

*Certified a True copy*

*John D. Spence, Solicitor, Aberdeen*  
*6<sup>th</sup> August 2002*

**SHARE SALE AND PURCHASE AGREEMENT**

between

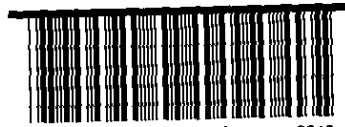
**RAMCO OIL & GAS LIMITED**

**RAMCO ENERGY PLC**

and

**NORTHERN PETROLEUM PLC**

*SC 62845*



SCT S2W4QDTQ 0016  
COMPANIES HOUSE 31/08/02

SCT S2LUWDP7 0675  
COMPANIES HOUSE 27/08/02

**LEDINGHAM  
CHALMERS**

5 Melville Crescent, Edinburgh

Reference DKL/2002

NCAS  
AD

THIS AGREEMENT is made on

3<sup>rd</sup> July



BETWEEN:

- (1) **NORTHERN PETROLEUM PLC**, a company incorporated in England number 2933545, whose registered office and place of business are at No 1 Cornhill, London EC3V 3ND (the "Seller"); and
- (2) **RAMCO OIL & GAS LIMITED**, a company incorporated in Scotland number SC130699, whose registered office and place of business are at 62 Queen's Road, Aberdeen AB15 4YE (the "Purchaser"); and
- (3) **RAMCO ENERGY PLC**, a company incorporated in Scotland number SC62845, whose registered office and place of business are at 62 Queen's Road, Aberdeen AB15 4YE ("Ramco");

each, a "Party", and together, the "Parties".

#### WHEREAS

- (A) Northern Exploration Limited, a company incorporated in Ireland, ("NEL") has an issued share capital of 1,000 ordinary shares of one euro each (the "Shares"), all which are fully paid.
- (B) The Seller is the owner of all the Shares.
- (C) The Purchaser wishes to purchase from the Seller, and the Seller desires to sell to the Purchaser, the Shares, upon the terms and subject to the conditions of this Agreement.

**NOW THEREFORE IT IS AGREED** as follows:

#### 1 Definitions

In this Agreement:

**"Completion"** means the completion of the sale and purchase of the Shares in accordance with Clause 4.

**"Completion Date"** means the next business day following the date hereof.

**"Consideration"** has the meaning specified in Clause 3.

**"Consideration Shares"** means the shares to be issued by Ramco pursuant to clause 3.2.

**"Encumbrance"** means any mortgage, pledge, lien, encumbrance, or security interest of any kind.

**"Galley Head"** means the Galley Head oil and gas accumulation covering part of three blocks 48/18, 48/19 and 48/24 as awarded under the Licensing Option (as listed amongst the Oil Field Documents).

**"Inter-Company Indebtedness"** means the sum of £1,225,450 owed by NEL to the Seller which is to be repaid by NEL on Completion.

**"Oil Fields"** means Seven Heads and Galley Head.

**"Oil Field Documents"** means the documents by virtue of which NEL has an interest in the Oil Fields as listed in Schedule 1.

**"Seller's Warranties"** means the warranties set out in Schedule 2.

**"Seven Heads"** means the Seven Heads oil and gas accumulation covering part of seven blocks 48/22, 48/23, 48/24, 48/27, 48/28, 48/29 and 48/30 as awarded under the Lease Undertaking (as listed amongst the Oil Field Documents).

**"Tax or Taxation"** means corporation tax, advance corporation tax, income tax, capital gains tax, inheritance tax, value added tax, stamp duty reserve tax, National Insurance, social security or other similar contributions, duties of customs and excise, rates, royalties, all taxes, duties or charges replaced by or replacing any of them, and all other taxes on gross or net income, profits or gains, distributions, receipts, sales, use, occupation, franchise, value added, and personal property, and all levies, imposts, duties, charges or withholdings in the nature of taxation whether of the Republic of Ireland or elsewhere, together with all penalties, fines, charges, interest and any costs reasonably and properly incurred relating to any of the foregoing or to any late or incorrect return in respect of any of them.

**"Termination Agreement"** means an agreement between the Seller, NEL and Sunningdale Oils (Ireland) Limited in a form signed by the Purchaser for identification.

