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DATED

2 December

2004

DAVID THOMAS AND OTHERS

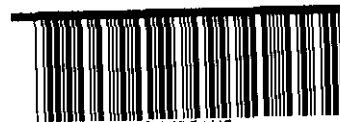
and

MEDOIL PLC

SHARE PURCHASE AGREEMENT

relating to Medoil Resources Limited

Kerman & Co.
7 Savoy Court
London WC2R 0ER
Tel: (44 0)20 7539 7272
Fax: (44 0)20 7240 5780



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THIS AGREEMENT is made the 2nd day of December 2004

B E T W E E N:

1. THE SEVERAL PERSONS whose names and addresses are set out in column 1 of Schedule 1 ("the Vendors")
2. MEDOIL PLC registration number 5220759 whose registered office is at 8 High Street, Heathfield, East Sussex TN21 8LS, England ("the Purchaser").

1. Recitals

- 1.1. Medoil Resources Limited is a company registered in England and Wales under number 5138951 ("the Company") and has an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each of which 3 shares are in issue and are credited as fully paid. Its directors are David Mansel Thomas and Joseph Michael McKniff.
- 1.2. The Vendors are together the beneficial owners of the whole of the issued and allotted share capital in the Company and each of the Vendors is the sole beneficial owner and registered holder of the number of the Sale Shares set out in column 2 of Schedule 1 opposite his name.
- 1.3. The Vendors have agreed to sell and the Purchaser has agreed to buy all the issued shares in the Company on the terms and conditions hereinafter contained.

NOW IT IS AGREED as follows

2. Interpretation

- 2.1. In this agreement (including the Recitals and the Schedules), unless the context otherwise requires, the following words and expressions shall have the following meanings:
 - 2.1.1. "AIM" means the market operated by the LSE known as AIM or the Alternative Investment Market
 - 2.1.2. "AIM Rules" means the rules of LSE relating to AIM
 - 2.1.3. "Company" means Medoil Resources Limited
 - 2.1.4. "Completion" means the completion of the sale and purchase of the Sale Shares under this agreement
 - 2.1.5. "Consideration Shares" means 10,000,000 Ordinary Shares

- 2.1.6. "Date of Incorporations" means the date of incorporation of the Company being 27 May 2004
- 2.1.7. "LSE" means The London Stock Exchange plc
- 2.1.8. "Ordinary Shares" means ordinary shares of 1p each in the capital of the Purchaser
- 2.1.9. "Purchaser's Solicitors" means Kerman & Co LLP
- 2.1.10. "Sale Shares" means all the ordinary shares of £1 each in the capital of the Company allotted and an issue at the date of this agreement
- 2.1.11. "Warranties" means the representations, warranties and undertakings given by the Vendors referred to in clause 6
- 2.1.12. "Warrants" means the warrants to subscribe for an aggregate of 10,000,000 Ordinary Shares at an exercise price of 7.5p per share exercisable on or prior to the fifth anniversary of their date of issue and otherwise on and subject to the terms of a warrant instrument in the Agreed Form
- 2.2. In this agreement (including the Recitals and the Schedules), unless the context otherwise requires:
 - 2.2.1. all references to statutory provisions or enactments shall include references to any amendment, modification or re-enactment of any such provision or enactment (whether before or after the date of this agreement), to any previous enactment which has been replaced or amended and to any regulation or order made under such provision or enactment.
 - 2.2.2. references to documents "in the Agreed Form" are to documents in terms agreed between the parties to this agreement and initialled (for the purpose of identification only) by or on behalf of the Vendors and the Purchaser prior to the signature of this agreement.
 - 2.2.3. references to the Recitals, clauses and the Schedules are respectively to the Recitals to, clauses of and the Schedules to this agreement.
- 3. **Sale and Purchase**
 - 3.1. Each of the Vendors with full title guarantee shall sell with effect from Completion the number of the Sale Shares set out opposite his name in column 2 of Schedule 1 and the Purchaser shall purchase with effect from Completion all of

the Sale Shares with all rights attached or accruing to them and free from all claims, charges, liens, incumbrances, options, rights of pre-emption or equities whatsoever.

- 3.2. The Purchaser shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously in accordance with this agreement.

