

Notice to Reader

This document is an acquisition agreement between Sinopec International Petroleum Exploration and Production Corporation and Addax Petroleum Corporation dated June 24, 2009. This acquisition agreement was negotiated at arm's length to establish the rights and obligations of each of Sinopec International Petroleum Exploration and Production Corporation and Addax Petroleum Corporation with respect to the matters contemplated in the agreement and not for purposes of disclosure to investors or any other purpose. The terms of this agreement may be varied or amended. Accordingly, investors and potential investors are cautioned that it would be inappropriate to rely on this document in making an investment decision.

**SINOPEC INTERNATIONAL PETROLEUM
EXPLORATION AND PRODUCTION CORPORATION**

- AND -

ADDAX PETROLEUM CORPORATION

ACQUISITION AGREEMENT

JUNE 24, 2009

TABLE OF CONTENTS

	Page
ARTICLE 1	INTERPRETATION 1
1.1	Definitions..... 1
1.2	Singular, Plural, etc..... 13
1.3	Currency..... 13
1.4	Headings, etc..... 13
1.5	Date for any Action..... 14
1.6	Governing Law 14
1.7	Attornment 14
1.8	Knowledge 15
1.9	Incorporation of Schedule..... 15
ARTICLE 2	THE OFFER 15
2.1	The Offer..... 15
2.2	Addax Directors' Circular..... 18
2.3	Offer Documents..... 18
2.4	LTIP and EIP 19
ARTICLE 3	PUBLICITY 20
3.1	Publicity 20
ARTICLE 4	ARRANGEMENTS RESPECTING FEES 20
4.1	Non-Completion Fee..... 20
4.2	Liquidated Damages 21
ARTICLE 5	NO SOLICITATION..... 21
5.1	Cease Existing Discussions..... 21
5.2	Covenants Regarding Non-Solicitation 22
5.3	Notice by Addax of Superior Acquisition Proposal Determination and Right to Match 24
5.4	Compliance with Disclosure Obligations 25
ARTICLE 6	TRANSACTIONS FOLLOWING COMPLETION OF THE OFFER..... 25
6.1	Second Stage Transaction 25
6.2	The Addax Board..... 26
6.3	Convertible Notes and Credit Facilities 26
ARTICLE 7	REPRESENTATIONS AND WARRANTIES OF PURCHASER 26
7.1	Organization and Qualification..... 26
7.2	Authority Relative to this Agreement..... 26
7.3	No Violations 27
7.4	Funds Available 27
7.5	Litigation, etc 28

TABLE OF CONTENTS

(continued)

	Page
ARTICLE 8	REPRESENTATIONS AND WARRANTIES OF ADDAX..... 28
8.1	Organization and Qualification of Addax..... 28
8.2	Organization and Qualification of Subsidiaries..... 28
8.3	Authority Relative to this Agreement..... 28
8.4	Subsidiaries..... 29
8.5	No Violations..... 29
8.6	Capitalization of Addax..... 30
8.7	Dividends and Material Adverse Change..... 30
8.8	Information..... 30
8.9	No Undisclosed Material Liabilities..... 31
8.10	Officers' Obligations..... 31
8.11	Brokerage Fees..... 31
8.12	Conduct of Business..... 31
8.13	Reports..... 32
8.14	Books and Records..... 32
8.15	Litigation, etc..... 33
8.16	Environmental..... 33
8.17	Tax Matters..... 33
8.18	Employee Benefit Plans..... 34
8.19	Labour and Employment..... 35
8.20	Reporting Issuer Status..... 36
8.21	No Shareholder Rights Plan..... 36
8.22	Engineering Reports..... 36
8.23	Confidentiality Agreements..... 36
8.24	Material Agreements..... 36
8.25	Petroleum and Natural Gas Rights..... 36
8.26	Production Allowables and Production Penalties..... 37
8.27	Royalties, Rentals and Taxes Paid..... 37
8.28	Current Capital Commitments..... 37
8.29	Areas of Mutual Interest..... 38
8.30	Take or Pay Obligations..... 38
8.31	Operation and Condition of Wells..... 38
8.32	Property..... 38
8.33	Tax Pools..... 38
8.34	Investment Canada Act..... 38
8.35	Related Party Transactions..... 38
8.36	Expropriation..... 38
8.37	Rights of Other Persons..... 39
8.38	Insurance..... 39
8.39	Absence of Guarantees..... 39
8.40	No Joint Venture Interest, etc..... 39
8.41	Intellectual Property..... 39
8.42	Production and Pipeline Imbalances..... 40

TABLE OF CONTENTS
(continued)

	Page
8.43	Production Sharing Contracts 40
8.44	Well Status 40
8.45	Evaluation Data 40
8.46	Competition Act 41
8.47	U.S. Securities Laws 41
ARTICLE 9	CONDUCT OF BUSINESS 41
9.1	Conduct of Business by Addax 41
ARTICLE 10	COVENANTS OF ADDAX 45
10.1	Access to Information 45
10.2	Notice of Material Adverse Change 45
10.3	Financial and Other Information 45
ARTICLE 11	COVENANTS OF PURCHASER 46
11.1	Availability and Deposit of Funds 46
11.2	Indemnities 46
11.3	Directors and Officers Insurance and Other Indemnification Matters 47
11.4	Employment Agreements 48
11.5	Third Party Beneficiaries 48
11.6	Purchase Consideration 49
11.7	PRC Approvals 49
ARTICLE 12	MUTUAL COVENANTS 49
12.1	Other Filings 49
12.2	Additional Agreements 49
ARTICLE 13	TERMINATION, AMENDMENT AND WAIVER 50
13.1	Termination 50
13.2	Effect of Termination 52
13.3	Amendment 52
13.4	Waiver 53
13.5	Representations and Warranties 53
ARTICLE 14	GENERAL PROVISIONS 53
14.1	Notices 53
14.2	Miscellaneous 55
14.3	Specific Performance 55
14.4	Assignment 56
14.5	Expenses 56
14.6	Severability 56
14.7	Privacy Issues 56
14.8	Fiduciary Duties/Liability 58
14.9	Time is of Essence 59

TABLE OF CONTENTS
(continued)

Page

14.10 Counterpart Execution 59

ACQUISITION AGREEMENT

THIS AGREEMENT made the 24th day of June, 2009

BETWEEN:

SINOPEC INTERNATIONAL PETROLEUM EXPLORATION AND PRODUCTION CORPORATION, a corporation existing under the laws of The People's Republic of China (hereinafter referred to as "**Purchaser**")

AND:

ADDAX PETROLEUM CORPORATION, a corporation existing under the laws of Canada (hereinafter referred to as "**Addax**")

WHEREAS Purchaser is prepared to make an offer to acquire all of the common shares of Addax, subject to the terms and conditions of this Agreement and Addax is desirous of entering into this Agreement for such purpose.

NOW THEREFORE IN CONSIDERATION OF the mutual covenants hereinafter contained and other good and valuable consideration (the receipt and adequacy whereof are hereby acknowledged), the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith:

"Acquisition Proposal" means a proposal, offer, or expression of interest by a third party to acquire in any manner, directly or indirectly: (i) beneficial ownership of more than 20% of the consolidated assets of Addax (measured by the fair market value thereof as of the date of such proposal, offer or expression of interest); or (ii) beneficial ownership (as determined under Part XX of the *Securities Act* (Ontario)) or control or direction over more than 20% of the outstanding Addax Shares, whether by way of an arrangement, amalgamation, a merger, consolidation, recapitalization, reorganization, liquidation, dissolution, joint venture, partnership, business combination, sale of shares in the capital of Addax, tender offer, exchange offer or any other transaction involving Addax, any of its securityholders or any other person, including, any single or multi-step transaction or series of related transactions (other than the transactions contemplated by this Agreement) and other than the acquisition of Addax Shares by AOG Holdings BV or its affiliated entities pursuant to Section 100 or Section 100.1 of the *Securities Act* (Ontario);

“**Act**” means the *Canada Business Corporations Act*, as the same has been and may hereafter, from time to time, be amended;

“**Addax Board**” means the board of directors of Addax as the same is constituted from time-to-time;

“**Addax Governing Documents**” means the articles of incorporation and by-laws of Addax;

“**Addax Group**” means Addax and each of its subsidiaries;

“**Addax Share Entitlements**” means any entitlement of a person to Addax Shares pursuant to the LTIP, Share Plan, the Convertible Notes or any other security issued or granted by Addax which is convertible into or exercisable for Addax Shares;

“**Addax Shareholders**” means the registered holders of Addax Shares from time to time;

“**Addax Shares**” means the common shares in the capital of Addax;

“**affiliate**” has the meaning ascribed to such term in the *Securities Act* (Ontario);

“**Agreement**”, “**this Agreement**”, “**herein**”, “**hereto**”, and “**hereof**” and similar expressions refer to this acquisition agreement (and not to any particular Article or Section hereof), as the same may be amended or supplemented from time to time and, where applicable, to the appropriate Schedules hereto;

“**AIF**” means the annual information form of Addax for the year ended December 31, 2008 and dated March 4, 2009 and which is available at www.sedar.com;

“**associate**” has the meaning ascribed to such term in the *Securities Act* (Ontario);

“**Break-Up Fee**” has the meaning ascribed to that term in Section 4.1(b);

“**Budget**” has the meaning ascribed to that term in Section 9.1(a);

“**Business Day**” means any day excepting a Saturday, Sunday or statutory, bank or civic holiday in the Province of Ontario; the Province of Alberta; London, United Kingdom; Geneva, Switzerland; Beijing, People’s Republic of China; or Hong Kong; except for the purposes of Section 2.1(d), where “**Business Day**” means any day excepting a Saturday, Sunday or statutory, bank or civic holiday in the Province of Ontario or the Province of Alberta;

“**Competition Act**” means the *Competition Act* (Canada) and regulations made thereunder, as promulgated or as amended from time-to-time;

“**Confidentiality Agreement**” means the Confidentiality Agreement between Addax and Purchaser dated March 4, 2009;

“**Contract**” means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding or other right or obligation to which any member of the Addax Group is a party or by which any member of the Addax Group is bound or affected or to which any of their respective properties or assets is subject;

“**Contract Area**” means the area covered by a Production Sharing Contract;

“**Convertible Notes**” means the US\$300 million 3.75% convertible notes of Addax due May 31, 2012;

“**Credit Facilities**” means (i) the US\$1,600,000,000 senior secured reducing revolving credit facility pursuant to the credit agreement dated January 22, 2007, as amended and restated by the supplemental agreement dated April 11, 2007, between Addax Petroleum N.V., Addax Petroleum Overseas Limited, BNP Paribas and the Lenders, as defined therein, and by the supplemental agreement dated July 17, 2007 between Addax Petroleum Holdings Limited, Addax Petroleum Overseas Limited, BNP Paribas and the Lenders, as defined therein, and as further amended and restated by the supplemental agreement dated on or about March 20, 2009 between Addax Petroleum Holdings Limited, Addax Petroleum Overseas Limited, BNP Paribas and the Lenders, as defined therein; and (ii) US\$500,000,000 revolving credit facility pursuant to the credit agreement dated April 25, 2008 as amended by the supplemental agreement dated September 5, 2008 between Addax, Calyon, BNP Paribas, Standard Chartered Bank and the Financial Institutions, as defined therein;

“**Data Room Information**” means the information contained in the files, reports, data, documents and other materials relating to the Addax Group as recorded on the DVDs and hard drive (including the documents described on the list of specifically disclosed documents recorded thereon), in each case provided by Addax to Purchaser or its counsel on or before the execution of this Agreement;

“**diluted basis**” means, with respect to the number of outstanding Addax Shares at any time, such number of outstanding Addax Shares calculated assuming that all outstanding Addax Shares under the Share Plan and under the LTIP have been issued and have vested, all Convertible Notes are converted into Addax Shares and all other convertible securities and other rights to acquire Addax Shares issued have been converted or exercised, as applicable, into Addax Shares at such time;

“**disclosed in writing**” means actually disclosed in writing by Addax to Purchaser or its advisors, disclosed in the Data Room Information or disclosed in a document filed on SEDAR under Addax’s profile at www.sedar.com since December 31, 2008, in each case prior to the execution of this Agreement;

“**Disclosed Personal Information**” has the meaning set forth in Section 14.7(b);

“**Effective Time**” means the time that Purchaser shall have acquired ownership of and paid for at least the Minimum Required Shares pursuant to the terms of the Offer;

“**EIP**” means the employee incentive programme of Addax approved by the Addax Board on May 2, 2008, as amended on March 20, 2009, which provides for certain payments to officers and employees of Addax in connection with a change of control;

“**Employee**” means all full-time, part-time or temporary persons employed or retained by the Addax Group, including, all officers, consultants and individuals on disability leave, maternity and parental leave, partial leave or other approved leave of absence;

“**Employee Obligations**” means any obligations or liabilities of the Addax Group to pay any amount to or on behalf of its directors or Employees (both current Employees and Employees which may be hired after the date hereof up to and including the Take-up Date), other than for salary, bonuses under their existing bonus arrangements, vacation pay 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 the Addax Group to directors or Employees (both current Employees and any Employees which may be hired after the date hereof up to and including the Take-up Date) (i) for severance or termination payments on a change of control of Addax pursuant to management, severance and employment agreements and any payments under any employee incentive program of Addax, and (ii) for retention bonus payments pursuant to any retention bonus program or management or employment agreement, (iii) under the EIP and (iv) for any Officers’ Obligations;

“**Environment**” means all or any of the following media: (a) air (including air within buildings or other structures and whether above or below ground); (b) land (including buildings and any other structures or erections in, on or under it and any soil and anything below the surface of land); (c) land covered with water; and (d) water (including sea, ground and surface water);

“**Environmental Claim**” means any claim by any person (a) in respect of any loss or liability suffered or incurred by that person as a result of or in connection with any violation of Environmental Laws or (b) which arises as a result of or in connection with Environmental Contamination and which could give rise to any remedy or penalty (whether interim or final) which may be enforced or assessed by private or public legal action or administrative order or proceedings, including, any such claim which arises from injury to persons, property or natural resources;

“**Environmental Contamination**” means each of the following and their consequences: (a) any release, emission, leakage or spillage of any Hazardous

Substance at or from any site owned, occupied or used by any member of the Addax Group into any part of the Environment; (b) any accident, fire, explosion or sudden event at any site owned, occupied or used by any member of the Addax Group which is directly or indirectly caused by or attributable to any Hazardous Substance; or (c) any other pollution of the Environment;

“**Environmental Laws**” means all Laws, codes of practice, circulars, and guidance notices relating to: (a) pollution or contamination; (b) the protection of human health, living organisms, ecological systems, or the Environment; (c) the conditions of the workplace; (d) the generation, manufacture, processing, transportation, storage, labelling, use (including abuse), handling, treatment, or disposal of Hazardous Substances; or (e) the emission, leak, release, or discharge into the Environment of noise, vibration, dust, fumes, gas, odours, smoke, steam, effluvia, heat, light, radiation (or any kind), infection, electricity, or any Hazardous Substances and any matter or thing capable of constituting a nuisance or an actionable tort of any kind in respect of such matters;

“**Environmental Licence**” means any authorization, permit, consent, approval, resolution, license, exemption, filing, notarization or registration required by any Environmental Laws;

“**Environmental Permits**” means all permits, licenses, written authorizations, certificates, approvals, program participation requirements, sign-offs or registrations required by or available with or from any Governmental Entity under any Environmental Laws;

“**Evaluation Data**” has the meaning set forth in Section 8.45;