## **2 Sale and Purchase**

- 2.1 Upon the terms and subject to the conditions of this Agreement, the Seller hereby agrees to sell to the Purchaser all of the Shares, free and clear of all Encumbrances, and the Purchaser hereby agrees to purchase all of the Shares.
- 2.2 In consideration for the Shares, the Purchaser shall pay to the Seller on the Completion Date the Cash Consideration, shall procure that NEL repays the Inter-Company Indebtedness (or if it shall fail to do so, pay such sum on its behalf) and Ramco shall as soon as reasonably practicable after the Completion Date issue the Consideration Shares.

## **3 Purchase Price**

- 3 The purchase price of the Shares (the **"Consideration"**) shall comprise

- 3.1 payment by the Purchaser to the Seller on the Completion Date of seven hundred and seventy four thousand five hundred and fifty Pounds Sterling (£774,550) (the "Cash Consideration");
- 3.2 the issue by Ramco to the Seller of 294,118 ordinary shares of 10 pence each fully paid of Ramco free of any Encumbrances; and
- 3.3 the repayment of the Inter-Company Indebtedness.

#### **4 Conditions Precedent**

- 4.1 The obligations of the Purchaser under Clause 2 are subject to the satisfaction or waiver by the Purchaser of the following conditions precedent on or before the Completion Date:
  - 4.1.1 the warranties of the Seller contained herein shall have been accurate, true and correct in all material respects on and as of the date of this Agreement, and shall also be accurate, true and correct in all material respects on and as of the Completion Date with the same force and effect as though made by the Seller on and as of the Completion Date;
  - 4.1.2 the Seller shall have performed and complied in all material respects with all of its covenants, obligations, and agreements contained in this Agreement to be performed and complied with by it on or prior to the Completion Date;
  - 4.1.3 the Purchaser shall have received all of the agreements, documents, and items, specified in Clause 4.4; and
  - 4.1.4 no action or proceeding by any governmental authority shall have been instituted or threatened which could enjoin, restrain or prohibit, or could result in substantial damages in respect of, any provision of this Agreement or any document to be executed and delivered pursuant hereto or the consummation of the transactions contemplated hereby or thereby.
- 4.2 The obligations of the Seller under Clause 2 of this Agreement are subject to the satisfaction or waiver by the Seller of the following conditions precedent on or before the Completion Date:
  - 4.2.1 the warranties of the Purchaser contained herein shall have been accurate, true and correct in all material respects on and as of the date of this Agreement, and shall also be accurate, true and correct in all material respects on and as of the Completion Date with the same force and effect as though made by the Purchaser on and as of the Completion Date;
  - 4.2.2 the Purchaser shall have performed and complied in all material respects with all of its covenants, obligations, and agreements contained in this Agreement to be performed and complied with by it on or prior to the Completion Date;

- 4.2.3 the Seller shall have received all of the agreements, documents, and items, specified in Clause 4.5; and
- 4.2.4 no action or proceeding by any governmental authority shall have been instituted or threatened which could enjoin, restrain or prohibit, or could result in substantial damages in respect of, any provision of this Agreement or any document to be executed and delivered pursuant hereto or the consummation of the transactions contemplated hereby or thereby.
- 4.3 The completion of the transactions contemplated hereby shall take place at the offices of the Seller on the Completion Date. Completion, and all of the transactions to occur at Completion, shall be deemed to have taken place at, and shall be effective as of, the close of business on the Completion Date.
- 4.4 On the Completion Date, the Seller shall deliver to the Purchaser the following:
- 4.4.1 certificates evidencing all of the Shares;
- 4.4.2 duly executed resignations of all the directors and the secretary of NEL from their offices as director or secretary of, and their employment with, NEL;
- 4.4.3 the common seal, certificate of incorporation and statutory books, share certificate books and cheques of NEL;
- 4.4.5 evidence, in form reasonably satisfactory to the Purchaser, that the board of directors of the Seller has authorised the execution, delivery, and performance of this Agreement and each of the other documents to be executed and delivered by the Seller pursuant hereto, and the conveyance of the Shares to the Purchaser;
- 4.4.6 evidence, in form reasonably satisfactory to the Purchaser, that the board of directors of NEL has approved the transfer of the Shares to the Purchaser (subject only to the stamping of any stock transfer form relating to such transfer); and
- 4.4.7 a letter from the Seller addressed to NEL confirming that other than the Inter-Company Indebtedness and an uncleared cheque for Euros 9,600 there are no sums owing from NEL to the Seller or any affiliate of the Seller.
- 4.5 On the Completion Date, in addition to any other documents or agreements required under this Agreement, the Purchaser shall deliver or procure the delivery to the Seller the following:
- 4.5.1 the Consideration;
- 4.5.2 evidence, in form satisfactory to the Seller, that the board of directors of the Purchaser has authorised the execution, delivery, and performance of this Agreement and each of the other documents to be executed and delivered by the Purchaser pursuant hereto, and the conveyance of the Shares to the Purchaser; and
- 4.5.3 (i) certified copy of a resolution of the directors of Ramco allotting 294,118 shares of 10 pence each fully paid in favour of the Seller;