4. Consideration

The consideration price for the Sale Shares shall be:

- 4.1. £750,000 which shall be satisfied by the issue to the Vendors of the Consideration Shares in accordance with clause 5.3; and
- 4.2. the issue of the Warrants

5. Completion

- 5.1. Completion shall take place forthwith following the making of this agreement at the offices of the Purchaser's Solicitors.
- 5.2. At Completion the Vendors shall deliver (where appropriate as agent for the Company) to the Purchaser:
 - 5.2.1. transfers in respect of the Sale Shares duly executed by the registered holders in favour of the Purchaser or as it may direct.
 - 5.2.2. certificates for the Sale Shares and any other documents which may be required to give good title to the Sale Shares and to enable the Purchaser to procure registration of the same in its name or as it may direct.
 - 5.2.3. the Company's certificate of incorporation, certificate of incorporation on change of name (if applicable), common seal, statutory registers, minute books, share certificate books and all other books (all duly written up to date)
 - 5.2.4. any power of attorney under which any document required to be delivered under this clause 5.2 has been executed
 - 5.2.5. certified copies of board resolutions of the Company in the Agreed Form approving the registration of the transfers of the Sale Shares
- 5.3. Provided the Vendors comply with all their obligations under clause 5.2 (subject only to the Purchaser fulfilling its obligations under this clause) the Purchaser shall at Completion:

- 5.3.1. allot and issue to the Vendors the Consideration Shares in the numbers set out in column 3 of Schedule 1 credited as fully paid and deliver the share certificates to the Vendors' Solicitors in respect of them; and
 - 5.3.2. execute a warrant instrument in favour of each of the Vendors in respect of the numbers of Warrants set out in column 3 of Schedule 1
- 5.4. If for any reason the provisions of clause 5.2 are not fully complied with, the Purchaser shall be entitled (in addition and without prejudice to any other right or remedy available to it) to elect:
 - 5.4.1. to rescind this agreement
 - 5.4.2. to fix a new date for Completion or
 - 5.4.3. to proceed to Completion so far as practicable, the Vendors then being obliged to use their best endeavours to perform or procure the performance of any of the outstanding provisions of clause 5.2
- 5.5. The solicitors to any party to this agreement are authorised to take delivery on behalf of such party of any items under this agreement and their receipt shall be a good discharge for those items to the party and the solicitors to the party making delivery.

6. Warranties and Indemnities

- 6.1. Each of the Vendors warrants, represents and undertakes to the Purchaser:
 - 6.1.1. that the statements in Schedule 2 are and will at Completion be true and correct in all respects and not misleading
- 6.2. The Vendors will indemnify the Purchaser in respect of any breach of any of the Warranties and in respect of any loss, liability, claim or expense incurred by the Purchaser by reason (whether direct or indirect) of any of the Warranties being untrue, incorrect or misleading.

7. The Consideration Shares

- 7.1. The Consideration Shares shall rank pari passu in all respects with the Ordinary Shares in issue on the date of this agreement
- 7.2. The Purchaser hereby confirms that application will be made to the LSE for permission for the Consideration Shares, subject to allotment, to be admitted to trade on AIM and hereby warrants that it has the requisite authority to allot such Consideration Shares pursuant to Section 80 of the Companies Act 1985.

- 7.3. Each of the Vendors hereby agrees to enter into such form of lock in agreement in respect of the Consideration Shares that are allotted to him as may be required by the AIM Rules and/or the nominated adviser which is representing the Purchaser in respect of the application referred to in Clause 7.2

8. Waivers

- 8.1. Each of the Vendors hereby irrevocably waives all and any rights of –re-emption to which he may be entitled, whether under the Articles of Association of the Company or otherwise, in respect of the transfer of the Sale Shares contemplated by this agreement.
- 8.2. The Purchaser may at its absolute discretion in whole or in part release, compound or compromise, or grant time or indulgence to any party for any liability under this agreement without affecting its rights against that or any other party under the same or any other liability.

9. Vendors' Liability

Each of the Vendors shall be jointly and severally liable in the event of any breach of any obligation or liability under this agreement including, without limitation, in respect of the Warranties).

10. General Provisions

- 10.1. Completion shall not in, any way prejudice or affect the operation of any provision of this agreement which contemplates or is capable of post-Completion operation and all such provisions shall continue in full force and effect notwithstanding Completion.
- 10.2. Each party shall bear its own costs of and incidental to the negotiation, making and fulfilment of this agreement and the transactions contemplated hereby, provided that if the Purchaser shall lawfully rescind this agreement the Vendors shall indemnify the Purchaser against all such costs incurred by it.
- 10.3. The Purchaser may assign in whole or in part the benefit of this agreement which shall inure to the benefit of the successors in title and assigns of the Purchaser.
- 10.4. No party shall divulge to any third party (other than its professional advisers) any information regarding the terms of this agreement or any matters contemplated by this transaction or make any announcement relating to it, provided that:
- 10.4.1. the Purchaser shall be entitled to make such announcements as may be required by law or by the rules and regulations of The London Stock Exchange plc.