“**Exchanges**” means the Toronto Stock Exchange and the London Stock Exchange;

“**Expiry Time**” means the Initial Expiry Time unless the Offer has been extended, in which case it means the expiry time of the Offer as extended from time to time;

“**Fairness Opinion**” has the meaning set forth in Section 2.2(a);

“**financial outlook**” has the meaning ascribed to that term in National Instrument 51-102 - Continuous Disclosure Obligations;

“**Financial Statements**” has the meaning set forth in Section 8.9;

“**FOFI**” has the meaning ascribed to that term in National Instrument 51-102 Continuous Disclosure Obligations;

“**GAAP**” means Canadian generally accepted accounting principles;

“**Governmental Entity**” means: (i) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (ii) any subdivision, agent, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**Hazardous Substances**” means any radioactive emissions and any natural or artificial substance (whether in the form of a solid, liquid, gas, or vapour), the generation, transportation, storage, treatment, use, or disposal of which (whether alone or in combination with any other substance) including any controlled, special, hazardous, toxic, radioactive, or dangerous waste, is identified by any Environmental Laws to be, to have been or to be capable of being or becoming, harmful to mankind or any other living organism or damaging to the Environment or to public health or welfare;

“**including**”, “**includes**” or similar expressions are not intended to be limiting and are deemed to be followed by the expression “without limitation”;

“**Indemnified Persons**” has the meaning set forth in Section 11.2;

“**Initial Expiry Time**” means 7:00 p.m. (Toronto time) on the first Business Day which falls after the 35th day following the Mailing Date, provided that if such 35th day following the Mailing Date is not a Business Day, the Initial Expiry Time shall mean 7:00 p.m. (Toronto time) on the second Business Day which falls after such date;

“**Intellectual Property**” has the meaning set forth in Section 8.41;

“**Investment Canada Act**” means the *Investment Canada Act*, and regulations made thereunder, as promulgated or as amended from time-to-time;

“**KRG Letter**” means a letter from the Minister of Natural Resources of the Kurdistan Regional Government, in substance, stating that the Minister of Natural Resources of the Kurdistan Regional Government approves of or does not object to the completion of the Offer, which letter does not contain any terms or conditions that would materially and adversely affect the member of the Addax Group which holds Production Sharing Contracts in the Kurdistan Region;

“**Latest Mailing Time**” has the meaning set forth in Section 2.1(a);

“**Law**” or “**Laws**” means all laws, by-laws, rules, regulations, orders, rulings, ordinances, protocols, codes, published guidelines, published policies, notices, directions and judgments or other requirements of any Governmental Entity, in each case having the force of law, including Securities Laws and the rules and regulations of the Exchanges;

“**Liens**” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, rights of first refusal, preferential rights, other third person interests or encumbrances of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

“**Lock-up Agreements**” means (i) the lock-up agreement dated the date hereof entered into by AOG Holdings BV and (ii) the lock-up agreements in substantially the form agreed to by Addax and Purchaser prior to the execution of this Agreement to be entered into by each director and executive officer of Addax (to the extent such person holds Addax Shares) in favour of Purchaser;

“**LTIP**” means the long term equity incentive plan of Addax, as amended in May 2007;

“**Mailing Date**” means the date the Offer Documents are sent to Addax Shareholders and all of the other persons to whom the Offer is made;

“**Material Adverse Change**” or “**Material Adverse Effect**” means any change, effect, event, occurrence or state of facts that, individually or in the aggregate, with all other such changes, effects, events, or occurrences or state of facts, that is or would reasonably be expected to be material and adverse to the financial condition, business, results of operations, assets or liabilities of the Addax Group taken as a whole; provided that, subject as hereinafter set forth in this definition, no change, effect, event, occurrence or state of facts relating to any of the following, either individually or in the aggregate, shall constitute (or be taken into account in determining the occurrence of) a Material Adverse Change or Material Adverse Effect:

- (i) general political, economic or financial conditions in North America, Europe, West Africa, Iraq or elsewhere;
- (ii) the state of (including any changes in) credit, banking, currency or capital markets generally in Canada, the United States, Europe or elsewhere (including the failure of any financial institution, whether or not Addax has credit arrangements or other business dealings with such financial institution, or the imposition of any limitation (whether or not mandatory) by any Governmental Entity on the extension of credit generally by financial institutions);
- (iii) any changes in currency exchange rates, interest rates, monetary policy or inflation;
- (iv) any change in the trading price or trading volume of Addax Shares or the Convertible Notes;
- (v) conditions generally affecting the oil and gas industry as a whole;

- (vi) any change in the market price for crude oil, natural gas or related hydrocarbons;
- (vii) any change in Laws or in the interpretation, application or non-application of Laws by any Governmental Entity, or proposed change in any federal petroleum Laws of Nigeria or any federal petroleum Laws of Iraq (including all related fiscal regimes), any expropriation or other proceedings alleging illegality or irregularity of any material contract or license undertaken by Governmental Entities or suspension or revocation, or proposed or alleged suspension or revocation or allegation of illegality, of any authorization, consent, approval, license or material contract with any Governmental Entity in Nigeria, Gabon or Iraq;
- (viii) any change in GAAP;
- (ix) any national or international, political or social conditions (including, the engagement by any country in hostilities, whether commenced before or after the date hereof, and whether or not pursuant to the declaration of a national emergency or war), or the occurrence of any military, militant or terrorist attack (or any escalation or worsening thereof), including any hostilities or attacks on the operations of any member of the Addax Group;
- (x) the execution, announcement, existence or performance of this Agreement or the consummation of the transactions contemplated hereby, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of any member of the Addax Group with any Governmental Entity;
- (xi) any failure by Addax to meet any public estimates or expectations, including estimates or expectations of Addax's revenue, earnings or other financial performance or results of operations for any period, or any failure by Addax to meet any internal budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations;
- (xii) any legal proceedings made or brought by or on behalf of any Governmental Entity (other than a Governmental Entity of Canada, the United States or the United Kingdom) in connection with any transactions contemplated by this Agreement;
- (xiii) any matters disclosed in this Agreement or disclosed in writing;
- (xiv) the failure to obtain any approvals, orders or consents from any Governmental Entity in connection with the Offer and the transactions contemplated by this Agreement or receiving such approvals, orders or consents on terms adverse to either of the Parties or their respective assets;
or

- (xv) any action or inaction taken by any member of the Addax Group to which Purchaser has expressly consented to in writing or as expressly permitted by this Agreement;

it being understood that any cause of any change referred to in clauses (iv) and (xi) above may be taken into consideration when determining whether a Material Adverse Effect or Material Adverse Change has occurred, but excluding any underlying cause referred to in clauses (i) to (xv) above (other than clauses (iv) and (xi) above); provided, however, that the change, effect, event, occurrence or state of facts referred to in clauses (i), (ii) but only with respect to credit, banking, currency or capital markets generally in Canada, the United States or Europe but excluding the failure of any financial institution, whether or not Addax has credit arrangements or other business dealings with such financial institution, or the imposition of any limitation (whether or not mandatory) by any Governmental Entity on the extension of credit generally by financial institutions, (iii), (v), (viii) and (ix) above shall not be excluded from the definition of Material Adverse Change or Material Adverse Effect if it primarily relates to (or has the effect of primarily relating to) the Addax Group, taken as a whole, or materially adversely and disproportionately affects the Addax Group, taken as a whole, compared to other companies of similar size operating primarily in regions where the Addax Group operates. Notwithstanding the foregoing provisions of this definition, (a) any final and non-appealable judgment of a court in Nigeria and (b) any action taken by the President of Nigeria, the Office of the Minister of Petroleum Resources of Nigeria, the National Assembly of Nigeria, the Group Managing Director of Nigerian National Petroleum Corporation, or the Governor of any Nigerian State in which a member of the Addax Group has a Production Sharing Contract, in the case of each of (a) and (b), that primarily relates to any member of the Addax Group that is party to a Production Sharing Contract which relates to a Contract Area in Nigeria, shall be deemed to be excluded from clauses (vii), (x), (xii) and (xiv);

“**Material Subsidiaries**” has the meaning set forth in Section 8.4;

“**Minimum Condition**” means the condition set forth in paragraph (a) of Schedule A;

“**Minimum Required Shares**” means that number of the outstanding Addax Shares required pursuant to the Minimum Condition;

“**Non-Completion Fee**” has the meaning set forth in Section 4.1;

“**NSAI**” has the meaning set forth in Section 8.22;

“**Offer**” has the meaning set forth in Section 2.1(a);

“**Offer Documents**” has the meaning set forth in Section 2.3(a);

“**Officers’ Obligations**” means any obligations or liabilities of the Addax Group to pay any amount to or on behalf of its executive officers and directors (i) for severance or termination payments on a change of control of Addax pursuant to management, severance and employment agreements and any payments under any employee incentive program of Addax, (ii) for retention bonus payments pursuant to any retention bonus program or management or employment agreement, and (iii) under the EIP;

“**ordinary course of business**”, “**ordinary course of business consistent with past practice**”, or any similar reference, means, with respect to an action taken by a person, that such action is consistent in all material respects with the past practices of such person and is taken in the ordinary course of the normal day-to-day business and operations of such person;

“**Outside Date**” has the meaning set forth in Section 13.1(j);

“**Party**” means Addax or Purchaser, as applicable, and “**Parties**” means both Addax and Purchaser together;

“**Permit**” means any license, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity necessary in order for Addax to conduct its business as currently conducted, including the Environmental Permits;

“**Permitted Encumbrances**” means:

- (i) the terms and conditions of the Production Sharing Contracts;
- (ii) easements, rights of way, servitudes or other similar rights, including, without limitation, rights of way for highways, railways, sewers, drains, gas or oil pipelines, gas or water mains, electric light, power, telephone or cable television towers, poles, and wires;
- (iii) the regulations and any rights reserved to or vested in any municipality or governmental, statutory or public authority to levy Taxes or to control or regulate any of the assets of the Addax Group in any manner, including, without limitation, the right to control or regulate production rates and the conduct of operations;
- (iv) the terms and conditions of the Credit Facilities and all related documents thereto and all security granted in relation thereto;
- (v) undetermined or inchoate Liens incurred or created in the ordinary course of business as security for Addax’s share of the costs and expenses of the development or operation of any of its assets, which costs and expenses are not delinquent as of the Expiry Time;
- (vi) Liens for Taxes not yet due and payable; and

(vii) undetermined or inchoate mechanics' Liens and similar Liens for which payment for services rendered or goods supplied is not delinquent as of the Expiry Time.

“**person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“**Petroleum and Natural Gas Rights**” means the entire right, title, estate and interest of the Addax Group in and to the Contract Areas as they relate to Petroleum Substances (excluding natural gas in Nigeria), in each case pursuant to the Production Sharing Contracts;

“**Petroleum Substances**” means petroleum, crude oil, natural gas and all related hydrocarbons, whether gaseous, liquid or solid, and any and all other substances that may be produced in association with them, whether hydrocarbons or not;

“**PRC Approvals**” means the approvals required to be obtained from the following Governmental Entities of The People’s Republic of China in order for Purchaser to complete the transactions contemplated by this Agreement: (i) the State Council, (ii) the National Development and Reform Commission, (iii) the State Administration of Foreign Exchange, and (iv) the Ministry of Commerce of The People’s Republic of China;

“**Process Agent**” has the meaning set forth in Section 1.7;

“**Production Sharing Contracts**” mean collectively, the production sharing contracts, concession agreements, or any other Contract, in each case as amended, granting to, or through, or by which any member of the Addax Group holds or has the right to explore for, develop, extract and/or produce Petroleum Substances in any of (i) the properties described in pages 12 to 13 of the AIF, in the section entitled “Properties Summary”; and (ii) the property subject to Ogueyi Permit No. G4-204 in Gabon;

“**Purchase Consideration**” has the meaning set forth in Section 2.1(a);

“**Release**” means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Substance in the indoor or outdoor Environment, including the movement of Hazardous Substance through or in the air, soil, surface water, ground water or property;

“**Representatives**” has the meaning set forth in Section 5.1;

“**Reserves Report**” has the meaning set forth in Section 8.22;

“**Response Period**” has the meaning set forth in Section 5.3(a)(ii);

“**Retention Payments**” means payments in an aggregate amount not to exceed US\$15 million, if any, which may be made by any one or more members of the Addax Group in respect of retention payments to Employees (other than officers and directors of Addax);

“**Second Stage Transaction**” has the meaning set forth in Section 6.1;

“**Securities Authorities**” means the Exchanges and the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada, in the United States and in the United Kingdom;

“**Securities Laws**” has the meaning set forth in Section 2.3(a);

“**SEDAR**” means The System for Electronic Document Analysis and Retrieval;

“**Share Plan**” means the “Directors Shares in Lieu of Cash Compensation Plan” of Addax;

“**subsidiary**” has the meaning ascribed to such term in the *Securities Act* (Ontario);

“**Superior Acquisition Proposal**” means any *bona fide* unsolicited written Acquisition Proposal made after the date of this Agreement (and not obtained in violation of Section 5.2(a)) to acquire 100% of the outstanding Addax Shares not beneficially owned by the party making such Acquisition Proposal and any joint actor and any of their respective affiliates or all or substantially all of the consolidated assets of the Addax Group and (i) that is reasonably capable of being completed, taking into account all financial, legal, regulatory, timing and other aspects of such proposal and the person making such proposal, including, the creditworthiness of such person; (ii) that, in the case of an offer to acquire all of the issued and outstanding Addax Shares, is made to all Addax Shareholders (other than the party making such Acquisition Proposal and any joint actor and any of their respective affiliates) on the same terms and conditions; (iii) is not subject to a due diligence condition; and (iv) in respect of which the Addax Board determines, in its good faith judgment, after receiving advice from its outside legal and financial advisors as reflected in the minutes of the Addax Board (confirmation of which shall be delivered to Purchaser as soon as practicable), that: (a) failure to recommend such Acquisition Proposal to the Addax Shareholders would be inconsistent with its fiduciary duties under applicable Law; and (b) having regard to all of its terms and conditions, such Acquisition Proposal, will, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Addax Shareholders (other than Purchaser and any joint actor and any of their respective affiliates) from a financial point of view than the transactions contemplated by this Agreement, after taking into account any amendment to this Agreement proposed by Purchaser pursuant to Section 5.3;

“**Take-up Date**” means the date that Purchaser first takes up Addax Shares pursuant to the Offer;

“**Tax Act**” means the *Income Tax Act* (Canada), and regulations made thereunder, as promulgated or as amended from time to time;

“**Tax Returns**” includes all returns, reports declarations, elections, notices, filings, forms, statements and other documents (whether intangible, 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 by Law in respect of Taxes;

“**Taxes**” means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Governmental Entity, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), capital, withholding taxes, employment insurance, social insurance and security taxes, sales and use taxes, ad valorem taxes, royalties, value added taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupational taxes, real and personal property taxes, stamp taxes, insurance taxes, environmental taxes, transfer taxes, workers’ compensation payments, payments under the Canada Pension Plan or like pension or income support programs implemented by any other Government Entity, health taxes and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which the Addax Group is required to pay, withhold or collect;

“**U.S. Exchange Act**” means the United States *Securities Exchange Act of 1934*, as amended, including the rules and regulations promulgated thereunder; and

“**Wells**” means all producing, exploration, shut-in, water source, observation, disposal, injection, abandoned, suspended and other wells located in the Contract Areas.