- (ii) copy of Ramco's letter of instruction to its share registrars to issue the share certificate in respect of the Consideration Shares to the Seller; and
  - (iii) copy of Ramco's application to the London Stock Exchange for the listing of the Consideration Shares on the Alternative Investment Market.
- 4.6 On the Completion Date the Seller shall cause a board meeting of NEL to be duly convened and held at which:
- 4.6.1 the said transfers of the Shares shall be approved for registration (subject only to the stamping of any stock transfer form relating to such transfer);
  - 4.6.2 such persons as may be nominated by the Purchaser shall be appointed directors and secretary of NEL;
  - 4.6.3 all existing instructions to NEL's bankers, bank mandate forms and authorities shall be revoked and shall be replaced with alternative instructions, bank mandates forms and authorities in such form as the Purchaser may require; and
  - 4.6.4 the registered office of NEL shall be changed to 6 Fitzwilliam Square, Dublin 2.

## **5 Termination**

- 5.1 This Agreement may be terminated at any time on or prior to Completion:
- 5.1.1 with the mutual consent of the Seller and the Purchaser;
  - 5.1.2 by the Seller or the Purchaser, if Completion shall not have taken place on the Completion Date; provided, however, that the right to terminate this Agreement under this sub-clause 5.1.2 shall not be available to a party whose failure to fulfill any obligation under this Agreement has been the cause of or resulted in the failure of Completion to occur on the Completion Date;
  - 5.1.3 by the Purchaser if there shall have been a material breach of or inconsistency with any covenant or warranty of the Seller hereunder or under any other document executed and delivered pursuant hereto; or
  - 5.1.4 by the Seller if there shall have been a material breach of or inconsistency with any covenant, representation or warranty of the Purchaser hereunder or under any other document executed and delivered pursuant hereto.
- 5.2 If this Agreement is terminated pursuant to Clause 5.1, all obligations of the Parties shall terminate, except for the obligations set forth in Clause 9, which shall survive the termination of this Agreement, and provided that no such termination shall relieve either Party from liability for any prior willful breach of this Agreement.

## 6 Stamp Duty, VAT and Transfer Tax

All stamp duties, value added tax and transfer taxes payable in respect of the transfer of the Shares hereunder shall be paid by the Purchaser as they arise.

## 7 Warranties

- 7.1 The Seller and the Purchaser, severally and for itself alone, each warrants and/or undertakes (as appropriate) to the other that:
- 7.1.1 it is a corporation that has been duly formed and is validly existing under the laws of the jurisdiction in which it is incorporated;
  - 7.1.2 it has all requisite corporate power and authority to execute, deliver and perform this Agreement;
  - 7.1.3 this Agreement has been duly executed and delivered on its behalf and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms; and
  - 7.1.4 all other documents required hereunder to be executed and delivered by it will have been duly authorised, executed and delivered by it.
- 7.2 The Seller warrants that, at the date of this Agreement, and immediately prior to Completion:
- 7.2.1 the Shares are owned legally and beneficially by it;
  - 7.2.2 NEL has not allotted any shares other than the Shares and the Shares are fully paid up;
  - 7.2.3 the Shares are not subject to any Encumbrance created by or on behalf of the Seller;
  - 7.2.4 NEL's only assets are its interests in the Oil Fields. NEL has held or owned no other assets other than its interests in the Oil Fields;
  - 7.2.5 the only agreements to which NEL is a party which will not be brought to an end by the Termination Agreement are the Oil Field Documents. NEL has not been a party to any other agreements other than agreements which will be terminated by the Termination Agreement or the Oil Field Documents and
  - 7.2.6 except as disclosed in the Oil Field Documents and/or disclosed to the Purchaser in writing on or prior to the date hereof, NEL has no liabilities, debts, claims or obligations, whether contingent or otherwise, other than trade payables and accrued expenses incurred in the ordinary course of business relating to the Oil Field Documents.
- 7.3 The Seller further warrants to the Purchaser in terms of the Seller's Warranties.

