporation with its Conversion Notice an irrevocable direction in the form attached hereto as Schedule "A" to Exhibit "1" to register the Sea Dragon Common Shares issuable on conversion in the name of a third party that is not an Affiliate of Golden Crescent.

In order to exercise the conversion right attaching to the Preferred Shares, a holder wishing to exercise such right shall deliver its Conversion Notice to the registered office of the Corporation, or such other address as the holder and the Corporation may agree, together with the certificate(s) representing the Preferred Shares to be converted. As soon as reasonably practicable after the receipt of a Conversion Notice, but in any event, not more than three business days after such receipt, the Corporation shall issue and deliver, or cause to be issued and delivered, at the expense of the Corporation, a certificate or certificates representing the Sea Dragon Common Shares registered in the manner directed by the converting holder in the Conversion Notice. Such conversion shall be deemed to have been made at the close of business on the date such Sea Dragon Common Shares are issued by Sea Dragon so that the rights of the holder(s) of the Preferred Shares being converted, as the holder(s) thereof, shall cease at that time and the Person(s) entitled to receive Sea Dragon Common Shares upon such conversion shall be treated for all purposes as having become the holder(s) of record of such Sea Dragon Common Shares at such time. If less than all of the Preferred Shares represented by the certificate or certificates presented and surrendered as aforesaid are to be converted into Sea Dragon Common Shares, the holder of the Preferred Shares shall be entitled to receive, at the expense of the Corporation, a new certificate or certificates representing the balance of the Preferred Shares represented by the certificate or certificates presented and surrendered as aforesaid which are not converted.

No fractional Sea Dragon Common Shares will be issued pursuant to the conversion of Preferred Shares. Any fractional interest in Sea Dragon Common Shares that is less than 0.5 of a Sea Dragon Common Share resulting from the conversion of Preferred Shares as aforesaid, will be rounded down to the nearest whole Sea Dragon Common Share. Any fractional interest in Sea Dragon Common Shares that is 0.5, or greater, of a Sea Dragon Common Share will be rounded up to the nearest whole Sea Dragon Common Share.

4. Adjustments on Occurrence of an Adjustment Event

In the event that the Corporation undertakes any of the actions or events described in paragraphs (a) through (c) below (each an "**Adjustment Event**"), the board of directors of Sea Dragon (the "**Sea Dragon Board**") shall make such adjustments to the Conversion Price, the Conversion Ratio or the other provisions of these Share Terms so as to ensure that the rights of holders of

Preferred Shares are maintained and not adversely affected by the Adjustment Event (referred to herein as "**Equivalent Treatment**").

Without limiting the generality of the foregoing paragraph, adjustments will be made to (i) the Conversion Price, (ii) the number of Sea Dragon Common Shares issuable upon conversion, or (iii) the securities or property to be delivered to the holders upon conversion of the Preferred Shares, in the following circumstances and manner:

(a) upon (i) a subdivision of the Sea Dragon Common Shares into a greater number of Sea Dragon Common Shares, (ii) a consolidation of the Sea Dragon Common Shares into a lesser number of Sea Dragon Common Shares, or (iii) the distribution of Sea Dragon Common Shares to the holders of Sea Dragon Common Shares, the Conversion Ratio will be adjusted accordingly and the Corporation will deliver, or cause to be delivered, upon conversion of the Preferred Shares, in addition to or in lieu of the number of Sea Dragon Common Shares in respect of which the conversion right is being exercised, such greater or lesser number of Sea Dragon Common Shares as result from the subdivision, consolidation or Sea Dragon Common Share distribution as is required to ensure Equivalent Treatment;

(b) upon (i) a capital reorganization, reclassification or change of the Sea Dragon Common Shares, (ii) a consolidation, amalgamation, merger, arrangement or other form of business combination of Sea Dragon with another entity or (iii) a sale, lease or exchange of all substantially all of the property of Sea Dragon, the Conversion Price will be adjusted accordingly and the Corporation will deliver, or cause to be delivered, upon conversion of the Preferred Shares, in lieu of the Sea Dragon Common Shares in respect of which the conversion right is being exercised, the kind and amount of securities or property as results from such event as is required to ensure Equivalent Treatment; and