1.2 Singular, Plural, etc.

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

1.3 Currency

Unless otherwise indicated, all dollar references herein are to Canadian dollars.

1.4 Headings, etc.

The division of this Agreement into Articles and Sections, the provision of a table of contents and the insertion of recitals and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement and, unless otherwise stated,

all references in this Agreement or in the Schedules to Articles, Sections and Schedules refer to Articles, Sections and Schedules of and to this Agreement or of the Schedules in which such reference is made.

1.5 Date for any Action

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

1.6 Governing Law

This Agreement shall be governed by and interpreted in accordance with the Laws of the Province of Ontario and the Laws of Canada applicable therein.

1.7 Attornment

The Parties hereby irrevocably and unconditionally attorn, consent to and submit to the exclusive jurisdiction of the courts of the Province of Ontario for any actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agree not to commence any action, suit or proceeding relating thereto except in such courts) and further agree that service of any process, summons, notice or document by delivery in the manner set forth in Section 14.1 shall be effective service of process for any action, suit or proceeding brought against either Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of Ontario and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

Purchaser hereby irrevocably designates Stikeman Elliott LLP (in such capacity, the “**Process Agent**”), with an office at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, Canada, M5L 1B9, as its designee, appointee and agent to receive, for and on its behalf service of process in such jurisdiction in any legal action or proceedings with respect to this Agreement or the transactions contemplated hereby, and such service shall be deemed complete upon delivery thereof to the Process Agent; *provided* that in the case of any such service upon the Process Agent, the party effecting such service shall also deliver a copy thereof to Purchaser in the manner provided in Section 14.1. Purchaser shall take all such action as may be necessary to continue said appointment in full force and effect or to appoint another agent so that Purchaser will at all times have an agent for service of process for the above purposes at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, Canada M5L 1B9.

Nothing herein shall affect the right of any party to serve process in any manner permitted by applicable Law. Purchaser expressly acknowledges that the foregoing waiver is intended to be irrevocable under all applicable Laws.

1.8 Knowledge

In this Agreement, references to “the knowledge of Addax” means to the best of the knowledge, information and belief of Addax’s President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Legal Officer and Head of Mergers and Acquisitions, in each case after making all reasonable inquiries of the Addax Group, such knowledge consisting of actual knowledge after such inquiries and not any constructive, implied or imputed knowledge.

1.9 Incorporation of Schedule

Schedule A attached hereto and entitled “Conditions of the Offer” shall, for all purposes hereof, form an integral part of this Agreement.

ARTICLE 2 THE OFFER

2.1 The Offer

- (a) Subject to the terms and conditions of this Agreement, Purchaser shall mail to Addax Shareholders and registered holders of Addax Share Entitlements, as soon as practicable and in any event before 11:59 p.m. (Calgary time) on July 9, 2009 (such time or such date, or such other time and date as the Parties may agree in writing herein referred to as the “**Latest Mailing Time**”), the Offer Documents relating to the offer to purchase all of the outstanding Addax Shares, which includes all Addax Shares which may become outstanding after the date of the Offer on exercise or conversion, as applicable, of Addax Share Entitlements, on the basis of \$52.80 in cash per Addax Share (the “**Purchase Consideration**”) which offer shall be made in accordance with Securities Laws and other applicable Laws and be subject only to the conditions set forth in Schedule A hereto (the “**Offer**”, which term shall include any amendments or variations to, or extensions of, such Offer permitted hereby, including, as permitted by Section 2.1(e)). The Offer Documents shall be prepared by Purchaser in both the English and French languages in accordance with Securities Laws and other applicable Laws. In the event that the mailing of the Offer Documents is delayed by reason of: (i) any circumstance contemplated in Section 2.1(f)(iv); (ii) the failure by Addax to provide Purchaser with the lists of securityholders in accordance with Section 2.3(b), or (iii) the failure by Addax to provide the directors’ circular in accordance with Section 2.1(f)(v), then, in the case of clause (i) above, provided such cease trade order, objection, injunction or prohibition has not become final and non-appealable, the Latest Mailing Time shall be extended for a period ending on the earlier of the date which is 30 days from July 9, 2009 and the fifth Business Day following the date on which such cease trade order, objection, injunction or prohibition contemplated in Section 2.1(f)(iv) ceases to be in effect; and in the case of clauses (ii) or (iii) above, the Latest Mailing Time shall be extended for a period ending on the earlier of the date which is 30 days from July

9, 2009 and the fifth Business Day following the date such directors' circular or lists are provided, as applicable.

- (b) Subject to compliance with Section 14.4, Purchaser may make the Offer itself or through one or more direct or indirect wholly-owned subsidiaries, or any combination thereof. In the event that any of those entities makes or participates in the making of the Offer, the term "**Purchaser**" as used herein shall include all of those entities and Sinopec International Petroleum Exploration and Production Corporation shall continue to be fully liable as primary obligor, and not merely as surety and on a joint and several basis with any such entity, to Addax for any default by any such entity in the performance of any of Purchaser's obligations hereunder.
- (c) Subject to Section 2.1(d), the Offer shall expire at the Initial Expiry Time, except that the Expiry Time may be extended by Purchaser in accordance with the provisions of Section 2.1(e) if the conditions set forth in Schedule A are not satisfied or waived on or before the date and time at which the Offer would otherwise expire. If (i) either or both of the conditions set forth in paragraph (b) or (c) of Schedule A as they relate to any action, suit, proceeding or prohibition referred to therein, as applicable, are not satisfied by the Initial Expiry Time and there has not been a final and non-appealable decision, adjudication, judgment or ruling in respect of any such action, suit, proceeding or prohibition, as applicable, or (ii) either or both of the conditions set forth in paragraph (f) or (g) of Schedule A are not satisfied by the Initial Expiry Time, then in the case of either clause (i) or (ii), Purchaser shall extend the Offer for one or more successive ten day periods beyond the Initial Expiry Time or the Expiry Time, as the case may be, until the earlier of (x) the date that all such conditions are satisfied or waived (provided that in the case of this clause (x) if, at the Expiry Time, all conditions set forth in Schedule A have been satisfied or waived other than the Minimum Condition, then Purchaser shall extend the Offer for one additional ten day period), and (y) the date that there is a final and non-appealable decision, adjudication, judgment or ruling in respect of any action, suit, proceeding or prohibition referred to in clause (i) above, the effect of which is that either or both of the conditions set forth in paragraphs (b) or (c) are not and cannot be satisfied.
- (d) Subject to the satisfaction or waiver (to the extent permitted hereunder) of the conditions set forth in Schedule A, Purchaser shall as soon as possible and in any event within three Business Days of the Expiry Time, take-up and pay for all Addax Shares validly deposited (and not properly withdrawn) pursuant to the Offer. If Purchaser takes-up and pays for any Addax Shares pursuant to the Offer, Purchaser shall extend the Offer to give Addax Shareholders that have not tendered their Addax Shares at least one additional 10 day period to permit such holders to accept the Offer and tender their Addax Shares.
- (e) Purchaser may amend, vary or waive any term or condition of the Offer, provided that Purchaser shall not, without the prior written consent of Addax, change the number of Addax Shares for which the Offer is made, decrease or change the

form or currency of the consideration to be paid for each Addax Share, modify, waive or change the Minimum Condition or the condition in paragraph (e) of Schedule A or impose additional conditions of the Offer or otherwise amend or vary the Offer in a manner which is adverse to the Addax Shareholders; provided however, that an extension of the Expiry Time of the Offer shall not be considered to be adverse to the Addax Shareholders.

(f) The obligation of Purchaser to mail the Offer Documents shall be conditional upon the following:

(i) as at the date that the Offer is to be made:

(A) Addax shall not have breached, or failed to comply with, any of its covenants or obligations under this Agreement to be complied with by it at such time in any material respect; and

(B) no representation or warranty of Addax contained in this Agreement (and for the purposes of this Section 2.1(f)(i)(B) such representations and warranties shall be read as if none of them contained any Material Adverse Change, Material Adverse Effect or other materiality qualification) shall have become inaccurate except for such inaccuracies which individually or collectively shall not have constituted a Material Adverse Change;

and Purchaser shall have received a certificate of the President or other officer of Addax (without personal liability) acceptable to Purchaser to that effect dated as of the date of the Offer;

(ii) the Lock-Up Agreements shall have been duly executed and delivered by AOG Holdings BV and each director and executive officer of Addax (to the extent such person owns or exercises control or direction over Addax Shares) and none of the Lock-Up Agreements shall have been breached in any material respect, or terminated or repudiated, by any such persons;

(iii) no Material Adverse Change shall have occurred since the date of this Agreement and no other circumstance, fact, change, event or occurrence shall have occurred that would render it impossible for one or more of the conditions set out on Schedule A to be satisfied by the Outside Date;

(iv) no cease trade order, objection, injunction or other prohibition under the Laws of Canada, the United States or the United Kingdom or from a Governmental Entity of Canada, the United States or the United Kingdom shall exist against Purchaser making the Offer or taking up or paying for Addax Shares deposited under the Offer;

(v) Addax shall have prepared and approved in final form, printed for distribution to the Addax Shareholders and registered holders of Addax Share Entitlements, and delivered to Purchaser for mailing with the Offer

Documents to the Addax Shareholders and registered holders of Addax Share Entitlements, a directors' circular prepared in accordance with Section 2.2(b), which circular shall contain the determinations and recommendations of the Addax Board referred to in Section 2.2(a)(ii) and a copy of the Fairness Opinion; and

- (vi) the Addax Board shall not have withdrawn, qualified, modified or changed its recommendations or determinations referred to in Section 2.2(a)(ii) in a manner adverse to Purchaser.

The foregoing conditions set forth in this Section 2.1(f) are for the exclusive benefit of Purchaser and may be waived by Purchaser, in whole or in part, at any time and from time-to-time. If Purchaser mails the Offer Documents, all of the conditions set forth in this Section 2.1(f) shall be deemed to have been waived or satisfied for the purposes of this Section 2.1(f).

2.2 Addax Directors' Circular

- (a) Addax hereby represents and warrants to Purchaser that the Addax Board: (i) has received an opinion (the "**Fairness Opinion**") to the effect that, as of the date of this Agreement, the consideration to be received by the holders of Addax Shares is fair from a financial point of view, to such holders, and (ii) after consultation with its legal and financial advisors, has unanimously determined: (X) that the Offer is fair to the holders of Addax Shares and is in the best interests of Addax; and (Y) to recommend acceptance of the Offer by the holders of Addax Shares, subject to Section 5.3, provided that the Offer does not differ in any material respect from the Offer contemplated by this Agreement and such Offer is made in accordance with the terms of this Agreement.
- (b) Provided Purchaser has made the Offer in accordance with this Agreement, Addax shall prepare and file a directors' circular that contains all information which is required to be included therein in accordance with Securities Laws. The directors' circular will set forth (among other things) the recommendation of the Addax Board as described above. Addax shall provide Purchaser with a draft copy of the directors' circular prior to mailing and shall provide Purchaser with a reasonable opportunity to review and provide any comments thereon, recognizing that, subject to compliance with Section 2.2(a), whether or not the comments are appropriate shall be determined by the Addax Board, acting reasonably. Purchaser shall mail the directors' circular at the same time that it mails the Offer Documents to the Addax Shareholders and registered holders of Addax Share Entitlements.

2.3 Offer Documents

- (a) Within the time periods required by Law, Purchaser shall prepare and file or cause to be filed with the appropriate Securities Authorities an offer to purchase and take-over bid circular and the related letter of transmittal and notice of guaranteed

delivery pursuant to which the Offer will be made (collectively, the “**Offer Documents**”). Purchaser shall provide Addax with a draft copy of the Offer Documents prior to mailing and shall provide Addax with a reasonable opportunity to review and provide any comments thereon recognizing that, subject to compliance with Section 2.1(a), whether or not the comments are appropriate shall be determined by Purchaser, acting reasonably. The Offer Documents and any amendments and supplements thereto, when filed with Securities Authorities and when mailed to Addax Shareholders and to registered holders of Addax Share Entitlements, shall contain all information which is required to be included therein in accordance with the Act and any applicable Canadian provincial securities Laws, and any other applicable securities Laws, including, the securities Laws of the United Kingdom and the U.S. Exchange Act and all published rules, regulations, guidelines, notices and directions under all such securities Laws and the rules and policies of the Exchanges (collectively, the “**Securities Laws**”) and the terms of the Offer contemplated by the Offer Documents shall comply with this Agreement.

- (b) Addax agrees to provide such reasonable assistance as Purchaser or its agents may reasonably request in connection with communicating the Offer Documents (and any amendments and supplements thereto) to the Addax Shareholders and to the registered holders of Addax Share Entitlements and to such other persons as are entitled to receive the Offer Documents under Securities Laws, including to provide or cause to be provided, in each case in accordance with applicable Laws, lists of Addax Shareholders (including depository participant break-out lists) and of the registered holders of Addax Share Entitlements as soon as possible after the date of this Agreement but in any event no later than the close of business in Toronto on July 7, 2009 and updates or supplements thereto from time to time as may be reasonably requested by Purchaser.

2.4 LTIP and EIP

Purchaser acknowledges that the consummation of the transactions contemplated by this Agreement will result in a change of control for purposes of the Addax Share Entitlements under the LTIP and the EIP and that all awards pursuant to the LTIP will be accelerated thereunder and certain amounts shall become payable under the EIP and, in that regard, Purchaser acknowledges that: (i) upon Purchaser acquiring more than 50% of the outstanding Addax Shares under the Offer, (x) all Addax Share Entitlements awarded under the LTIP shall become vested, (y) all Addax Shares issuable pursuant to awards under the LTIP shall be issued to the relevant participants, so as to permit the participants thereunder to tender the Addax Shares issued to them under the LTIP to the Offer on or before the Effective Time; and (ii) Addax shall be required to pay monies under the EIP.

ARTICLE 3 PUBLICITY

3.1 Publicity

Addax and Purchaser shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement by Addax and Purchaser, the text and timing of each such announcement to be approved by Addax and Purchaser in advance, acting reasonably. No Party shall issue any press release or otherwise make public announcements with respect to this Agreement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed); provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws and the Party making such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

ARTICLE 4 ARRANGEMENTS RESPECTING FEES

4.1 Non-Completion Fee

- (a) If at any time after the date of this Agreement (and provided there is no material breach or non-performance by Purchaser of any provision of this Agreement which breach or non-performance has not been waived by Addax) any of the following occurs:
 - (i) the Addax Board shall or shall resolve to: (1) fail to make its recommendations or determinations referred to in Section 2.2(a)(ii); or (2) withdraw, modify, qualify or change its recommendation referred to in Section 2.2(a)(ii) in a manner adverse to Purchaser; or (3) fail to publicly reaffirm its recommendation of the Offer within five Business Days of the public announcement of a bona fide Acquisition Proposal which the Addax Board has determined is not a Superior Acquisition Proposal and, in any of the foregoing circumstances, Purchaser terminates this Agreement pursuant to Section 13.1(f);
 - (ii) this Agreement is terminated by Addax pursuant to Section 13.1(g) in order to permit Addax to accept, approve or recommend a Superior Acquisition Proposal or to enter into a binding support, acquisition, arrangement or other similar agreement with any person which sets out the terms of, and provides the support of Addax for, a Superior Acquisition Proposal (other than a confidentiality agreement referred to in Section 5.2(c)); or
 - (iii) if prior to the Expiry Time (i) an Acquisition Proposal (for the purposes of this paragraph read such that all references to "more than 20%" in the definition of Acquisition Proposal are references to "100%") is publicly

announced and made; (ii) the Offer is not completed as a result of the Minimum Condition not being satisfied by the Expiry Time and Purchaser terminates this Agreement as a consequence thereof; and (iii) within 12 months after the date of this Agreement, such Acquisition Proposal is completed;

then Addax shall pay or cause to be paid to Purchaser by wire transfer in immediately available funds to an account designated by Purchaser an amount of \$300,000,000 (the “**Non-Completion Fee**”). Such payment shall be made, in the case of Section 4.1(a)(i) or Section 4.1(a)(iii), within five Business Days following the date of occurrence of the earlier event giving rise to payment of the Non-Completion Fee and in the case of Section 4.1(a)(ii) prior to or concurrently with the termination of this Agreement by Addax pursuant to Section 13.1(g). For greater certainty, not more than one Non-Completion Fee shall be payable by Addax under this Agreement.