- 7.4 The Seller's Warranties are complete and accurate and are given at the date of this Agreement and immediately prior to Completion.
- 7.5 The warranties made by the Seller in clauses 7.1, 7.2 and 7.3 are the only warranties made by the Seller in respect of or in connection with the Shares, NEL, this Agreement or the transactions contemplated hereby. The Seller makes no other representations or warranties of any kind in respect of or in connection with such matters. Other than as expressly warranted in this clause 7, the Shares are being sold "as is". Notwithstanding any other provision of this Agreement, (i) the Seller shall have no liability for any breach of this Agreement or of any representation or warranty made by the Seller pursuant hereto or in connection herewith, or otherwise (collectively, the "**Seller's Liability**"), after the date which is 6 months after the Completion Date, and the amount of the Seller's Liability shall be limited to £2,000,000 plus the value of the Consideration Shares at the date that the value of the claim by the Purchaser is fixed (whether by agreement or otherwise).

## **8 Covenants, Indemnities and Mutual Release**

- 8.1 The Seller covenants that between the date of this Agreement and the Completion Date it shall (i) not take any action to hinder or frustrate the finalisation and/or any amendment of the Oil Field Documents or the development of the Oil Fields and (ii) shall cause NEL to continue to operate its business and activities in accordance with good business practice.
- 8.2 The Purchaser agrees to indemnify the Seller and each of its affiliates, officers, directors, employees, agents, and representatives against, and agrees to hold each of them harmless from, any and all liabilities, obligations, losses, damages, claims, costs, or expenses of any kind (including any cash calls or other obligations under the Oil Field Documents) incurred or suffered by them with respect to any action taken or omitted on or after the date hereof by the Purchaser, NEL, or any other person or entity under or in connection with any Oil Field Document.
- 8.3 The Seller agrees to hold harmless and indemnify the Purchaser from any and all liability to Taxation arising in respect of, by reference to or in consequence of any income, profits or gains received by NEL before the Completion Date.
- 8.4 The Parties hereby release each other and their respective affiliates, officers, directors, employees, general partners, limited partners, shareholders and agents (herein the "Released Parties" or "Released Party"), from any and all (i) damages, claims, liabilities, injuries, causes of action, covenants, contracts or controversies of any type, kind, nature, description or character; (ii) losses, costs or expenses; (iii) breaches of contract, duty or any other type of relationship; (iv) acts of omission, misfeasance or malfeasance; and (v) commitment or promises of any type made prior to the date of this Agreement (the matters described in the preceding clauses (i) through (v), inclusive, being herein called the "Claims"), whether or not the Claims are now known, unknown, unforeseen, or unforeseeable, or matured or unmatured, or are liquidated or unliquidated, and whether the Claims are in contract or tort, for personal or real injuries, or at law or in equity, which in any way arise out of, or relate to or in



any way connected with any contract, agreement, understanding or matter that exists between or among the Parties prior to the date hereof.

- 8.5 The Parties intend by this mutual release provision to grant a general release, the scope of which shall be deemed and construed to be broad and unlimited. No statement contained in this Agreement shall be construed as an admission of liability on the part of any Released Party, by whom liability is expressly denied.
- 8.6 In connection with this mutual release, the Parties agree and covenant that they shall never institute any action or suit at law or in equity against any Released Party, nor institute, prosecute or in any way aid in the institution or prosecution of any Claims brought by any Released Party, arising out of any matter in Clause 8.4.