(c) upon the distribution by Sea Dragon to holders of the Sea Dragon Common Shares of (i) shares of any class (whether of Sea Dragon or another issuer) other than Sea Dragon Common Shares, (ii) rights, options or warrants (other than options granted pursuant to the provisions of the Sea Dragon Option Plan), (iii) evidences of indebtedness, or (iv) cash (other than by way of a dividend paid in accordance with Sea Dragon's usual dividend policy from time to time), securities or other property or assets (other than in the circumstances set forth in paragraph (b) above), the Conversion Price will be adjusted accordingly (by reference to the fair market value the securities, rights or property being distributed, as determined by the independent, qualified financial advisor referred to below) so as to ensure Equivalent Treatment.

If Sea Dragon sets a record date to determine the holders of the Sea Dragon Common Shares for the purpose of any Adjustment Event and shall thereafter and before the completion of such event, legally abandon its plan to do so, then no adjustment to the Conversion Price and/or the number of Sea Dragon Common Shares issuable upon conversion of the Preferred Shares shall be required by reason only of the setting of such record date.

Adjustments shall be made successively whenever any Adjustment Event shall occur.

No adjustments in respect of the Conversion Price or Conversion Ratio shall be made upon the distribution by Sea Dragon to holders of the Sea Dragon Common Shares of any rights, options or warrants if, for no additional consideration, identical rights, options or warrants are issued to the holders of the Preferred Shares as though and to the same effect as if such holders had converted their Preferred Shares into Sea Dragon Common Shares prior to the record date established for the issuance of such rights, options or warrants such that Equivalent Treatment is provided to such holder(s).

In the event of any questions arising with respect to the number of Sea Dragon Common Shares issuable, any required change to the Conversion Price, the fair market value of any securities or other property distributed by Sea Dragon or the quantum or nature of such property in connection with or as a result of any Adjustment Event, such questions shall be conclusively determined by a qualified independent financial advisor or a qualified independent chartered accounting firm jointly selected by the Sea Dragon Board and Golden Crescent, if a GC Holder then holds, or exercises control or direction over, any Preferred Shares, or solely by the Sea Dragon Board in the event that at such time, Golden Crescent and its Affiliates do not hold any Preferred Shares, and the determination of such qualified independent financial advisor or qualified independent chartered accounting firm shall be binding upon the Corporation and the holders of Preferred Shares.

5. <u>Dividends</u>

The holders of the Preferred Shares shall be entitled to receive and the Corporation shall pay in cash thereon cumulative preferential dividends as follows:

(a) for the first twelve (12) months from the date of issue of the Preferred Shares at an annual rate per Preferred Share of 7% per annum of the Redemption Amount;

(b) for the next nine (9) months, at an annual rate per Preferred Share of 10% per annum of the Redemption Amount; and

(c) thereafter, at an annual rate per Preferred Share of 12% per annum of the Redemption Amount,

(the “**Preferred Share Dividend**”).

No dividend or distribution with respect to the Sea Dragon Common Shares or any class of shares of the Corporation may be paid unless all accrued Preferred Share Dividends on the Preferred Shares then issued and outstanding shall have been declared and paid in full in cash.

Preferred Share Dividends shall accrue and be cumulative from the Issuance Date and shall be payable in cash in equal semi-annual instalments on the ● days of **[April]** and **[September]** (each a “**Dividend Payment Date**”) in each year at par at any branch in ● of the Corporation’s bankers to the holders of record of Preferred Shares on such date.

Payment of Preferred Share Dividends shall be made:

(a) if to a GC Holder, by wire transfer of immediately available funds to an account designated by the GC Holder; or

(b) if to holder(s) other than a GC Holder, at the election of the holder(s):

(i) by cheque of the Corporation payable at par at any branch in ● of the Corporation's bankers;

(ii) by wire transfer of immediately available funds to an account designated by the holder(s); or

(iii) in such other manner as the holder(s) may approve in advance.