- (b) If this Agreement is terminated by Addax pursuant to Section 13.1(k), then Purchaser shall pay or cause to be paid to Addax by wire transfer in immediately available funds to an account designated by Addax an amount equal to \$300,000,000 (the “**Break-Up Fee**”). Such payment shall be made within five Business Days of such termination.

4.2 Liquidated Damages

Purchaser acknowledges that the payment of the Non-Completion Fee is a payment of liquidated damages which are a genuine pre-estimate of the damages which Purchaser will suffer or incur as a result of the event giving rise to such damages and the resultant termination of this Agreement and is not a penalty. Addax irrevocably waives any right it may have to raise a defence that any such liquidated damages are excessive or punitive. Purchaser agrees that the payment of the Non-Completion Fee is the sole and exclusive remedy of Purchaser in respect of the events giving rise to the payment of the Non-Completion Fee.

Addax acknowledges, on its behalf and on behalf of its securityholders, that the payment of the Break-Up Fee is a payment of liquidated damages which are a genuine pre-estimate of the damages which Addax and its securityholders will suffer or incur as a result of the event giving rise to such damages and the resultant termination of this Agreement and is not a penalty. Purchaser irrevocably waives any right it may have to raise a defence that any such liquidated damages are excessive or punitive. Addax agrees, on its behalf and on behalf of its securityholders, that the payment of the Break-Up Fee is the sole and exclusive remedy of Addax and its securityholders in respect of the events giving rise to the payment of the Break-Up Fee.

ARTICLE 5 NO SOLICITATION

5.1 Cease Existing Discussions

Addax shall immediately cease and cause to be terminated all existing discussions, solicitations, initiations, encouragements and negotiations, if any, with any parties

(other than Purchaser or its affiliated entities) conducted on or before the date of this Agreement by Addax or its officers, directors, Employees, financial advisors, legal counsel, representatives or agents (“**Representatives**”) with respect to any actual or potential Acquisition Proposal. In connection therewith, Addax and its Representatives shall terminate access for all persons (other than Purchaser and its Representatives) to any data room and cease to provide any access to information concerning Addax, and Addax shall promptly send a letter to all persons who have entered into confidentiality agreements with Addax pertaining to any actual or potential Acquisition Proposal requesting, in accordance with any such confidentiality agreement signed with any such person, the return or destruction of any confidential information provided to such person, and Addax will use its commercially reasonable efforts to ensure that such requests are complied with. Addax shall promptly advise Purchaser orally and in writing of any response or action by any recipient of such letter which would, in the opinion of Addax, acting reasonably, be reasonably likely to hinder, prevent or materially delay or otherwise adversely affect the completion of the Offer.

5.2 Covenants Regarding Non-Solicitation

- (a) Except as expressly provided in this Article 5, Addax shall not, directly or indirectly, through any Representative:
 - (i) solicit, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiries, offers, expressions of interest or proposals regarding an Acquisition Proposal or potential Acquisition Proposal;
 - (ii) participate in any substantive discussions or negotiations regarding, or provide any confidential information with respect to or otherwise cooperate in any way with, any Acquisition Proposal or potential Acquisition Proposal;
 - (iii) approve or recommend any Acquisition Proposal or potential Acquisition Proposal;
 - (iv) enter into any agreement related to any Acquisition Proposal or potential Acquisition Proposal (other than a confidentiality agreement contemplated by Section 5.2(c));
 - (v) withdraw, change, modify or qualify, or propose publicly to withdraw, change, modify or qualify, in a manner adverse to Purchaser, the determinations and recommendations of the Addax Board referred to in Section 2.2(a)(ii); or
 - (vi) waive any provision of, or release or terminate, any standstill provisions contained in any confidentiality, non disclosure, standstill or other agreements relating to any actual or potential Acquisition Proposal, or amend any such agreement or consent to the making of an Acquisition Proposal in accordance with the terms of such agreement;

provided, however, that notwithstanding the preceding part of this Section 5.2(a) or any other provision of this Agreement;

- (vii) nothing shall prevent the Addax Board from considering or participating in discussions or negotiations in respect of or responding to an unsolicited *bona fide* Acquisition Proposal from any person, provided that: (A) the Addax Board determines in good faith, after consultation with financial and outside legal advisors, that the Acquisition Proposal is or may reasonably be expected to result in a Superior Acquisition Proposal; and (B) prior to entering into substantive discussions or negotiations with or responding to any person regarding such Acquisition Proposal, Addax notifies Purchaser of its determination that such Acquisition Proposal is or may reasonably be expected to result in a Superior Acquisition Proposal; and (C) Addax is not in breach in any material respect of its obligations under Sections 5.2(a), 5.2(b) and 5.2(c); and
 - (viii) provided that Addax is not in material breach of Article 5 of this Agreement, the Addax Board may release a person who is subject to standstill obligations and related obligations in favour of Addax from such obligations if, prior to the Expiry Time, Addax receives a request from such person to waive or release such person from such obligations to make an unsolicited bona fide Acquisition Proposal but only to the extent required to allow such person to provide the Acquisition Proposal for consideration by Addax Board in accordance with this Section 5.2(a)(viii), to the extent permitted by Section 5.2(a)(vii) and to take all steps necessary to consummate a Superior Acquisition Proposal in accordance with this Article 5.
- (b) Addax shall promptly notify Purchaser orally (and then in writing within 48 hours) after it or any of its Representatives has received any proposal, inquiry, offer or request (or any amendment thereto) relating to or constituting an Acquisition Proposal, any request for discussions or negotiations, or any request for information relating to Addax in connection with an Acquisition Proposal or a potential Acquisition Proposal or for access to the properties or books and records of which Addax or any of its Representatives is or became aware. Such notice shall include a description of the terms and conditions of, and the identity of the person making, any Acquisition Proposal, inquiry, offer or request. Addax shall also promptly provide Purchaser with (i) a copy of any written notice or other written communication from any person informing Addax that it is considering making or has made, an Acquisition Proposal, (ii) a copy of any Acquisition Proposal (or any amendment thereof) received by Addax, and (iii) such other details of any such Acquisition Proposal that Purchaser may reasonably request. Addax shall keep Purchaser informed of the status of any Acquisition Proposal and keep Purchaser fully informed as to the material details of all discussions or negotiations.

- (c) If Addax receives a request for material non-public information from a person who proposes an Acquisition Proposal and the Addax Board determines that such Acquisition Proposal is or may reasonably be expected to result in a Superior Acquisition Proposal pursuant to Section 5.2(a)(vii), the Addax Board may provide such person with access to information regarding Addax; provided however, that (i) Addax shall have entered into a confidentiality and standstill agreement with such person containing confidentiality and standstill provisions that are no less restrictive than those contained in the Confidentiality Agreement (however such confidentiality and standstill agreement may permit such person to make an Acquisition Proposal); (ii) Purchaser is provided with a complete list or copies of, any and all information provided to such person on a timely basis (unless such information was previously provided to Purchaser); and (iii) Purchaser is provided with prompt and similar access to such information (unless such information was previously provided to Purchaser).
- (d) Addax shall ensure that its Representatives are aware of the provisions of this Section 5.2.
- (e) Any documents, agreements or information provided to Purchaser relating to, or in connection with, any Acquisition Proposal referred to in Section 5.2(b) shall constitute “**Confidential Information**” for purposes of the Confidentiality Agreement and will be subject to the terms thereof.

5.3 Notice by Addax of Superior Acquisition Proposal Determination and Right to Match

- (a) Addax covenants that it will not accept, approve, recommend or enter into any agreement in respect of a Superior Acquisition Proposal (other than a confidentiality agreement permitted by Section 5.2(c)) unless:
 - (i) Addax has complied in all material respects with its obligations under Sections 5.1 and 5.2; and
 - (ii) Addax has provided Purchaser with written notice promptly following the Addax Board’s determination, subject only to compliance with this Section 5.3, to accept, approve, recommend or enter into a binding support, acquisition, arrangement or other similar agreement with any person which sets out the terms of, and provides the support of Addax for, a Superior Acquisition Proposal and a period (the “**Response Period**”) of five calendar days has elapsed from the date that is the later of: (x) the date on which Purchaser receives such written notice; and (y) the date Purchaser receives from Addax a copy of the Acquisition Proposal which the Addax Board has determined is or may reasonably be expected to result in a Superior Acquisition Proposal.
- (b) During the Response Period, Purchaser will have the right, but not the obligation, to offer to amend this Agreement in writing, including an increase in, or

modification of, the aggregate consideration under the Offer. During the Response Period, Addax shall negotiate with Purchaser in a manner consistent with the fiduciary duties of the Addax Board. The Addax Board shall review any such offer by Purchaser to determine whether the Superior Acquisition Proposal to which Purchaser is responding would continue to be a Superior Acquisition Proposal when assessed against the Offer as proposed to be amended in writing by Purchaser. If the Addax Board determines that the Superior Acquisition Proposal no longer constitutes a Superior Acquisition Proposal, Addax and Purchaser shall enter into an amendment to this Agreement incorporating the amendments to this Agreement as set out in the written offer to amend, and will promptly reaffirm its recommendation of the Offer, as amended, by the prompt issuance of a press release to that effect. If the Addax Board determines that the Superior Acquisition Proposal continues to be a Superior Acquisition Proposal, Addax may approve and recommend that Addax Shareholders accept such Superior Acquisition Proposal and may terminate this Agreement in accordance with Section 13.1(g).

- (c) Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by Addax Shareholders shall constitute a new Acquisition Proposal for the purposes of this Section 5.3 and Purchaser shall be afforded a new Response Period and the rights afforded in this Section 5.3 in respect of each such Acquisition Proposal.

5.4 Compliance with Disclosure Obligations

Nothing contained in this Article 5 shall prohibit Addax from complying with Securities Laws including, making any disclosures or taking any actions that may be required under Securities Laws or as may be necessary in order for the Addax Board to act in a manner consistent with its fiduciary obligations, or complying with applicable provisions under Securities Laws relating to the provision of directors' circulars and making appropriate disclosures therein.

ARTICLE 6 TRANSACTIONS FOLLOWING COMPLETION OF THE OFFER

6.1 Second Stage Transaction

If Purchaser takes up and pays for, or otherwise acquires, directly or indirectly at least the Minimum Required Shares pursuant to the terms of the Offer, Purchaser agrees to use all commercially reasonable efforts to acquire, and Addax agrees to use commercially reasonable efforts to assist Purchaser in acquiring, the balance of the Addax Shares as soon as practicable and in any event within a period of 120 days following the Take-up Date by way of a compulsory acquisition, statutory arrangement, amalgamation, reorganization, consolidation, recapitalization or other type of acquisition transaction or transactions (each a "**Second Stage Transaction**") carried out for a consideration per Addax Share not less than the Purchase Consideration paid pursuant to the Offer. Nothing herein shall be construed to prevent Purchaser,

following the successful completion of the Offer, from acquiring, directly or indirectly, additional Addax Shares in the open market or in privately negotiated transactions or otherwise, in accordance with Securities Laws.

6.2 The Addax Board

Promptly after Effective Time, the Addax Board shall be reconstituted and Purchaser shall be entitled to designate such number of directors of the Addax Board, and any committees thereof, that would constitute a number equal to Purchaser's proportionate equity interest in Addax, in all cases subject to (i) applicable Law, (ii) providing a release in favour of each resigning member of the Addax Board who is being replaced by Purchaser's designee, and (iii) confirmation that insurance coverage is maintained as contemplated in this Agreement. In such circumstances Addax shall co-operate with Purchaser to enable Purchaser's designees to be elected or appointed to the Addax Board and to constitute a majority of the Addax Board without the necessity of calling a shareholder meeting, including at the request of Purchaser by using its reasonable commercial efforts to increase the size of the Addax Board and to request the resignations and releases of such directors at such time as may be required by Purchaser provided that any releases required from such directors shall contain exceptions for the obligations of Addax and/or Purchaser, as applicable, to such persons hereunder and for all amounts owing to such persons on account of accrued and unpaid salary, bonus, benefits and other entitlements or compensation or pursuant to indemnity or directors' and officers' insurance arrangements.

6.3 Convertible Notes and Credit Facilities

If Purchaser takes up and pays for, or otherwise acquires, directly or indirectly at least the Minimum Required Shares pursuant to the terms of the Offer, Purchaser agrees to comply, or cause Addax to comply, with the terms of the Convertible Notes and the Credit Facilities.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Addax as follows and acknowledges that Addax is relying upon these representations and warranties in connection with the entering into of this Agreement:

7.1 Organization and Qualification

Purchaser is a corporation duly formed and organized and validly existing under the laws of The People's Republic of China and has the requisite power and authority to carry on its business as it is now being conducted.

7.2 Authority Relative to this Agreement

Purchaser has the requisite authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Purchaser of the transactions contemplated hereby have been duly authorized by the board of

directors of Purchaser and no other proceedings on the part of Purchaser is or will be necessary to authorize this Agreement and the transactions and documentation (including the Offer Documents) contemplated hereby. This Agreement has been duly executed and delivered by Purchaser and constitutes the legal, valid and binding obligation of Purchaser enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally, and to general principles of equity.

7.3 No Violations

- (a) None of the execution and delivery of this Agreement by Purchaser, the consummation of the transactions contemplated hereby or compliance by Purchaser with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any Lien, security interest, charge or encumbrance upon any of the properties or assets of Purchaser or any of its subsidiaries under, any of the terms, conditions or provisions of: (y) the articles and by-laws of Purchaser, as amended; or (z) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, Lien, Contract or other material instrument or obligation to which Purchaser or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Purchaser or any of its subsidiaries is bound; (ii) subject to obtaining the PRC Approvals, violate any Law applicable to Purchaser or any of its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not be reasonably expected to likely prevent or materially delay consummation of the transactions contemplated by this Agreement; or (iii) cause the suspension or revocation of any authorization, consent, approval or license currently in effect which would reasonably be expected to likely prevent or materially delay consummation of the transactions contemplated by this Agreement.
- (b) After due enquiry and consultation with all relevant Governmental Entities in The People's Republic of China, Purchaser has no reason to believe that the PRC Approvals will not be obtained on or before August 24, 2009.

7.4 Funds Available

Purchaser has and will have sufficient cash on hand and available under existing credit facilities, all of which are and will remain in good standing, to satisfy the aggregate Purchase Consideration payable pursuant to the Offer so that Purchaser is in a position to pay for all the Addax Shares tendered pursuant to the Offer in accordance with the terms of the Offer and to satisfy all obligations under the Convertible Notes, the Addax Share Entitlements, the Credit Facilities and under this Agreement.

