

**AMENDING AGREEMENT
NUGAAL VALLEY - PUNTLAND**

THIS AMENDING AGREEMENT is dated for reference the 25th day of November, 2009

BETWEEN:

THE GOVERNMENT OF PUNTLAND, as represented by the
Puntland Petroleum and Mineral Agency, Garowe, Puntland

("State")

AND:

CANMEX HOLDINGS (BERMUDA) II LTD., a company
incorporated under the laws of Bermuda and having an office at
Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda
(and a wholly owned subsidiary of **AFRICA OIL CORP.** a
company incorporated under the laws of the Province of British
Columbia and having an office at Suite 2101, Vancouver, BC,
Canada, V6C 3E8)

("Canmex")

AND:

RANGE RESOURCES LTD., a company incorporated under the
laws of Victoria, Australia and having an office at Level 3, 1
Havelock Street, West Perth, WA, 6005, Australia

("Range")

WHEREAS:

A. State, Canmex and Range (the "**Parties**") are parties to a Production Sharing Agreement (the "**PSA**") dated January 17, 2007, relating to the exploration and development of the Nugaal Valley Exploration Area;

B. The Parties wish to amend certain provisions of the PSA and wish to enter into this agreement (the "**Agreement**") to confirm their agreement in respect of the amendments to the PSA; and

THEREFORE in consideration of the mutual covenants and agreements in this Agreement, the Parties hereto agree as follows:

1. DEFINITIONS

Any capitalized terms not otherwise defined in this Agreement shall have the same meanings ascribed to those terms in the PSA.

2. INTERPRETATION

2.1 Governing Law

This Agreement, and any modification, will be governed and interpreted according to the Laws of the Province of British Columbia and the federal laws of Canada applicable therein except the laws that are inconsistent with this Agreement.

2.2 Severability

If any one or more of the provisions contained in this Agreement is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

2.3 Parties In Interest

This Agreement enures to the benefit of and is binding on the Parties hereto and their respective successors and permitted assigns.

3. AMENDMENTS TO PSA

3.1 Amendments

(a) The cover page is amended by deleting the word “Nogal” and replacing it with the word “Nugaal”;

(b) The second Preamble clause is amended by deleting the word “Nogal” and replacing it with the word “Nugaal”;

(c) The fourth Preamble clause is deleted in its entirety and replaced with the following:

“WHEREAS, this Agreement replaces and supersedes the Puntland Contract of Work which expired, in accordance with its terms, effective August 31, 2009; and”

(d) Section 1.20 is deleted in its entirety and replaced with the following:

“1.20 "Effective Date" means January 17, 2007.”

(e) Section 1.53 is deleted in its entirety and replaced with the following:

“1.53 “Puntland Contract of Work” means the Contract of Work entered into between the STATE, Range Resources and Consort Private Limited dated April 2006 and which expired, in accordance with its terms, effective August 31, 2009.”

(f) The second paragraph of section 3.1 is amended by deleting the reference to “and the Puntland Contract of Work”;

(g) Section 3.3.1 is amended by:

- (i) deleting the initial reference to “[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]” and replacing it with “[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]”; and
- (ii) deleting the subsequent reference to “[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]” and replacing it with “[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]”;

(h) Section 3.3.2 is amended by deleting the reference to “[law]” and replacing it with “law”;

(i) Section 4.5 is amended by deleting the reference to “Statement of Exploration activity” and replacing it with “Statement of Expenditures”;

(j) Section 5.1 is deleted in its entirety and replaced with the following:

“5.1 Mandatory Relinquishments

5.1.1 On or before [REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION], the CONTRACTOR shall relinquish a total of [REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION] of the original Agreement Area.

5.1.2 On or before [REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION], the CONTRACTOR shall relinquish [REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION] of the original Agreement Area.

5.1.3 If the CONTRACTOR does not elect to enter into the Second Exploration Period or any extension set forth in Article 3, then the CONTRACTOR shall relinquish [REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION] not then converted to a Development Area or (Areas) or for which approval for conversion to a Development Area is not then pending.