All Preferred Share Dividends shall be delivered to the payee entitled to same within three business days of the applicable Dividend Payment Date. Preferred Share Dividends which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Corporation.

In the event that:

(a) the Corporation does not have sufficient funds on the applicable Dividend Payment Date to pay the Preferred Share Dividend in cash;

(b) is prohibited under the Act from paying the Preferred Share Dividend in cash; or

(c) is prohibited under the terms of the Senior Secured Reserve-Based Credit Facility or the terms of the IFC Loan from paying the Preferred Share Dividend in cash,

the amount of the Preferred Share Dividend shall be added to and form part of the Redemption Amount; provided, however, that the Corporation and Sea Dragon shall have provided to each holder of the Preferred Shares a certificate of two qualified directors or senior officers of each of the Corporation and Sea Dragon certifying that the Corporation does not have sufficient funds or is prohibited under the Act, the Senior Secured Reserve-Based Credit Facility or the IFC Loan from paying the Preferred Share Dividend in cash on the applicable Dividend Payment Date.

The holders of the Preferred Shares shall not be entitled to any dividends on the Preferred Shares other than the Preferred Share Dividends hereinbefore provided for.

6. Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Preferred Shares shall be entitled to receive in respect of each such share, before any distribution of any part of the assets of the Corporation among the holders of Common Shares or other shares of the Corporation ranking junior to the Preferred Shares, an amount equal to the Redemption Amount (plus the amount of any accrued, but unpaid Preferred Share Dividend). After payment to the holders of the Preferred Shares of the amount so payable to such holders as herein provided, the holders of the Preferred Shares shall not be entitled to share in any further distribution of the property or assets of the Corporation.

7. <u>Redemption at the Option of the Corporation</u>

Subject to the Act, the Corporation shall, at its option, be entitled to redeem at any time or times (subject to a holder's right of conversion set out in section 3) all or any part of the Preferred Shares registered in the name of any holder of any such Preferred Shares on the books of the Corporation, subject to the operation of the following sentence, with or without the consent of such holder by giving 45 days' prior written notice (the "**Redemption Notice Period**") in the form attached hereto as Exhibit "2" (a "**Redemption Notice**") to such holder (unless such notice is waived by the holder) specifying:

(a) that the Corporation desires to redeem all or any part of the Preferred Shares registered in the name of such holder;

(b) if only part of the Preferred Shares registered in the name of such holder are to be redeemed, the number thereof to be so redeemed;

(c) the aggregate Redemption Amount (together with a description as to how such amount has been calculated);

(d) the business day (the "**Redemption Date**") on which the Corporation desires to redeem such Preferred Shares, which shall be the first business day immediately following the end of the Redemption Notice Period or such other date as the Corporation and such holder may agree; and

(e) the place of redemption.

In the event the Corporation elects to redeem only part of the Preferred Shares registered in the name of a holder, then the aggregate Redemption Amount for such partial redemption must not be less than U.S.$20 million; provided, however, that if at any time the aggregate Redemption Amount for all of the Preferred Shares registered in the name of any holder is less than U.S.$20 million, then the Corporation shall be required to redeem all of the Preferred Shares held by such holder.

Provided that the Preferred Shares are not fully converted by the holder thereof during the Redemption Notice Period:

(a) the holder shall deliver and surrender, or cause to be delivered or surrendered to the Corporation on the Redemption Date at the address or addresses specified in the Redemption Notice (which, for so long as any GC Holder holds any Preferred Shares, shall include an address in Cairo, Egypt):

    (i) the certificate(s) representing the Preferred Shares being redeemed; and

    (ii) a written instrument of surrender in form satisfactory to the Corporation, acting reasonably, duly executed by the holder of the Preferred Shares or its attorney duly authorized in writing; and

(b) the Corporation shall, on the Redemption Date, redeem such Preferred Shares by paying to such holder an amount equal to the aggregate Redemption Amount.