7.5 Litigation, etc.

There is no claim, action, inquiry, suit, hearing, arbitration, investigation or other proceeding pending, or, to the knowledge of Purchaser, threatened against or relating to Purchaser or affecting any of its properties or assets before any Governmental Entity, nor is Purchaser subject to any outstanding order, writ, injunction or decree that, either individually or in the aggregate, is reasonably likely to prevent or materially delay consummation of the transactions contemplated by this Agreement.

ARTICLE 8

REPRESENTATIONS AND WARRANTIES OF ADDAX

Addax hereby represents and warrants (and, as applicable, covenants) to Purchaser as follows and acknowledges that Purchaser is relying upon these representations, warranties and covenants in connection with the entering into of this Agreement, that except as disclosed in writing:

8.1 Organization and Qualification of Addax

Addax is a corporation duly formed and organized and validly existing under the Laws of Canada and has the requisite corporate power and authority to own its properties and conduct its business as now owned and conducted. Addax is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect.

8.2 Organization and Qualification of Subsidiaries

Each of the subsidiaries of Addax is a corporation duly formed and organized and validly existing under the Laws of its jurisdiction of formation and has the requisite power and authority to own its properties and conduct its business as now owned and conducted. Each of the subsidiaries of Addax is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect.

8.3 Authority Relative to this Agreement

Addax has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the Addax Board and no other corporate proceedings on the part of Addax are necessary to authorize this Agreement and the transactions contemplated hereby (except for obtaining any applicable shareholder approval in respect of any Second Stage Transaction). This Agreement has been duly executed and delivered by Addax and constitutes the legal, valid and binding obligation of Addax enforceable against Addax in accordance with its terms, subject to bankruptcy,

insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally, and to general principles of equity.

8.4 Subsidiaries

The only material subsidiaries of Addax are the material subsidiaries disclosed in the AIF under the heading "Intercorporate Relationships" (such subsidiaries collectively, the "**Material Subsidiaries**") and Addax owns, directly or indirectly, 100% of the outstanding securities of each of such Material Subsidiaries. All of the outstanding shares and all other ownership interests in the subsidiaries of Addax are duly authorized, validly issued, fully paid and non-assessable, and all such shares and other ownership interests are held directly or indirectly by Addax and are owned by Addax free and clear of all Liens, except for Permitted Encumbrances and except for restrictions on transfer contained in the articles of any subsidiary. There are no outstanding contractual or other obligations of any member of the Addax Group to repurchase, redeem or otherwise acquire any of their respective securities or with respect to the voting or disposition of any outstanding securities of any of them, except as provided in the terms and conditions of the Convertible Notes. There are no outstanding options rights, entitlements, understandings or commitments (contingent or otherwise) providing to any person the right to acquire any shares or ownership interest in any member of the Addax Group, except for the Addax Share Entitlements.

8.5 No Violations

- (a) None of the execution and delivery of this Agreement by Addax, the consummation of the transactions contemplated hereby or the compliance by Addax with any of the provisions hereof will violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any Lien upon any of the properties or assets of the Addax Group under, any of the terms, conditions or provisions of: (i) the Addax Governing Documents; or (ii) any Contract, except for Permitted Encumbrances and except for such Liens or circumstances which, or any consents, approvals or notices which if not given or received, would not have a Material Adverse Effect.
- (b) There is no confidentiality, non-competition, exclusivity or other similar Contract in place, to which the Addax Group, or, to the knowledge of Addax, any director or officer is a party or is otherwise bound that would now or hereafter: (i) limit in any material respect either the type of business in which the Addax Group may engage or the manner or locations in which any of them may so engage in any business; (ii) could require the disposition of any material assets or line of business of the Addax Group or; (iii) prohibits or limits the right of the Addax Group to produce, explore, exploit or distribute any products, services, reserves or resources.

- (c) The execution, delivery and performance of this Agreement by Addax does not and will not result in the restriction of the Addax Group from engaging in its business or from competing with any person or in any geographical area.
- (d) The authorization, execution and delivery of this Agreement by Addax, the completion of the transactions contemplated hereby and the performance by Addax of its obligations hereunder and compliance by Addax with any of the provisions hereof will not result (with or without notice or the passage of time) in a violation or breach of or constitute a default under any provision of any Laws applicable to the Addax Group or any of their respective properties or assets as of the date of this Agreement or would result in a revocation or significant suspension of any Permit currently held in regard of the Addax Group under applicable Law as of the date of this Agreement.

8.6 Capitalization of Addax

As of the date hereof, the authorized share capital of Addax consists of an unlimited number of Addax Shares and an unlimited number of preferred shares issuable in series. As of the date hereof, only 156,582,318 Addax Shares are issued and outstanding and no preferred shares are issued and outstanding. Other than the Addax Share Entitlements there are no options, puts, calls, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Addax of any shares of Addax (including Addax Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Addax (including Addax Shares) nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or other attribute of Addax. As of the date hereof and immediately prior to the execution of this Agreement, an aggregate of (i) 2,061,452 Addax Shares are issuable pursuant to the LTIP, (ii) no Addax Shares are issuable pursuant to the Share Plan, and (iii) 5,929,234 Addax Shares are issuable pursuant to the Convertible Notes. All outstanding Addax Shares have been duly authorized and validly issued, are fully paid and non-assessable and were not issued in violation of, any pre-emptive rights, and all Addax Shares issuable upon exercise of outstanding Addax Share Entitlements in accordance with their respective terms will be duly authorized and validly issued, fully paid and non-assessable.

8.7 Dividends and Material Adverse Change

Since December 31, 2008, (i) Addax has neither declared nor paid any dividends, and (ii) no Material Adverse Change has occurred, in each case except as publicly disclosed.

8.8 Information

All Data Room Information was accurate in all material respects as at its respective date as stated therein, or, if any Data Room Information is undated, as of the date of its delivery to the data sites maintained by or on behalf of Addax or to the extent not on any data site, the date delivered to Purchaser or its representatives, in each case for purposes of the transactions contemplated by this Agreement. Additionally, all information provided to

Purchaser in relation to Purchaser's due diligence requests, including information not provided in the Data Room Information, is accurate in all material respects as at its respective date as stated therein. To the extent that there has been a material change to any of the Data Room Information or any other information provided to Purchaser since the date posted to the data sites or provided to Purchaser, as the case may be, such information is accurate in all material respects or is no longer relevant or material to Addax or additional information has been provided in the Data Room Information or to Purchaser which supersedes or replaces such information. For greater certainty, no representation or warranty is being made with respect to any FOFI or financial outlook contained in any Data Room Information or any other information provided to Purchaser.

8.9 No Undisclosed Material Liabilities

Addax has not incurred any material liabilities of any nature, whether accrued, contingent or otherwise, whether or not such liabilities would be required by GAAP to be reflected on a consolidated balance sheet of Addax as of the date hereof, except: (a) as disclosed or reflected in the audited annual consolidated financial statements of Addax as at and for the twelve months ended December 31, 2008 or in the unaudited consolidated financial statements of Addax as at and for the three month period ended March 31, 2009 (such financial statements collectively, the "**Financial Statements**"); and (b) for liabilities and obligations: (i) incurred in the ordinary course of business and consistent since December 31, 2008; or (ii) pursuant to the terms of this Agreement,

8.10 Officers' Obligations

There are no Officers' Obligations other than those under applicable Laws and as may be provided in the services agreements contemplated in Section 12.2(e). The Officers' Obligations do not exceed the total of CHF 17,980,000 and \$86,500,000 in the aggregate, but not including any Officers' Obligations provided in the services agreements contemplated in Section 12.2(e).

8.11 Brokerage Fees

Addax has not retained nor will it retain any financial advisor, broker, agent or finder or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that RBC Dominion Securities Inc. has been retained as Addax's financial advisors in connection with certain matters, including the transactions contemplated hereby. Addax has delivered to Purchaser a true and complete copy of its agreements with RBC Dominion Securities Inc. There are no fees payable to such advisors other than those disclosed in such agreements.

8.12 Conduct of Business

Since January 1, 2009, the Addax Group has conducted and is conducting its business in accordance with good oilfield and environmental practices and in compliance with all applicable Permits and all applicable Laws in each jurisdiction in which it carries on business,

except where the failure to so conduct its business or comply with applicable Laws would not have a Material Adverse Effect.

8.13 Reports

- (a) Addax has filed all documents on SEDAR required to be publicly filed by it under applicable Securities Laws. All such documents and information, as of their respective dates (and the dates of any amendments thereto) complied in all material respects with the requirements of Securities Laws and, as of their respective dates (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make statements therein, in light of the circumstances in which they were made, not misleading, and (ii) complied in all material respects with the requirements of Securities Laws. Addax has not filed any confidential material change report with any applicable Securities Authorities that at the date of this Agreement remains confidential.
- (b) The audited consolidated financial statements of Addax as at and for the fiscal year ended December 31, 2008 were prepared and fairly present in accordance with GAAP (except as otherwise expressly stated in such financial statements and the notes thereto or in the related report of Addax's auditors) the financial position, results of operations and changes in financial position of Addax as of the dates thereof and for the periods indicated therein. The unaudited consolidated financial statements of Addax as at and for the three month period ended March 31, 2009 were prepared and fairly present in accordance with GAAP (except as otherwise expressly stated in such financial statements and the notes thereto, and except to the extent that such financial statements may not include footnotes, are subject to normal year end adjustments or may be condensed or summary statements) the financial position, results of operations and changes in financial position of Addax as of the date thereof and for the periods indicated therein.
- (c) Addax maintains internal control over financial reporting of the Addax Group. Such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements of the Addax Group for external purposes in accordance with GAAP.

8.14 Books and Records

The financial books, records and accounts of the Addax Group have been maintained in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of the Addax Group and accurately and fairly reflect the basis for the Financial Statements. The corporate records and minute books for each member of the Addax Group contain complete and accurate minutes of all meetings of the directors and any and all committees thereof and shareholders of each member of the Addax Group held since its formation, incorporation, continuation or amalgamation, as the case may be, except for minutes

of meetings of the directors of Addax and any and all committees thereof relating to Addax's sale process and which have not yet been prepared.

8.15 Litigation, etc.

There is no claim, action, complaint, inquiry, suit, hearing, arbitration, investigation, stop order or other proceeding pending or, to the knowledge of Addax, threatened against or relating to the Addax Group or affecting any of its properties or assets before any Governmental Entity, nor is any member of the Addax Group subject to any outstanding order, writ, injunction or decree that, in any such case (individually or in the aggregate) has had or is reasonably likely to have a Material Adverse Effect or that is reasonably likely to prevent or materially delay consummation of the transactions contemplated by this Agreement or the Offer.

8.16 Environmental

- (a) Each member of the Addax Group has obtained all requisite Environmental Licences required for carrying on of its business as currently conducted and has at all times complied in all material respects with the terms and conditions of such Environmental Licences and all applicable Environmental Laws.
- (b) There is no material Environmental Claim pending or, to the knowledge of Addax threatened, against any member of the Addax Group.

8.17 Tax Matters

- (a) **Returns Filed and Taxes Paid.** All Tax Returns required to be filed by or on behalf of any member of the Addax Group have been duly filed on a timely basis and such Tax Returns are true, complete and correct in all material respects; (ii) all Taxes shown to be payable on the Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis or have been accrued for on Addax's consolidated financial statements in accordance with GAAP, and no other Taxes are payable by the Addax Group with respect to items or periods covered by such Tax Returns, except in each case where the failure to so pay would not have a Material Adverse Effect.
- (b) **Returns Furnished.** For all periods ending on and after December 31, 2008, Purchaser has been furnished by Addax with true and complete copies of all material: (i) income tax audit reports, statements of deficiencies, or agreements relating to Taxes in each case with respect to the Addax Group; and (ii) federal, provincial, state, local or foreign income or franchise Tax Returns for the Addax Group.
- (c) **Tax Deficiencies, Audits, Statutes of Limitations.**
 - (i) No material deficiencies exist or have been asserted with respect to Taxes of the Addax Group. The Addax Group is not party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against the Addax Group or any of its assets. No

waiver or extension of any statute of limitations is in effect or to the knowledge of Addax, pending with respect to any claim for, or the period for the collection, assessment or reassessment of, Taxes due from any member of the Addax Group for any taxable period with respect to Taxes or Tax Returns of the Addax Group and no member of the Addax Group is negotiating any final or draft assessment, reassessment or agreement in respect of Taxes with any Governmental Entity.

- (ii) There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of any member of the Addax Group.
- (iii) No claim has been made by any Governmental Entity in a jurisdiction where a member of the Addax Group does not file Tax Returns that any member of the Addax Group is or may be subject to Tax by that jurisdiction.
- (iv) All property owned by Addax prior to the acquisition of more than 50% of the issued and outstanding Addax Shares by Purchaser constitutes capital property within the meaning of the Tax Act.

8.18 Employee Benefit Plans

Addax:

- (a) has no defined benefit plans or other employee benefit plans, except for the EIP and benefit plans provided in the ordinary course of business. Addax has complied, in all material respects, with all the terms of, and all applicable Laws in respect of, such plans and all such plans are fully funded. There are no complaints, grievances, actions, suits, claims (other than routine claims for payment of benefits in the ordinary course), trials, demands, investigations, arbitrations or other proceedings which are pending or, to the knowledge of Addax, threatened in respect of any of such plans which would, individually or in the aggregate, have a Material Adverse Effect;
- (b) has, as of the date of this Agreement, made all contributions required to be made for each of its benefit plans on a timely basis and has properly accrued in its Financial Statements in accordance with GAAP (or such amounts are fully funded) for all pension or other employee benefit obligations of Addax arising under or relating to each of the pension or retirement income plans or other employee benefit plans or agreements or policies maintained by or binding on Addax as well as for any other payment required to be made by Addax in connection with the termination of employment or retirement of any employee of Addax as of December 31, 2008; and
- (c) has no stock option plans or arrangements other than the LTIP and the Share Plan and, except as otherwise disclosed herein, is not otherwise a party to any agreement to provide any Addax Shares or other Addax securities (including any securities convertible into or exchangeable or exercisable for, or otherwise

evidencing a right to acquire Addax Shares) or to provide any options to acquire Addax Shares or any other Addax securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Addax Shares to any person, in each case, other than pursuant to the LTIP, the Share Plan or the Convertible Notes.

8.19 Labour and Employment

- (a) There are no written Contracts of employment with executive officers. No Employee is party to a retention agreement, change of control, severance, termination, golden parachute or similar agreement or would receive payments from the Addax Group under such agreement as a result of the completion of the Offer, except as required by Law or as expressly permitted by this Agreement.
- (b) There are no collective agreements, either directly, by operation of Law, or by voluntary recognition, between the Addax Group and any trade union or association which may qualify as a trade union. There are no outstanding or, to the knowledge of Addax, threatened labour tribunal proceedings of any kind, including unfair labour practice proceedings or any proceedings which would result in a certification of a trade union as bargaining agent for any Employees not already covered by a collective agreement. To the knowledge of Addax, there are no threatened union organizing activities involving Employees.
- (c) To the knowledge of Addax, each member of the Addax Group has been and is being operated in material compliance with all applicable Laws relating to Employees.
- (d) No commitment has been made to improve or otherwise amend any Employee plan or Addax benefit plan, except as required by Law or as expressly permitted by this Agreement.
- (e) There are no claims, complaints, orders or actions, nor, to the knowledge of Addax, are there any threatened claims, complaints orders or actions, against any member of the Addax Group pursuant to any Laws relating to Employees, including, without limitation, employment standards, human rights, labour relations, occupational health and safety, workers' compensation, or pay equity, which would reasonably be expected to have a Material Adverse Effect. To the knowledge of Addax, there are no existing bases that would support a claim or complaint against any member of the Addax Group under any such Laws and there are no outstanding decisions, orders or settlements or pending settlements which place any obligation on Addax to do or refrain from doing any act under any such Laws which would reasonably be expected to have a Material Adverse Effect.
- (f) All amounts due and payable (and other than accrued amounts) for salaries, wages, consulting fees, bonuses, incentives, profit share, overtime, allowances,

commissions vacation pay, sick pay or other compensation and benefits have been paid in full.