5.1.4 At the end of the Second Exploration Period, including any extension thereof, the CONTRACTOR shall relinquish the whole Agreement Area, not then converted to a Development Area or Development Areas pursuant to this Agreement or for which approval for conversion to a Development Area is not then pending.”

(k) Section 5.3 is deleted in its entirety and replaced with the following:

“5.3.1 Other than in respect of the relinquishment provided for under section 5.1.1, the size and shape of the relinquishments made under this Article shall be determined by mutual agreement.

5.3.2 Unless otherwise agreed, all areas to be relinquished shall, at a minimum, be contiguous and reasonably accessible for, and capable of, further Exploration and Development by one or more third parties. Any part of the Agreement Area shall be considered subject to

relinquishment, including any such part corresponding to a geological feature in which Petroleum may be present or has been determined to be present after drilling a well, provided that notwithstanding the foregoing the CONTRACTOR shall not be obliged to relinquish any part of the Agreement Area corresponding to a Development Area(s) or to the surface area of any geological feature in which a Commercial Oil Well has been established, unless the time provided for establishing a Commercial Discovery has expired pursuant to Article 3 of this Agreement.”

(l) Article 8 is amended by deleting the title “TITLE TO ASSETS” and replacing it with the title “TITLE TO, AND ABANDONMENT AND DISPOSAL OF, ASSETS”;

(m) Section 8.3 is amended by deleting the reference to “Petroleum Industry” and replacing it with “international petroleum industry”;

(n) Article 8 is further amended by adding the following sections immediately following section 8.3:

“8.4 The CONTRACTOR shall not, except where there is danger to the safety and health of human life or a risk of significant damage to the environment or a risk of significant economic loss, abandon a well or withdraw casing, tubing or down-hole pumps or other down-hole equipment therefrom or remove surface equipment used or useful in production therefrom, if any, prior to giving the DEPARTMENT (a) **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** written notice of such action with respect to a well that is or has been producing within a Development Area and (b) **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** written notice of such action with respect to any other well.

8.5 The CONTRACTOR shall securely plug and clearly mark any well that it abandons in accordance with generally accepted international petroleum industry practice to prevent pollution, or damage to underground strata through the entry of water or otherwise.

8.6 The CONTRACTOR shall state in its notice of abandonment of a well whether the well is capable of providing a fresh water supply and if required by the DEPARTMENT, the CONTRACTOR shall complete such well and render it operational for producing water at its own cost and expense.

8.7 Where the CONTRACTOR intends to permanently abandon an exploratory well in which Petroleum of potentially commercial significance has not been found, the DEPARTMENT may request the CONTRACTOR to deepen, sidetrack or test that well subject to the following provisions:

- Any such additional Petroleum Operations shall be at the sole cost, risk and expense of the STATE and the STATE shall advance to the CONTRACTOR the funds necessary to conduct the drilling operations;
- The CONTRACTOR shall not be obligated to undertake such additional work if it will materially interfere with the conduct of the CONTRACTOR’s Petroleum Operations or if it is not technically or operationally feasible; and

- The STATE shall keep the CONTRACTOR informed about such additional work and in the event that the operations undertaken under this Article result in a discovery which the CONTRACTOR elects to evaluate and/or develop as a Commercial Discovery, the CONTRACTOR shall reimburse the STATE **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** of the costs and expenses incurred by the STATE for the conduct of the operations and such sum shall be paid within **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** of such election made by the CONTRACTOR. If the CONTRACTOR does not make such election, the STATE may require the CONTRACTOR to surrender all its rights over such discovery.

8.8 The CONTRACTOR shall, within **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** after termination or expiration of the Agreement or the surrender of part of the Agreement Area, deliver to the DEPARTMENT in good repair and working order, each well within the area covered by the termination, expiration, or surrender, then producing or capable of producing Petroleum, together with all casing, tubing and surface or sub-surface equipment used or useful in the conduct of producing operations, unless the DEPARTMENT requires the CONTRACTOR to plug the well.