Upon redemption, as aforesaid, the certificate(s) for such Preferred Shares shall be cancelled and the Preferred Shares represented thereby shall be deemed to be surrendered to the Corporation for cancellation, in each case, as of the Redemption Date.

Payment of the Redemption Amount shall be made:

(a) if to a GC Holder, by wire transfer of immediately available funds to an account designated by the GC Holder; or

(b) if to holder(s) other than a GC Holder, at the election of the holder(s):

  (i) by cheque of the Corporation payable at par at any branch in ● of the Corporation's bankers;

  (ii) by wire transfer of immediately available funds to an account designated by the holder(s); or

  (iii) in such other manner as the holder(s) may approve in advance,

on not later than the third business day following the applicable Redemption Date (the "**Redemption Payment Date**"). Any cheque issued in payment of a Redemption Amount which has not been presented to the Corporation's bankers for payment or that otherwise remains unclaimed for a period of six years from the Redemption Payment Date shall be forfeited to the Corporation. From and after the Redemption Date, such Preferred Shares shall be cancelled and shall cease to entitle the former holder(s) thereof to exercise any of the rights of holders of Preferred Shares in respect thereof unless payment of the Redemption Amount is not made on the Redemption Payment Date, in which case the rights of the holder(s) of the Preferred Shares shall remain unaffected until payment in full of the Redemption Amount.

Where at any time, some, but not all, of such Preferred Shares are to be redeemed, the Preferred Shares to be redeemed shall be selected by lot in such manner as the Board of Directors determines, or as nearly as may be in proportion to the number of Preferred Shares registered in the name of each holder, or in such other manner as the Board of Directors determines.

8. Partial Redemption

If less than all Preferred Shares represented by a certificate are redeemed, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the Preferred Shares which have not been redeemed.

9. Approval Rights

The holders of Preferred Shares shall be entitled to vote separately as a class, and shall be entitled to dissent, upon a proposal to amend the constating documents of the Corporation to:

(a) increase or decrease any maximum number of Preferred Shares in the capital of the Corporation, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to such Preferred Shares;

(b) issue any shares of any class having rights or privileges equal or superior to the Preferred Shares;

(c) effect an exchange, reclassification or cancellation of all or part of the Preferred Shares or the Common Shares; or

(d) create a new class of shares equal or superior to such Preferred Shares.

10. Covenants of the Corporation

So long as any Preferred Shares are outstanding, the Corporation shall not, without the prior written approval of the holders of the Preferred Shares, initiate, undertake or authorize any of the following:

(a) the amalgamation or merger of the Corporation with any other Person;

(b) any reorganization involving the Corporation;

(c) other than as expressly required under the terms of the Senior Secured Reserve-Based Credit Facility or to satisfy the conditions precedent to the commitment of, or the drawdown of funds under, the IFC Loan, the giving of any security, the incurring of any indebtedness, the creation of any encumbrance on the Corporation's assets, or the provision of any guarantee where the giving of any such security, the incurrence of such indebtedness, the creation of any such encumbrance or the provision of any such guarantee will create a priority over the rights of holders of Preferred Shares in connection with the dividend rights, redemption rights, rights on liquidation, dissolution or winding up, approval rights or rights under this Section 10 attaching to the Preferred Shares;

(d) any voluntary liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs;

(e) any sale, transfer, assignment or other disposition of any of the assets of the Corporation (other than to Affiliates of the Corporation provided each such Affiliate covenants to transfer such assets back to the Corporation in the event it ceases to be a subsidiary);

(f) any action (or failure to take any action) that is designed to result in any of the actions or events noted above; or

(g) any other action (or failure to take any action) that could reasonably result in any impairment of the rights of holders of Preferred Shares,

(each, a "**Preferred Share Approval Event**").