10.5. Any notices:

10.5.1. must be in writing and may be given to any party at its registered office or to such other address as may have been notified to the other parties; and

10.5.2. will be effectively served:

10.5.2.1. on the day of receipt where any hand-delivered letter, any telex or telefax message is received on a business day before or during normal working hours.

10.5.2.2. on the following business day, where any hand-delivered letter, any telex or telefax message received either on a business day or after normal working hours or on any other day or

10.5.2.3. on the second business day following the day of posting from within the United Kingdom of any letter sent by post office inland first class mail postage prepaid.

AS WITNESS the hands of the parties hereto or their duly authorised agents the day and year first above written

SCHEDULE 1

Vendors

Name and Address	Number of Sale Shares	Number of Consideration Shares and Warrants
David Mansel Thomas 5 High Wycombe Hastings East Sussex TN35 5PB	1	3,333,334
Joseph Michael McKniff 10 Oakhill Gardens Oatlands Drive Weybridge Surrey KT13 9JP	1	3,333,333
Gerard Walsh 2nd Floor,35 Wicklow Street Dublin 2	1	3,333,333

SCHEDULE 2

WARRANTIES

1. The contents of clauses 1.1 and 2.2 above are and will at Completion be true and correct in all respects.
2. The Company is not, and will not at Completion be, under any commitment to allot or issue any share or loan capital to any person and no person has the right (whether exercisable now or in the future and whether contingent or not) to call for the issue of any share or loan capital of the Company.
3. The Vendors are together the sole beneficial owners of all the Sale Shares and will at Completion have the right and power to sell and transfer or procure the transfer of all the Sale Shares to the Purchaser in accordance with the provisions of this agreement.
4. None of the Vendors (nor any person connected within the meaning of Section 839 Income and Corporation Taxes Act 1988 with any of the Vendors) is indebted to the Company, nor is the Company indebted to any such person and there is no circumstances whereby any such indebtedness could arise
5. The Company has, and will at Completion have, no assets and no liabilities (whether present or future, actual or contingent) and has not entered into any legally binding obligations other than as expressly set out in Schedule 3 and no subsidiaries and no employees
6. The Company is not involved in litigation, prosecution, arbitration or any other proceedings for the enforcement of rights or settlement of disputes and no act, omission or event has occurred which has given rise to a threat of such proceedings or which is likely to result in the Company being involved in any such proceedings.
7. All information supplied by the Vendors or their advisers to the Purchaser or its advisers concerning the Company (including without limitation information in the Disclosure Letter and information referred to in this Schedule) is true, complete and accurate in all respects.

SCHEDULE 3

Disclosed Assets and Liabilities, and Contracts

- 1 Issued share capital
- 2 Cash at bank of £21,623.86
- 3 Debtors of £25,000
- 4 Liability to professional advisers of not more than £7,000 in aggregate
- 5 The following contracts:
 - a. Cooperation Agreement dated 27 October 2004 between the Company and TGS-Nopec Geophysical Company, ASA ("TGS")
 - b. Joint Bidding Agreement dated 27 October 2004 between (1) Ivanhoe Energy (Middle East) Inc (2) the Company and (3) TGS represented by its subsidiary TGS-Nopec Geophysical Company, and relating to The Bourj El Khadra Sud Block in Tunisia
 - c. Joint Bidding Agreement dated 27 October 2004 between the Company and TGS represented by its subsidiary TGS-Nopec Geophysical Company, and relating to The Louza Block in Offshore Tunisia
 - d. Contract relating to a serviced office in Waterloo Business Centre terminable on 3 months notice at a rent of approximately £2,000 per month

SIGNED by DAVID MANSEL THOMAS

) *David Mansel Thomas*

SIGNED by JOSEPH MICHAEL MCKNIFF

) *Joseph Michael McKniff*

SIGNED by GERARD WALSH

) *Gerard Walsh*

SIGNED by DAVID MANSEL THOMAS
for and on behalf of MEDOIL PLC

) *David Mansel Thomas*