8.20 Reporting Issuer Status

Addax is a “**reporting issuer**” or the equivalent under, and in compliance in all material respects with, the Securities Laws of each of the Provinces of Canada and the United Kingdom and the rules and policies of the Exchanges and the Addax Shares are listed on the Exchanges and the Convertible Notes are listed on the London Stock Exchange.

8.21 No Shareholder Rights Plan

As of the date of this Agreement, there is not in effect with respect to Addax any shareholder rights plan.

8.22 Engineering Reports

Addax has made available to Netherland Sewell & Associates, Inc. (“NSAI”) prior to the issuance of their report dated February 3, 2009 (the “**Reserves Report**”) all material information requested by NSAI, which information was at the time such information was provided complete and accurate. The Reserves Report was prepared and the estimates of oil and gas assets contained therein have been prepared and disclosed in all material respects in accordance with National Instrument 51-101 “Standards of Disclosure for Oil and Gas Activities”. Since the Reserves Report, Addax has not prepared nor received any engineering reports which conclude that there has been a material reduction in the estimated gross oil reserves disclosed in the Reserves Report, except for any reduction in connection with production.

8.23 Confidentiality Agreements

As of the date of this Agreement, Addax has not waived or released the applicability of any standstill or other provisions of any confidentiality agreements entered into by Addax.

8.24 Material Agreements

All Contracts, Permits and other rights and authorizations, in each case material to the conduct of the business of the Addax Group by Addax, have been provided in the Data Room Information and as of the date hereof are valid and subsisting and no member of the Addax Group is in, and no member of the Addax Group has received notice of, any default, breach of, or termination under any such Contracts, Permits and other rights and authorizations.

8.25 Petroleum and Natural Gas Rights

- (a) Addax does not warrant title to the Petroleum and Natural Gas Rights; however, Addax does represent and warrant that no member of the Addax Group has committed any act that would result in any of the Petroleum and Natural Gas Rights being cancelled and that the Petroleum and Natural Gas Rights are free and

clear of all Liens, demands and royalties or other interests created by, through or under the Addax Group, except for Permitted Encumbrances.

- (b) Other than Permitted Encumbrances, no member of the Addax Group is aware of any defects, defaults, failures or impairments in, to or under the title to the Petroleum and Natural Gas Rights, which taken together, could reasonably be expected to have a material effect on: (i) the quantity and pre-tax present worth values of the Addax Group's reserves of Petroleum Substances (on a consolidated basis); (ii) the current production attributable to the Addax Group's properties (on a consolidated basis); or (iii) the current cash flow from the Addax Group's properties (on a consolidated basis).
- (c) Subject to the rents, covenants and conditions of the Production Sharing Contracts to be paid, performed and observed by the Addax Group, to the knowledge of Addax, the Addax Group is entitled to hold the Petroleum and Natural Gas Rights currently held by them in for the remainder of the terms of the Production Sharing Contracts, and all renewals or extensions of them.
- (d) There are no royalties, net profits interest, carried interest or any other Liens of any nature whatsoever which are based on production of Petroleum Substances from the Contract Areas or any revenue or rights attributed thereto.

8.26 Production Allowables and Production Penalties

The Wells are not subject to any production allowables imposed by any applicable Law or Governmental Entity. No member of the Addax Group has received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Entity.

8.27 Royalties, Rentals and Taxes Paid

To the knowledge of Addax, all royalties and rentals payable on or before the date hereof under the Production Sharing Contracts and, without limiting the representations in this Section 8.27, all Taxes and assessments 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 Financial Statements.

8.28 Current Capital Commitments

Addax's capital program with respect to operations in the Contract Areas for the 2009 fiscal year is budgeted at US\$1,600,000,000 as disclosed in the Budget and Addax is not subject to any commitments that would cause actual capital expenditures to exceed the budgeted amount. Addax has not made any capital expenditures which are materially in excess of the budgeted amount for such expenditures.

8.29 Areas of Mutual Interest

Other than the agreements contemplated by Section 12.2(e), the Addax Group is not bound by or subject to any active area of mutual interest covenant or restrictions.

8.30 Take or Pay Obligations

The Addax Group does not have any take or pay obligations of any kind or nature whatsoever.

8.31 Operation and Condition of Wells

All the Wells, in which any member of the Addax Group has an interest by virtue of its rights under the Production Sharing Contracts have, during the period from the date of the direct or indirect acquisition of such member of the Addax Group by Addax, been drilled and completed in accordance with applicable Law and within the boundaries of the Contract Area.

8.32 Property

The Addax Group has sufficient rights to the real property interests on which its operations are presently conducted to permit access to, and the operation of, its business as presently conducted.

8.33 Tax Pools

The consolidated tax pools of Addax at December 31, 2008 have been disclosed in writing to Purchaser.

8.34 Investment Canada Act

Addax is not a Canadian business within the meaning of the Investment Canada Act.

8.35 Related Party Transactions

Other than the agreements contemplated by Section 12.2(e), there are no Contracts or other transactions currently in place between any member of the Addax Group, on the one hand, and: (i) to the knowledge of Addax, any officer or director of the Addax Group; (ii) any holder of record or, to the knowledge of Addax, beneficial owner of 10% or more of the Addax Shares; and (iii) to the knowledge of Addax, any affiliate or associate of any such officer, director, holder of record or beneficial owner, on the other hand, except for the bunkering services provided by Addax Bunkering Services.

8.36 Expropriation

As of the date of this Agreement, no part of the property or assets of the Addax Group has been taken, condemned or expropriated by any Governmental Entity nor has any

written notice or proceeding in respect thereof been given or commenced nor does the Addax Group know of any intent or proposal to give such notice or commence any such proceedings.

8.37 Rights of Other Persons

Other than pursuant to the Production Sharing Contracts, no person has any Contract with the Addax Group which provides a right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by the Addax Group, or any part thereof.

8.38 Insurance

All insurance maintained by the Addax Group is in full force and effect and in good standing and no member of the Addax Group is in default, whether as to payment of premium or otherwise, under the terms of any such insurance and no member of the Addax Group failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of an insurer to either claim any default on the part of any member of the Addax Group or not to renew any policy of insurance on its expiry or to increase any deductible or cost.

8.39 Absence of Guarantees

Except for guarantees under the Production Sharing Contracts, inter-company guarantees to or with other members of the Addax Group or as expressly disclosed in the notes to the Financial Statements, no member of the Addax Group has given or agreed to give, nor is it 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 Addax Group is, or is contingently, responsible for such indebtedness or other obligations (other than indemnification of directors and officers in accordance with Law, the by-laws of the members of the Addax Group or applicable agreements relating thereto and other than rights of indemnification granted under registrar and transfer agency agreements, agency or underwriting agreements, to Addax's bankers or pursuant to operating or similar agreements in the ordinary course of business).

8.40 No Joint Venture Interest, etc

Other than pursuant to the Production Sharing Contracts, no member of the Addax Group 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 Addax does not have any significant investment interests in any business owned or controlled by any third party.

8.41 Intellectual Property

Each member of the Addax Group does not require any patents, patent applications, trademarks and service marks (including, without limitation, registrations and applications therefor), trade names, copyrights and written know how, trade secrets, or other similar proprietary data and the goodwill associated therewith (collectively, "**Intellectual**

Property”) to operate its business as it is currently conducted. No member of the Addax Group has received any notice of infringement, misappropriation or conflict with the intellectual property rights of others in connection with the use by the Addax Group of any Intellectual Property.

8.42 Production and Pipeline Imbalances

Other than as disclosed in writing, there are no pipeline or production imbalances with respect to the Petroleum and Natural Gas Rights.

8.43 Production Sharing Contracts

- (a) All financial and work commitments due and required to be fulfilled under the Production Sharing Contracts have been fully performed.
- (b) As of the date hereof, each of the Production Sharing Contracts is in full force and effect and no member of the Addax Group, and to the knowledge of Addax, no other party is, in default of any Production Sharing Contract.

8.44 Well Status

There are no Wells located on the areas covered by the Production Sharing Contracts that:

- (a) the Addax Group is currently obligated by Law or Contract to plug and abandon;
- (b) the Addax Group will be obligated by Law or Contract to plug and abandon with the lapse of time or notice or both because the Well is not currently capable of producing in commercial quantities;
- (c) are subject to exceptions to a requirement to plug and abandon issued by a Governmental Entity having jurisdiction over such Well; or
- (d) have not been plugged and abandoned or reclaimed in accordance with all applicable requirements of each Governmental Entity having jurisdiction over such Wells and with respect to which any member of the Addax Group has any liability or obligation.

8.45 Evaluation Data

The Addax Group owns or has the right to use, without any limitations or restrictions adversely affecting such use, other than arising pursuant to the Production Sharing Contracts, in the ordinary conduct of the Addax Group’s business, all material technology, processes, maps, seismic records, shot points, field notes, interpretations and programs, all seismic, geological and geophysical information and libraries, and other proprietary information relating to the business and the properties of the Addax Group currently used by such persons in the conduct of their respective businesses (collectively, the “**Evaluation Data**”), and the use of all of the Evaluation Data by the Addax Group as of the Expiry Time: (i) has not and will not

alter or impair any such rights, (ii) has not breached and will not breach any agreement with a third party vendor relating to any such Evaluation Data, (iii) has not required and will not require (whether in the Addax Group's opinion or the third party vendor's opinion), the payment of any additional sum thereto or (iv) has not required and will not require (whether in the Addax Group's opinion or the third party vendor's opinion), the return of any records or information. No person has challenged or questioned the validity or effectiveness of any license or agreement relating to the Evaluation Data or the rights of the Addax Group to use the applicable Evaluation Data.

8.46 Competition Act

Neither the assets in Canada of the Addax Group, nor the gross revenues from sales in or from Canada generated by those assets, in each case calculated in accordance with Part IX of the Competition Act and the Notifiable Transactions Regulations promulgated thereunder, exceed \$70,000,000.

8.47 U.S. Securities Laws

(i) Addax is a "foreign private issuer" as defined in Rule 3b-4 under the U.S. Exchange Act; (ii) Addax is not an investment company registered or required to be registered under the United States Investment Company Act of 1940, as amended; (iii) Addax does not have, and does not have an obligation to have, a class of securities registered under Section 12 of the U.S. Exchange Act and does not have a reporting obligation under Section 13(a) or 15(d) of the U.S. Exchange Act; and (iv) the Addax Shares have not been listed on any national securities exchange in the United States of America during the past twelve calendar months and will not be so listed prior to commencement of the Offer.

ARTICLE 9 CONDUCT OF BUSINESS

9.1 Conduct of Business by Addax

Addax covenants and agrees that, until the earlier of the time of the appointment or election to the Addax Board of persons designated by Purchaser who represent a majority of the members of the Addax Board and the time this Agreement is terminated in accordance with its terms, unless Purchaser shall otherwise agree in writing, except as required by Law or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) no member of the Addax Group shall take any action except in the ordinary course of business of the Addax Group, except for (i) the commitments set forth in the budget (expended in the time periods as set forth in such budget with such departures therefrom as Addax may deem necessary or advisable, acting reasonably) approved by the Addax Board relating to capital expenditures announced in November 2008, a copy of which has been disclosed in writing and the Retention Payments (collectively, the "**Budget**"); (ii) fees and expenses incurred in connection with negotiation and execution of this Agreement and the transactions contemplated hereby; and (iii) amendments to Addax Group's crude

oil sales Contracts to provide for a minimum three-month notice period for termination;

- (b) Addax shall not directly or indirectly do or permit to occur or permit any of its subsidiaries to do any of the following: (i) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any person, other than declaring, setting aside and paying quarterly dividends in accordance with past practice and dividends between wholly-owned subsidiaries or from any wholly-owned subsidiary to Addax; (ii) issue, grant, sell, hypothecate or pledge or agree to issue, grant, sell, hypothecate or pledge any shares or other securities of any member of the Addax Group, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of any member of the Addax Group, other than the issuance of Addax Shares pursuant to the Addax Share Entitlements; (iii) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, including under any normal course issuer bid, other than in accordance with the terms of the Convertible Notes, or in accordance with the terms of this Agreement; (iv) split, combine or reclassify any of its shares; (v) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of any member of the Addax Group; (vi) enter into or modify any Contract with respect to any of the foregoing, except as permitted by this Agreement; (vii) except as contemplated in clause (viii) below, amend or propose to amend the articles, by-laws or other constating documents of any member of the Addax Group; (viii) reorganize, amalgamate or merge Addax with any other person or any subsidiary of Addax with a person that is not a member of the Addax Group, other than any amalgamation or merger between Addax and any wholly-owned subsidiary of Addax or between two or more wholly-owned subsidiaries of Addax; or (ix) enter into or terminate any hedges or any other rate fixing agreement for a financial transaction or enter into any hedge, put or call arrangement of any sort, any forward sale agreement for commodities or any derivatives Contract;
- (c) other than (A) in the ordinary course of business, (B) pursuant to the Addax Share Entitlements, (C) commitments entered into by Addax prior to the date of this Agreement disclosed in writing, (D) fees and expenses incurred in connection with negotiation and execution of this Agreement and the transactions contemplated hereby; or (E) in accordance with the Budget, Addax shall not directly or indirectly do or permit Addax or any of its subsidiaries to do any of the following: (i) incur any capital expenditures, operating expenses or general and administrative expenses; (ii) sell, pledge, lease, license, dispose of or encumber any assets other than in respect of the Okwok property; (iii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise) any corporation, partnership or other business organization or division thereof or make any investment either by purchase of shares or securities, contributions of capital, property transfer; (iv) incur any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the

obligations of any other person or make any loans or advances; (v) except for Employee Obligations and Officers' Obligations payable on the Take-up Date and except as required by Law, pay, discharge or satisfy any material claims, liabilities or obligations except for the payment, discharge or satisfaction of liabilities reflected or reserved against in the Financial Statements or as otherwise permitted by this Agreement; (vi) authorize, recommend or propose any release or relinquishment of any right of any member of the Addax Group under any material Contract; (vii) waive, release, grant or transfer any rights or claims of material value or terminate, modify or change any existing material license, lease, Contract, production sharing agreement, government land concession, development plan or other document; (viii) enter into or terminate any interest rate swaps or currency swaps of Swiss Francs to U.S. dollars; (ix) reduce the stated capital of any member of the Addax Group; (x) except for the execution of this Agreement, the performance by Addax of its obligations hereunder and the consummation of the transactions contemplated hereby, take any action or fail to take action that would accelerate or trigger defaults or repayments in respect of any obligation, Contract or regulatory approval; (xi) amend any accounting policies except as required by applicable generally accepted accounting principles; (xii) commence or settle any litigation, proceeding, claim, action, assessment or investigation involving any member of the Addax Group; or (xiii) authorize or propose any of the foregoing, or enter into or modify any Contract, to do any of the foregoing except as permitted by this Agreement;