The Corporation shall, at least 30 days prior to the occurrence of any Preferred Share Approval Event, send or cause to be sent, to each holder of Preferred Shares a written notice providing details of the Preferred Share Approval Event (a "**Preferred Share Approval Notice**"). Each holder of Preferred Shares shall be required to advise the Corporation in writing of its decision with respect to the Preferred Share Approval Event set out in the applicable Preferred Share Approval Notice not later than 30 days after the receipt of the Preferred Share Approval Notice by the holder of the Preferred Shares; provided, however, that a holder that does not advise the Corporation as its decision with respect to the Preferred Share Approval Event set out in the Preferred Share Approval Notice within 30 days after its receipt of the Preferred Share Approval Notice shall be deemed to have provided its approval with respect to such Preferred Share Approval Event.

11. Notices

(a) Any notice, request or other communication to be given to the Corporation by a holder of the Preferred Shares shall be in writing and shall be valid and effective if given by mail (postage prepaid) or by telecopy or by delivery to the registered office of the Corporation and addressed to the attention of the Secretary of the Corporation with copies to Sea Dragon at Suite 2320, Bow Valley Square 3, 255 – 5 Avenue S.W., Calgary, Alberta, T2P 3G6, Attention: A.D. (Tony) Anton, and to Borden Ladner Gervais LLP at Centennial Place, East Tower, 1900, 520 – 3rd Avenue S.W., Calgary, Alberta, T2P 0R3, Attention: Edward W. Tapuska. Any such notice, request or other communication, if given by mail, telecopy or delivery, shall only be deemed to have been given and received upon actual receipt thereof by the Corporation.

(b) Any presentation and surrender by a holder of the Preferred Shares to the Corporation of certificates representing Preferred Shares in connection with the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation for the purpose of winding up its affairs or the conversion or redemption of Preferred Shares may be made by registered mail (postage prepaid) or by delivery to the registered office of the Corporation, addressed to the attention of the Secretary of the Corporation.

(c) Any notice, request or other communication to be given to a holder of Preferred Shares by or on behalf of the Corporation shall be in writing and shall be valid and effective if given by mail (postage prepaid) or by delivery to the address of the holder of Preferred Shares recorded in the register of shareholders of the Corporation or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, shall be deemed to have been given and received on the sixth business day following the date of mailing and, if given by delivery, shall be deemed to have been given and received on the date of delivery. Accidental failure or omission to give any notice, request or other communication to one or more holder of the Preferred Shares shall not invalidate or otherwise alter or affect any action or proceeding to be taken by the Corporation pursuant thereto.

[*The Reminder of this Page Has Been Intentionally Left Blank.*]

EXHIBIT "1"

<u>CONVERSION NOTICE</u>

TO: [Preferred Share Issuer]
(the "Corporation")

This conversion notice ("**Notice**") is to inform you that the undersigned holder of ______________________ [*fill in number of Preferred Shares that the undersigned holder is converting*] preferred shares in the capital of the Corporation (the "**Preferred Shares**") hereby exercises the right to convert, in accordance with the charter documents of the Corporation, such Preferred Shares into common shares in the capital of Sea Dragon Energy Inc. ("**Sea Dragon Common Shares**").

WHERE THE UNDERSIGNED HOLDER IS GOLDEN CRESCENT INVESTMENTS LTD. ("Golden Crescent") OR AN AFFILIATE OF GOLDEN CRESCENT (in either case, a "GC Holder"), the undersigned holder hereby directs the Corporation and Sea Dragon as follows:

☐ Issue and to register the undersigned GC Holder as the holder of the Sea Dragon Common Shares issuable upon the conversion of the Preferred Shares noted above and deliver such Sea Dragon Common Shares to the undersigned GC Holder as follows:

Name: ____________________________________

Address: c/o Citadel Capital
Four Seasons Nile Plaza Office Building
Third Floor, 1089 Cornish E1-Nile
Cairo, Egypt

If this box is checked, the undersigned GC Holder represents, warrants, covenants and certifies to the Corporation that the issuance of Common Shares pursuant to the conversion of the Preferred Shares noted above will not result in Golden Crescent and its Affiliates holding, or exercising control or direction over, more than 50% of the issued and outstanding Sea Dragon Common Shares on a post-conversion basis. In the event that the undersigned GC Holder cannot provide the foregoing representation by checking the above box, the undersigned GC Holder acknowledges that it must deliver the Irrevocable Direction in order to exercise its conversion rights.