## 9 Confidentiality

Each party shall keep the terms and conditions of this Agreement confidential and shall not disclose them to any third party without the prior consent of the other Parties during the term of this Agreement and for a period of 2 years after the date of this Agreement provided that disclosure of such information shall be permitted without such consent:

- 9.1 to the disclosing Party's employees, affiliates, parents, shareholders and subsidiaries;
- 9.2 to the disclosing Party's agents, contractors, advisors and consultants who have a need to know the same and who have been advised of confidentiality restrictions upon such information and agree to comply with confidentiality restrictions upon such information which are at least as strict as those set forth in this Agreement; and
- 9.3 as required by law, regulation, court, arbitral or other tribunal or governmental authority, including, without limitation, in filings with relevant stock exchanges, and as required by court order or in response to any summons or subpoena or in connection with any litigation or dispute resolution proceedings.

No party shall make any public announcement with respect to the matters contained in this Agreement without prior consultation with the other party.

## 10 Notices

Any notice, request, instruction, correspondence or other communication to be given or made hereunder by either Party to the other shall be in writing and (a) delivered by hand, (b) mailed by certified mail, postage prepaid and return receipt requested, (c) sent by telefax, or (d) sent by express delivery service, as follows:

### **SELLER**

No 1 Cornhill, London EC3V 3ND

Fax No020 7743 6081

Attention: Derek Musgrove/Jerry White

## **PURCHASER**

c/o Ramco Energy plc  
62 Queen's Road  
Aberdeen  
AB15 4YE

Fax No 01224 352211  
Group Finance Director

A notice given by hand, or express delivery service or by mail shall be effective upon actual receipt. Notice given by telefax shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices by telefax shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which a notice is to be given to it by giving a notice as provided above of such change of address.

### **11 Governing Law and Jurisdiction**

- 11.1 This Agreement is governed by the laws of England.
- 11.2 The courts of England have exclusive jurisdiction to hear and decide in any action or proceedings which may arise in connection with this Agreement.

### **12 General**

- 12.1 This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understanding, negotiations and discussions, whether oral or written, of the Parties.
- 12.2 No variation of this Agreement (including of this clause) is valid unless it is in writing and signed by the party to be bound thereby
- 12.3 No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (regardless of whether similar), nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.
- 12.4 Each Party shall be responsible for the payment of its own costs and expenses with respect to the negotiation and preparation of this Agreement and each of the other documents to be executed pursuant hereto.
- 12.5 Ramco hereby guarantees the performance by the Purchaser of its obligations under this Agreement. If the Purchaser fails in whole or in part to perform in accordance with this Agreement, Ramco will perform such obligation as though the primary obligor provided that Ramco's liability shall be no greater than that of the Purchaser under this Agreement.

**13      Transfer and Assignment**

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors. No Party shall assign its rights or obligations without the prior written consent of the other Parties.

**14      Severability**

If one or more of the provisions contained in this Agreement or in any other document delivered pursuant hereto shall, for any reason, be held to be invalid, illegal or unenforceable in any material respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such document.

**15      Headings**

The headings of the Clauses herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

**16      Third Party Rights**

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this does not affect any right or remedy of any third party which exists or is available apart from that Act.

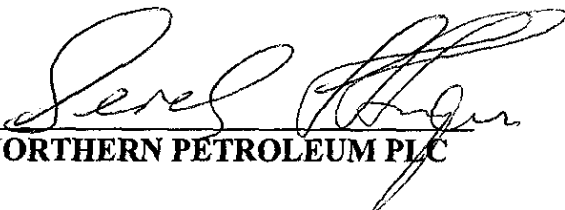
**17      Seller Covenant**

The Seller covenants and undertakes to the Purchaser and to Ramco that it will not sell or otherwise deal in the Consideration Shares from the date of their issue pursuant to clause 3.2 until the day after the date on which there has been production of gas from Seven Heads on fourteen consecutive days.

**18      Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed an original but which together shall constitute one agreement, with the same effect as if the signatures on the counterparts were upon a single engrossment of this Agreement.

**AS WITNESS** the hand of the duly appointed representatives of the Parties on the date referred to at the commencement of this Agreement.