- (d) Addax shall use its commercially reasonable efforts to cause the Addax Group's current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and reinsurance companies of North American or internationally 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 Addax shall consult with Purchaser regarding any renewal or extension of their insurance (or re-insurance) policies;
- (e) Addax shall, and shall cause each of its subsidiaries to:
 - (i) subject to compliance with the other provisions in this Section 9.1, use its commercially reasonable efforts to preserve intact its business organization and goodwill, to keep available the services of its Employees as a group and to maintain satisfactory relationships with suppliers, agents, distributors, customers and others having business relationships with it;
 - (ii) not take any action that would render, or that would reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect;
 - (iii) promptly notify Purchaser orally and in writing of any material governmental or written third party complaints, investigations or hearings

involving any member of the Addax Group (or communications indicating that the same may be contemplated);

- (iv) carry on their respective businesses in accordance with good oilfield and environmental practices and in compliance in all material respects with applicable Laws and Permits;
 - (v) work to familiarize Purchaser personnel with the nature and workings of all of its operational, accounting and land systems with the objective that Purchaser personnel be able to continue the operation of all such systems following completion of the transactions contemplated herein; and
 - (vi) make such reasonable accruals to its accounts and financial statements subsequent to the date of this Agreement and prior to the Expiry Time as are in accordance with applicable generally accepted accounting principles, including in respect of inventory adjustments, allowance for doubtful accounts and certain other revenue and expense items and balance sheet reclassification items;
- (f) Addax shall, and shall cause each of its subsidiaries to:
- (i) file all Tax Returns required to be filed by it on or after the date hereof and ensure that all such Tax Returns are true, complete and correct in all material respects;
 - (ii) timely pay all Taxes that are due and payable (other than those that are being contested in good faith and in respect of which reserves have been provided in the Financial Statements); and
 - (iii) not make or rescind any election relating to Taxes;
- (g) Addax shall not, and shall not permit or cause any of its subsidiaries to, create any new Employee Obligations, make any awards under the LTIP or issue any Addax Shares pursuant to the Share Plan, grant to any officer, director or any other Employee an increase in compensation in any form, make any loan to any officer or director, take any action with respect to the grant of any severance or termination pay (other than as contemplated herein, in the Budget or as required by Law) arising from the Offer or a change of control of Addax, or enter into any new employment agreement with any person. For greater certainty nothing herein shall limit the ability of the Addax Group to hire or engage new Employees and incur Employee Obligations (other than Officers' Obligations) to such Employees in the ordinary course of business or terminate existing employees or consultants in the ordinary course of business;
- (h) Addax shall not, and shall not permit or cause any of its subsidiaries to, adopt, amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the

benefit of Employees, except as provided in the Budget, as is necessary to comply with Law or with respect to existing provisions of any such plans, programs, arrangements or agreements or to give effect to the terms of this Agreement; and

- (i) Addax shall not, and shall not permit or cause any of its subsidiaries to, enter into, modify or terminate any Contract in any respect with respect to any of the matters set forth in this Section 9.1, except in the ordinary course of business or as specifically permitted by this Agreement, without the prior written consent of Purchaser.

ARTICLE 10 COVENANTS OF ADDAX

10.1 Access to Information

Subject to compliance with applicable Law, the Confidentiality Agreement and any third party confidentiality obligations in effect as at the date hereof and upon reasonable notice, Addax shall afford Purchaser's officers, employees, counsel, financial advisors, accountants and other authorized representatives and advisers reasonable access, during normal business hours and at such other time or times as Purchaser may reasonably request from the date hereof and until the termination of this Agreement, to its lands, leases, wells, facilities, books, Contracts and records as well as to its management personnel, and, during such period, Addax shall furnish promptly to Purchaser all information concerning its business, properties and personnel as Purchaser may reasonably request and shall review with Purchaser personnel such of the records, systems and processes with the objective of enabling Purchaser personnel to assume the continuing operations of Addax upon the acquisition by Purchaser of the Minimum Required Shares pursuant to the Offer.

10.2 Notice of Material Adverse Change

From the date hereof until the termination of this Agreement, Addax shall promptly notify Purchaser in writing of any Material Adverse Change.

10.3 Financial and Other Information

Addax shall make available to Purchaser, and consents to the use in the Offering Documents of, all information of Addax which may be required under applicable Laws to be disclosed in the Offer Documents or any documents necessary to complete a Second Stage Transaction. Addax shall receive the prior consent of Purchaser, not to be unreasonably withheld, prior to making any disclosure, written or otherwise, related to its financial or operating results, however, Addax may make such disclosure prior to such consent on the advice of counsel that such action is required by applicable Laws (including Securities Laws) or by obligations pursuant to any listing agreement with an Exchange, but only after using its commercially reasonable efforts to consult Purchaser taking into account the time constraints to which it is subject as a result of such Law or obligation.

ARTICLE 11 COVENANTS OF PURCHASER

11.1 Availability and Deposit of Funds

Purchaser covenants and agrees that at all times Purchaser shall not take any action which would or could result in the representation and warranty set out in Section 7.4 being untrue or incorrect in any respect and will provide prompt notice to Addax of any facts or circumstances which could reasonably be expected to result in the representation and warranty of Purchaser in Section 7.4 being untrue or incorrect in any respect and to provide to Addax all correspondence in respect thereof. Purchaser shall deposit sufficient funds to satisfy the aggregate Purchase Consideration payable under the Offer with respect to the Addax Shares tendered to the Offer with the depository appointed by Purchaser in respect of the Offer at or prior to the time that Purchaser first takes up any Addax Shares under the Offer. It is hereby acknowledged and agreed that the obligations of Purchaser under this Agreement are not contingent on the availability of financing and any breach of the covenant in this Section 11.1 or the inaccuracy or incorrectness of the representation and warranty of Purchaser in Section 7.4, shall entitle, but not require, Addax to terminate this Agreement pursuant to Section 13.1(d)(ii).

11.2 Indemnities

From and after the Effective Time, Purchaser shall and shall cause Addax to indemnify and hold harmless and provide advancement of expenses to, and Purchaser shall not do anything to prevent Addax from indemnifying and holding harmless and providing advancement of expenses to, all past and present directors and officers of any member of the Addax Group (the “**Indemnified Persons**”) to the maximum extent permitted by Law, against any and all liabilities and obligations, costs or expenses (including reasonable legal fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative arising out of or related to such Indemnified Person’s service as a director or officer of any member of the Addax Group or services performed by such persons at the request of any member of the Addax Group at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, including the approval of this Agreement, the Offer or the other transactions contemplated by this Agreement or arising out of or related to this Agreement and the transactions contemplated hereby.

Without the consent of the Indemnified Person, neither Purchaser nor Addax shall settle, compromise or consent to the entry of any judgment in any claim, action, suit, proceeding or investigation or threatened claim, action, suit, proceeding or investigation (i) unless such settlement, compromise or consent includes an unconditional release of the applicable Indemnified Person (which release shall be in form and substance reasonably satisfactory to such Indemnified Person) from all liability arising out of such action, suit, proceeding, investigation or claim or such Indemnified Person otherwise consents or (ii) that includes an admission of fault of such Indemnified Person.

All rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time and rights to advancement of

expenses relating thereto now existing in favour of any Indemnified Person as provided in the articles of incorporation or by-laws of any member of the Addax Group or any indemnification Contract between such Indemnified Person and any member of the Addax Group shall survive the Effective Time and shall not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such Indemnified Person.

11.3 Directors and Officers Insurance and Other Indemnification Matters

Without limiting the right of Addax to do so prior to the Effective Time, Purchaser hereby agrees to cause Addax to secure directors' and officers' liability insurance coverage by not later than the Effective Time from a reputable and financially sound insurance carrier and containing terms and conditions no less advantageous to the directors and officers of the Addax Group than those contained in Addax's policy in effect on the date hereof for the current and former directors and officers of each member of the Addax Group on a six year "trailing" (or "run-off") basis with respect to any claim related to any period or time at or prior to the Effective Time. If for any reason such trailing policy is not available, then Purchaser agrees that for the entire period from the Effective Time until six years after the Effective Time, Purchaser will cause each member of the Addax Group or any successor thereof to maintain the Addax Group's current directors' and officers' liability insurance policy or equivalent insurance, in either case from a reputable and financially sound insurance carrier and containing terms and conditions no less advantageous to the directors and officers of each member of the Addax Group (with respect to their acting as directors or officers thereof) than those contained in the policy in effect on the date hereof, for all current and former directors and officers of each member of the Addax Group covering claims made prior to or within six years after the Effective Time. Further, Purchaser agrees that, after the expiration of that six-year period, if there is not cost in doing so, Purchaser shall use reasonable commercial efforts to cause such directors and officers to be covered under Purchaser's then existing directors' and officers' liability insurance policy.

If any member of the Addax Group or any of their respective successors or assigns shall (i) amalgamate, consolidate with or merge or wind-up into any other person and shall not be the continuing or surviving corporation or entity, or (ii) transfer all or substantially all of its properties and assets to any person, then, and in each such case, proper provisions shall be made so that the successors and assigns of such member of the Addax Group shall assume all of the obligations set forth in this Article 11.

If any Indemnified Person makes any claim for indemnification or advancement of expenses under this Article 11 that is denied by any member of the Addax Group or Purchaser, and a court of competent jurisdiction determines that the Indemnified Person is entitled to such indemnification, then the applicable member of the Addax Group or Purchaser shall pay such Indemnified Person's costs and expenses, including reasonable legal fees and expenses, incurred in connection with pursuing such claim against the applicable member of the Addax Group and/or Purchaser.

The rights of the Indemnified Persons under this Article 11 shall be in addition to any rights such Indemnified Persons may have under the articles of incorporation or by-laws of

the members of the Addax Group, under Law or under any agreement or contract of any Indemnified Person with any member of the Addax Group. Furthermore, Section 11.2, this Section 11.3, Section 11.4 and Section 11.5 shall survive the termination of this Agreement as a result of the occurrence of the Effective Time.

11.4 Employment Agreements

Purchaser covenants and agrees, at and after the Effective Time, that it will cause each member of the Addax Group and any of their respective successors to honour and comply with the terms of all existing employment agreements, termination, severance, change of control and retention plans or policies of the Addax Group as disclosed in writing. Nothing in this Section 11.4 shall limit any member of the Addax Group from terminating any of their Employees, subject to Applicable Law and the terms of any applicable contract.

11.5 Third Party Beneficiaries

This Agreement is not intended to, and shall not, confer upon any other person any rights or remedies hereunder, except (i) as set forth in or contemplated by the terms and provisions of Sections 11.2, 11.3 and 11.4 (which provisions shall for greater certainty survive the Effective Time and continue in full force and effect in accordance with their terms after the Effective Time) and (ii) for the right of holders of Addax Shares (subject to the provisions of Section 4.2) to pursue claims for damages contemplated by Section 13.2 and other relief (including equitable relief) against Purchaser for any breach of this Agreement by Purchaser, whether or not this Agreement has been validly terminated by Addax pursuant to Article 13, which right is hereby expressly acknowledged and agreed to by Purchaser. The rights granted pursuant to clause (ii) of this Section 11.5 shall only be enforceable on behalf of Addax Shareholders by Addax in its sole and absolute discretion, as agent for the Addax Shareholders, it being understood and agreed that any and all interests in such claims shall attach to all Addax Shares and subsequently transfer therewith and, consequently, any damages, settlements or other amounts recovered or received by Addax with respect to such claims (net of expenses incurred by Addax in connection therewith) may, in Addax's sole and absolute discretion, be (A) distributed, in whole or in part, by Addax to the holders of Addax Shares of record as of any date determined by Addax or (B) retained by Addax for the use and benefit of Addax on behalf of its shareholders in any manner Addax deems fit. In addition, Addax hereby agrees that it will only accept the payment of any damages awarded pursuant to claims brought under clause (ii) above of this Section 11.5 if Purchaser is found to be in breach of its obligations under this Agreement to complete the Offer and a court of competent jurisdiction has declined to specifically enforce the obligations of Purchaser to complete the Offer pursuant to a claim for specific performance brought against Purchaser pursuant to Section 14.3 and applicable Laws. The provisions of Section 11.2, Section 11.3 and Section 11.4 are intended to be for the benefit of, and will be enforceable by, (i) with respect to Section 11.2 and Section 11.3, each Indemnified Person and (ii) with respect to Section 11.3 and Section 11.4, the Employees and directors of the Addax Group and in each case their respective heirs and legal representatives and, for such purposes, Addax hereby confirms that it is acting as agent and trustee on their behalf.

11.6 Purchase Consideration

In the event Purchaser increases the amount of consideration per Addax Share offered under the Offer, Purchaser shall pay such increased consideration to each Addax Shareholder in respect of all Addax Shares tendered by such Addax Shareholder, notwithstanding that such Addax Shares have previously been taken-up and paid for by Purchaser.

11.7 PRC Approvals

Purchaser shall and where appropriate shall cause its affiliates to apply for and use commercially reasonable efforts to obtain the PRC Approvals and, in doing so, keep Addax reasonably informed as to the status of the proceedings related to obtaining the PRC Approvals, including providing Addax with copies of all related applications and notifications in draft form (except where such material is confidential).

ARTICLE 12 MUTUAL COVENANTS

12.1 Other Filings

Purchaser and Addax shall, as promptly as practicable hereafter, prepare and file any filing required under Securities Laws relating to the transactions contemplated hereby.

12.2 Additional Agreements

Subject to the terms and conditions herein, each of the Parties agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including to:

- (a) obtain all necessary waivers, consents and approvals from other parties to material agreements, leases and other Contracts or agreements (including the agreement of any persons as may be required pursuant to any agreement, arrangement or understanding relating to Addax's operations);
- (b) defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby;
- (c) cause to be lifted or rescinded any injunction or restraining order or other adverse order (including any cease trade order, objection, injunction or other prohibition contemplated in Section 2.1(f)(iv)) which may be issued in connection with the transactions contemplated hereby against any of the Parties;
- (d) effect all necessary applications, registrations and other filings and submissions of information requested or required by Governmental Entities;

- (e) obtain services agreements on or prior to the Mailing Date, which agreements shall become effective only upon the occurrence of the Effective Time, between Addax Petroleum Services Ltd and (i) Mr. Gandur and The Addax and Oryx Group Ltd., and (ii) each of Messrs. Codd, Ebsary and Pearce, in each case in substantially the form agreed to by the parties to such agreements prior to the execution of this Agreement; and
- (f) fulfil all conditions and satisfy all provisions of this Agreement and the Offer.

The Purchaser hereby acknowledges and agrees that the obligations of Purchaser to complete the Offer and the other transactions contemplated by this Agreement shall not be subject to the receipt of any approval, order or consent from any Governmental Entity (other than (i) a Governmental Entity of Canada, the United States or the United Kingdom, (ii) PRC Approvals and (iii) the KRG Letter). The risk of not receiving any such approval, order or consent (other than (i) the approval, order or consent from a Governmental Entity of Canada, the United States or the United Kingdom, (ii) PRC Approvals and (iii) the KRG Letter) or receiving such approval, order or consent (other than (i) the approval, order or consent from a Governmental Entity of Canada, the United States or the United Kingdom, (ii) PRC Approvals and (iii) the KRG Letter) on terms adverse to either of the Parties or their respective assets shall be borne by Purchaser. Nothing herein shall restrict Purchaser's right to terminate this Agreement as expressly provided in Article 13.