OR

☐ Issue and to register the Sea Dragon Common Shares issuable upon the conversion of the Preferred Shares noted above in accordance with the irrevocable direction attached as Schedule "A" (the "**Irrevocable Direction**").

WHERE THE UNDERSIGNED HOLDER IS NOT A GC HOLDER, the undersigned holder hereby directs that the Sea Dragon Common Shares issuable upon the conversion of the Preferred Shares noted above are to be issued, registered and delivered as follows:

Register the Sea Dragon Common Shares as set forth below:	**Deliver the Sea Dragon Shares as set forth below:**
(Name)	(Name)
(Account reference, if applicable)	(Account reference, if applicable)
(Address)	(Contact Name)
	(Address)

[Signature Page to Follow]

DATED __________________.

[IF HOLDER IS A COMPANY]

[COMPANY NAME]

By: ______________________________________
Name:
Title:

[IF HOLDER IS AN INDIVIDUAL]

SIGNED, SEALED & DELIVERED
In the presence of:

____________________________ Witness	____________________________ Name

SCHEDULE "A"

IRREVOCABLE DIRECTION

Pursuant to the Conversion Notice of the undersigned dated _________________, the undersigned hereby authorizes and directs the Corporation and Sea Dragon to issue, register and deliver, or cause to be issued, registered and delivered, to the investor set forth below ("**Investor**") the number of Sea Dragon Common Shares issuable upon the conversion of the Preferred Shares being converted.

______________________________ (Name of Investor – please print) By: ______________________________ (Authorized Signature) ______________________________ (Official Capacity or Title – please print ______________________________ (Please print name of individual whose signature appears above if different than the name of the Investor printed above.) ______________________________ (Investor's Address) ______________________________ ______________________________ (Telephone Number) (E-Mail Address)	**Number of Sea Dragon Common Shares:** ___________________
Register the Sea Dragon Common Shares as set forth below: ______________________________ (Name) ______________________________ (Account reference, if applicable) ______________________________ (Address) ______________________________	**Deliver the Sea Dragon Shares as set forth below:** ______________________________ (Name) ______________________________ (Account reference, if applicable) ______________________________ (Contact Name) ______________________________ (Address)

The undersigned represents, warrants, covenants and certifies to the Corporation that as of the date hereof, the Investor is not an affiliate of Golden Crescent. For the purposes hereof, "**affiliate**" of Golden Crescent means, at the time such determination is being made, any other Person controlling, controlled by or under common control with Golden Crescent, in each case, whether directly or indirectly, and "**control**" and any derivation thereof means the possession, directly or indirectly, of the power to direct or significantly influence the management and policies and the business or affairs of a Person whether through the ownership of voting securities or otherwise. "**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, governmental authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.

DATED_________________, 20__.

[GC HOLDER]

By: ____________________________________

Name:

Title:

EXHIBIT "2"

REDEMPTION NOTICE

TO: __________________ (the "**Preferred Shareholder**")

[Preferred Share Issuer] (the "**Corporation**") hereby gives notice that, pursuant to the constating documents of the Corporation, the Corporation will redeem at **[2:00 pm]** on ______________ (the "**Redemption Date**") **______________________** [*fill in number of Preferred Shares that the Corporation is redeeming*] preferred shares in the capital of the Corporation (the "**Preferred Shares**"). The Redemption Amount has been calculated in the manner set out in Schedule "A" to this Redemption Notice.

DATED **____________**, 20__.

[CORPORATION]

By: ______________________________________

Name:

Title:

SCHEDULE "A"
REDEMPTION AMOUNT

[*Note to draft: To be attached.*]