  
NORTHERN PETROLEUM PLC

By:  
Name: DEREK MUSGROVE  
Title: DIRECTOR

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RAMCO OIL & GAS LIMITED

By:  
Name:  
Title:

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RAMCO ENERGY PLC

By:  
Name:  
Title:

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**NORTHERN PETROLEUM PLC**

By:  
Name:  
Title:

  
\_\_\_\_\_  
**RAMCO OIL & GAS LIMITED**

By:           DF STOVER  
Name:  
Title:       DIRECTOR

  
\_\_\_\_\_  
**RAMCO ENERGY PLC**

By:           SE KEMP  
Name:  
Title:       DIRECTOR

## **Schedule 1**

### **OIL FIELD DOCUMENTS**

- 1      Licensing Option dated 1 June 2000 in respect of Galley Head
- 2      Lease Undertaking dated 3 August 2001 (as amended on 4 March 2002) in respect of Seven Heads
- 3      *Joint Operating Agreement (together with amendments etc) dated 14 December 1999 in respect of Seven Heads*
- 4      Novation Agreement dated 10 August 2001 in respect of Seven Heads
- 4      Termination Agreement in respect of Seven Heads and Galley Head

## **Schedule 2**

### **SELLER'S WARRANTIES**

#### **1 Corporate Matters**

- 1.1 The register of members and other statutory books of NEL have been properly kept and contain an accurate and complete record of the matters with which they should deal; and no notice or allegation, that any of them is incorrect or should be rectified, has been received;
- 1.2 All returns, particulars, resolutions and documents required by the Companies Acts to be filed with the appropriate authorities in respect of NEL have been duly filed and were correct;

#### **2. Accounting Matters**

- 2.1 All accounts and returns required to be submitted under applicable statutes and regulations have been properly prepared and returned in accordance with such statutes and regulations and appropriate accounting principles, standards and practices at the date of this Agreement.

#### **3. Financial Matters**

- 3.1 Otherwise than in respect of the Oil Field Documents, NEL has no capital commitments outstanding and has not incurred or agreed to incur capital expenditure or commitments or disposed of or agreed to dispose of capital assets.
- 3.2 NEL has not paid, made or declared a dividend or other distribution.
- 3.3 There is no subsisting guarantee or indemnity given by, or for the accommodation of NEL.

#### **4. Taxation Matters**

- 4.1 All returns, notifications, computations and payments which should have been made or given by NEL for a Taxation purpose were made or given within the requisite periods and were up to date, correct and on a proper basis; and none of them is, or is likely to be, the subject of a dispute with any Taxation authority.
- 4.2 NEL has duly deducted and accounted for all amounts which it has been obliged to deduct in respect of Taxation.

## **5. Trading Matters**

- 5.1 Otherwise than in respect of the Oil Field Documents, NEL has not agreed to become a party to or member of a joint venture, consortium, partnership or other unincorporated association.
- 5.2 NEL is not engaged in litigation or arbitration proceedings; there are no proceedings pending or threatened, either by or against NEL
- 5.3 No order has been made, petition presented or resolution passed for the winding up of NEL; no distress, execution or other process has been levied and remains undischarged in respect of NEL; and there is no outstanding judgement or court order against NEL.
- 5.4 There are no claims pending or threatened, or capable of arising, against NEL, by an employee or workman or third party, in respect of an accident or injury, which are not fully covered by insurance.
- 5.5 NEL has conducted and is conducting its business in all respects in accordance with its articles and memorandum of association and all applicable laws and regulations.
- 5.6 No power of attorney given by NEL is in force.
- 5.7 No authorities (express or implied) by which any person may enter into a contract or commitment to do anything on behalf of NEL are subsisting.
- 5.8 NEL is not a party to, and its profits and financial position during the past three years have not been affected by, a contract or arrangement which is not of an arm's length nature.
- 5.9 Save for the arrangement whereby the services of Patrick Mahony are provided to NEL by the Seller under an agreement dated 16 July 2001, NEL is not a party to any contract of service, employment contract, consultancy contract or other such arrangement with any third party and no such contract, agreement or arrangement has been entered into by NEL since the date of incorporation of NEL.