ARTICLE 13 TERMINATION, AMENDMENT AND WAIVER

13.1 Termination

This Agreement may be terminated by written notice given to the other Party hereto at any time prior to completion of the transactions contemplated hereby:

- (a) by mutual written consent of Addax and Purchaser;
- (b) by Purchaser, subject to Section 2.1(c), if the conditions of the Offer have not been satisfied or waived by Purchaser at or before the Expiry Time; provided there is no material breach or non-performance by Purchaser of any provision of this Agreement which breach or non-performance has not been waived by Addax;
- (c) by either Purchaser or Addax if a Governmental Entity of Canada, the United States or the United Kingdom shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the Party seeking to terminate this Agreement pursuant to this Section 13.1(c) shall have used all commercially reasonable efforts to remove such order, decree, ruling or other action;
- (d) (i) by Purchaser if Addax shall have breached, or failed to comply with, any of its covenants or obligations under this Agreement in any material

respect, or if any representation or warranty of Addax contained in this Agreement shall have become inaccurate in any material respect; provided that: (A) Addax shall be provided with prompt written notice of such breach, non-compliance or inaccuracy and shall have five Business Days from receipt of such notice to cure such breach, non-compliance or inaccuracy; and (B) the individual or collective effect of all such breaches, non-compliance and/or inaccuracies shall cause a Material Adverse Effect or otherwise prevent the completion of the Offer by the Outside Date;

- (ii) by Addax if Purchaser shall have breached, or failed to comply with, any of its covenants or obligations under this Agreement in any material respect, or if any representation or warranty of Purchaser contained in this Agreement shall have become inaccurate in any material respect provided that: (A) Purchaser shall be provided with prompt written notice of such breach, non-compliance or inaccuracy and shall have five Business Days from receipt of such notice to cure such breach, non-compliance or inaccuracy; and (B) the individual or collective effect of all such breaches, non-compliance and/or inaccuracies would prevent the completion of the Offer by the Outside Date;
- (e) by Purchaser if any condition to making the Offer set forth in Section 2.1(f) is not satisfied or waived by the Latest Mailing Time (other than as a result of Purchaser's default hereunder);
- (f) by Purchaser in the event of an occurrence set forth in Section 4.1(a)(i);
- (g) by Addax in order to accept, approve or recommend a Superior Acquisition Proposal or to enter into a binding support, acquisition, arrangement or other similar agreement with any person which sets out the terms of, and provides the support of Addax for, a Superior Acquisition Proposal (other than a confidentiality agreement referred to in Section 5.2(c)), provided that Addax has not breached, or failed to comply with, in any material respect, any of its covenants or obligations under Article 5 in respect of such Superior Acquisition Proposal and that Addax pays the Non-Completion Fee prior to, or concurrently with, such termination;
- (h) by Purchaser, if Addax enters into a binding support, acquisition, arrangement or other similar agreement with any person which sets out the terms of, and provides the support of Addax for, an Acquisition Proposal (other than a confidentiality agreement referred to in Section 5.2(c)) prior to the Expiry Time;
- (i) by Addax if Purchaser has not mailed the Offer Documents by the Latest Mailing Time (provided such failure to mail has not been caused by any act or failure to act by Addax) or if the Offer does not conform in all material respects with the description of the Offer in this Agreement;

- (j) by either Purchaser or Addax if the Effective Time has not occurred by September 30, 2009 (the “**Outside Date**”); provided that if the Effective Time has not occurred by the Outside Date: (i) as a result of a material breach by the Party seeking to terminate this Agreement pursuant to this Section 13.1(j) of any covenant, obligation, representation or warranty of such Party under this Agreement, such Party shall not be permitted to so terminate this Agreement pursuant to this Section 13.1(j); and (ii) provided further that if either or both of the conditions set forth in paragraph (b) or (c) of Schedule A have not been satisfied and there has not been a final and non-appealable decision, adjudication, judgment or ruling in respect of the action, suit, proceeding or prohibition referred to in paragraph (b) or (c) of Schedule A that has caused either or both of such conditions to not be satisfied, then the Outside Date shall be extended to the earlier of (x) November 30, 2009, and (y) the date of a final and non-appealable decision, adjudication, judgment or ruling in respect of any action, suit, proceeding or prohibition, the effect of which is that either or both of the conditions set forth in paragraphs (b) or (c) of Schedule A are not and cannot be satisfied; or
- (k) by Addax, if the PRC Approvals have not been obtained by August 24, 2009.

13.2 Effect of Termination

In the event of the termination of this Agreement as provided in Section 13.1, this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of Purchaser or Addax hereunder except as set forth in Article 4, Sections 1.6, 1.7, 2.1(e) (as it relates to the prohibition of the waiver of the Minimum Condition and the condition in paragraph (e) of Schedule A), 11.5, 13.2, 14.3, 14.4 and 14.5 which provisions shall survive the termination of this Agreement. Provided further that, except as provided in Section 4.2, the termination of this Agreement in accordance with Section 13.1 shall not relieve any Party from any liability for any material breach by it of this Agreement. A termination of this Agreement shall not constitute a termination of the Confidentiality Agreement which shall continue in full force and effect in accordance with its terms. No termination of this Agreement shall relieve or release Purchaser from any liabilities or damages (which Purchaser acknowledges and agrees shall not be limited to reimbursement of expenses or out-of-pocket costs and shall include, to the extent proven and consequential loss, the benefit of bargain lost by the Addax Shareholders (other than Purchaser and its affiliates), taking into consideration relevant matters, including other combination opportunities, damage to the prospects of Addax’s business and the time value of money, in each case which shall be deemed in such event to be damages to Addax).

13.3 Amendment

This Agreement may be amended by mutual agreement between the Parties. This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

13.4 Waiver

Each of Purchaser and Addax may:

- (a) extend the time for the performance of any of the obligations or other acts of the other Party;
- (b) waive compliance with any of the agreements of the other Party or the fulfilment of any conditions to its own obligations contained herein; or
- (c) waive inaccuracies in any of the representations or warranties of the other Party contained herein or in any document delivered by the other Party hereto;

provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party.

13.5 Representations and Warranties

Purchaser shall have no right to claim a breach of the Agreement by Addax, exercise a right of termination, take any legal proceedings or make any other claim, in each case in respect of any inaccuracy or breach of any representation or warranty made by Addax to the extent that Purchaser had knowledge, as at the date of this Agreement, that any representation and warranty was inaccurate as at the date of this Agreement, it being acknowledged and agreed that Purchaser shall be deemed to have knowledge of only those matters disclosed in writing on or prior to the time of execution of this Agreement.

ARTICLE 14 GENERAL PROVISIONS

14.1 Notices

Except as provided in Section 1.7 with respect to service of process, all notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered if delivered personally or the date sent if sent by telecopier or sent by prepaid overnight courier to the Parties at the following addresses (or at such other addresses as shall be specified by the Parties by like notice):

- (a) if to Purchaser and/or Guarantor:

Sinopec International Petroleum Exploration and Production Corporation
No. 263 Beisihuan Zhonglu
Haidian District
Beijing 100083
The People's Republic of China

Attention: Rui Handong
Facsimile: +86-10-82327735

with a copy to but which shall not constitute notice:

Vinson & Elkins LLP
20/F Beijing Silver Tower
No. 2 Dong San Huan Bei Lu
Chaoyang District
Beijing 100027
The People's Republic of China

Attention: Paul Deemer
Facsimile: +86-10-6410-6360

with a copy to but which shall not constitute notice:

Stikeman Elliott LLP
4300, 888-3rd Street SW
Calgary, AB T2P 5C5
Canada

Attention: David R.J. Lefebvre
Facsimile: +1 (403) 266-7821

(b) if to Addax:

Addax Petroleum Corporation
16, avenue Eugène-Pittard
Case, Postale 265
CH-1211, Geneva
Switzerland

Attention: Chief Financial Officer
Facsimile: +41 (0) 22 702 9590

with a copy to but which shall not constitute notice:

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

Attention: John Turner
Facsimile: +1 (416) 364-7813

with a copy to special legal counsel to the Addax Board, which shall not constitute notice:

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6100, P.O. Box 50
Toronto, ON M5X 1B8

Attention: Clay Horner
Facsimile: +1 (416) 862-6666.

14.2 Miscellaneous

This Agreement, except for the Confidentiality Agreement, constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the Parties, with respect to the subject matter hereof, and shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns. The Parties shall be entitled to rely upon delivery of an executed facsimile copy of the Agreement or via email in PDF format, and such facsimile copy or email in PDF format shall be legally effective to create a valid and binding agreement among the Parties.

14.3 Specific Performance

Except as otherwise provided herein (including Article 4), any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy.

The Parties hereto hereby agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached, and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties hereto acknowledge and hereby agree that in the event of any breach or threatened breach by Addax, on the one hand, or Purchaser, on the other hand, of any of their respective covenants or obligations set forth in this Agreement, Addax, on the one hand, and Purchaser, on the other hand, shall be entitled to an injunction or injunctions to prevent or restrain breaches or threatened breaches of this Agreement by the other, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other under this Agreement. Each of the Parties hereto hereby agrees not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by it, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other Party under this Agreement. The Parties hereto further agree that (x) by seeking the remedies provided for in this Section 14.3, a Party shall not in any respect waive its right to seek any other form of relief that may be available to a Party under this Agreement in the event that this Agreement has been terminated or

in the event that the remedies provided for in this Section 14.3 are not available or otherwise are not granted, and (y) nothing set forth in this Section 14.3 shall require any Party hereto to institute any proceeding for (or limit any Party's right to institute any proceeding for) specific performance under this Section 14.3 prior or as a condition to exercising any termination right under Article 13 (and pursuing damages after such termination), nor shall the commencement of any legal proceeding restrict or limit any Party's right to terminate this Agreement in accordance with the terms of Article 13 or pursue any other remedies under this Agreement that may be available then or thereafter.

14.4 Assignment

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either of the Parties without the prior written consent of the other Party. Purchaser may assign all or any part of its rights or obligations under this Agreement to one or more of Purchaser's direct or indirect wholly-owned subsidiaries or any combination thereof referred to in Section 2.1(b), and provided further that if such assignment takes place, Sinopec International Petroleum Exploration and Production Corporation shall continue to be fully liable as primary obligor and not merely as surety and, on a joint and several basis with any such entity, to Addax for any default in performance by the assignee of any of Purchaser's obligations hereunder and Purchaser agrees to provide to Addax a guarantee in form and substance satisfactory to Addax in respect thereof.

14.5 Expenses

All fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such cost or expense, whether or not the Offer is consummated.

14.6 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

14.7 Privacy Issues

- (a) For the purposes of this Section 14.7, the following definitions shall apply:
 - (i) “**applicable law**” means, in relation to any person, transaction or event, all applicable Laws 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 (other than business contact information when used or disclosed for the purpose of contacting such individual in that individual’s capacity as an employee or an official of an organization and for no other purpose) about an identifiable individual disclosed or transferred to Purchaser by Addax in accordance with this Agreement and/or as a condition of the Offer;
- (b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use or disclosure of Personal Information disclosed to either Party pursuant to or in connection with this Agreement (the “**Disclosed Personal Information**”);
 - (c) Prior to the completion of the Offer, neither Party shall use or disclose the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Offer. After the completion of the transactions contemplated herein, a Party may only collect, use and disclose the Disclosed Personal Information for the purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates or for the completion of the transactions contemplated herein, unless: (i) either Party shall have first notified such individual of such additional purpose, and where required by applicable law, obtained the consent of such individual to such additional purpose; or (ii) such use or disclosure is permitted or authorized by applicable law, without notice to, or consent from, such individual. Addax shall notify Purchaser of the purposes for which the Disclosed Personal Information was initially collected prior to the Take-up Date;
 - (d) Each Party acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of determining if the Parties

shall proceed with the Offer, and that the Disclosed Personal Information relates solely to the carrying on of the business or the completion of the Offer;

- (e) Each Party acknowledges and confirms that it has taken and shall continue to take reasonable steps to, in accordance with applicable law, 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) Subject to the following provisions, 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. Prior to the completion of the Offer, each Party shall take reasonable steps to 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 Offer;
- (g) Where authorized by applicable law, each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, variations or withdrawals of consent and claims of which the Party is made aware in connection with the Disclosed Personal Information. To the extent permitted by applicable law, 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, variations or withdrawals of consent and claims; and
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the other Party shall forthwith cease all use of the Disclosed Personal Information acquired by it in connection with this Agreement and will return to the requesting Party or, at the requesting Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof) in its possession.

14.8 Fiduciary Duties/Liability

No provision of this Agreement shall require Addax to cause any of its officers or directors to take any action in breach of or inconsistent with, or refrain from taking any action that is required by such individual to fulfill, his or her fiduciary obligations as a director or officer of Addax.

No director or officer of Purchaser shall have any personal liability whatsoever to Addax or any third party beneficiary under this Agreement, or any other document delivered in connection with the transactions contemplated hereby on behalf of Purchaser. No director or

officer of Addax shall have any personal liability whatsoever to Purchaser under this Agreement, or any other document delivered in connection with the transactions contemplated hereby on behalf of Addax.

14.9 Time is of Essence

Time shall be the essence of this Agreement.

14.10 Counterpart Execution

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument but all such counterparts together shall constitute one agreement.

[The remainder of this page is left blank intentionally]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**SINOPEC INTERNATIONAL
PETROLEUM EXPLORATION AND
PRODUCTION CORPORATION**

By: "Zhou Yuqi" (signed) _____

Name: Zhou Yuqi

Title: President

ADDAX PETROLEUM CORPORATION

By: "David Codd" (signed) _____

Name: David Codd

Title: Chief Legal Officer & Corporate
Secretary

SCHEDULE A
CONDITIONS OF THE OFFER

Capitalized terms used in this Schedule A but which are not defined herein shall have the meanings set forth in the attached Acquisition Agreement dated June 24, 2009 (the “**Agreement**”) between Purchaser and Addax. At the Expiry Time:

- (a) there shall have been validly deposited under the Offer and not withdrawn at least 66²/₃% of the outstanding Addax Shares calculated on a diluted basis (the “**Minimum Condition**”);
- (b) No action, suit, or proceeding, in each case that is not frivolous or vexatious, shall have been taken before any Governmental Entity of Canada, the United States or the United Kingdom, whether or not having the force of Law, and no Law of Canada, the United States or the United Kingdom shall have been proposed, enacted, promulgated, or applied, in each case:
 - (i) to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by, or the sale to, Purchaser of the Addax Shares or the right of Purchaser to own or exercise full rights of ownership of the Addax Shares;
 - (ii) which would materially and adversely affect the ability of Purchaser to proceed with the Offer (or any Second Stage Transaction) and/or take up and pay for any Addax Shares deposited under the Offer;
 - (iii) seeking to prohibit, limit or impose material conditions on the direct or indirect ownership or operation by Purchaser of any material portion of the business or assets of the Addax Group as a whole or to compel Purchaser or Addax or any of their respective direct or indirect subsidiaries to dispose of or hold separate any material portion of the business or assets of the Addax Group as a whole as a result of the Offer (or any Second Stage Transaction); or
 - (iv) which if the Offer were consummated would have a Material Adverse Effect;
- (c) there shall not exist any prohibition at Canadian Law, United States Law or United Kingdom Law against Purchaser making the Offer or taking up and paying for any Addax Shares deposited under the Offer or completing any Second Stage Transaction;
- (d) there shall not exist a Material Adverse Change;
- (e) the Agreement shall not have been terminated in accordance with its terms;
- (f) the PRC Approvals shall have been obtained; and
- (g) the KRG Letter shall have been obtained.