8.9 In the case of termination or expiration of this Agreement or the surrender of an area within the Agreement Area pursuant to the terms hereof, if the area, or part thereof, subject to the termination, expiry or surrender has been determined to be capable of production or is currently producing or has previously produced Petroleum commercially, the CONTRACTOR shall transfer at no cost to the STATE the plants, appliances and installations in the area subject to the termination, expiry or surrender. The DEPARTMENT may decline the transfer and require the CONTRACTOR to remove, in accordance with generally accepted international petroleum practice, all or some of the plants, appliances and installation at no cost to the STATE.”

(o) Section 9.1.1(a) is deleted in its entirety and replaced with the following:

“9.1.1(a) The CONTRACTOR (for and on its own behalf and on behalf of Range Resources) shall pay a fixed percentage tax ("fixed tax") equivalent to **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** percent of all of its actual Exploration Expenditures incurred and paid in conducting its Exploration Operations. This fixed tax shall be paid quarterly, within **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** after the end of each Calendar Quarter in which the relevant Exploration Expenditures are incurred and paid. Each quarterly payment will be adjusted for over payments or shortfalls, if any, that were made in respect of the payment for the immediately prior period. Such payments shall be made to the DEPARTMENT and shall be accompanied by statements authenticated by the CONTRACTOR setting out the relevant Exploration Expenditures in reasonable detail. Within **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** after its receipt of each payment, the DEPARTMENT shall furnish to the CONTRACTOR an official receipt evidencing its receipt of the payment of such tax.

Expatriate employees of the CONTRACTOR, its contractors and its subcontractors working in Exploration Operations shall be exempt from all personal income taxes and similar taxes in

PUNTLAND during Exploration Operations on all income or reimbursements paid by the CONTRACTOR, its contractors and subcontractors on all income from any sources outside or inside of PUNTLAND.”

(p) The following section is added as a new section 9.2.4(i), and the subsequent sections are renumbered accordingly:

“9.2.4(i) **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** United States Dollars **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** within **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** after the date of the CONTRACTOR providing written notice of a Commercial Discovery of Oil to the DEPARTMENT in accordance with section 3.1.”

(q) The third and fourth paragraphs of Article 10 are deleted in their entirety and replaced with the following:

“All matters and notices shall be deemed to be validly served on the DEPARTMENT which are delivered to the DEPARTMENT’s office in Basasso, or to such other government office or agency that CONTRACTOR is notified of from time to time, during regular office hours or which are sent to it, or to the other government office or agency that the CONTRACTOR is notified of from time to time, by registered mail, fax, or telex.

Any changes in the address of the CONTRACTOR’S office shall be notified to the DEPARTMENT at least ten (10) Days prior to the changing date and any change in the individual empowered as General Manager shall be notified to the DEPARTMENT within ten (10) Days of such changing date. Any changes in the address of the DEPARTMENT’s office or to the address of the other government office or agency that the CONTRACTOR is notified of from time to time, shall be notified to the CONTRACTOR at least ten (10) Days prior to the changing date.”

(r) Section 11.6 is deleted in its entirety and replaced with the following:

“11.6 The CONTRACTOR shall conduct Petroleum Operations in a safe and proper manner in accordance with generally accepted methods in the international petroleum industry and shall not cause damage to the general environment, including, inter alia, the surface, air, lakes, rivers, marine life, animal life, plant life, crops, other natural resources and property, and shall forthwith repair any damage caused to the extent reparable, and shall pay reasonable compensation for all damage which is beyond repairs.

(s) Article 11 is further amended by adding the following sections immediately following section 11.6:

11.7 CONTRACTOR shall comply with the applicable laws, regulations, and directives relating to the environment, to avoid the damages the Petroleum Operations may cause on the human and natural environment. In the absence of applicable laws, the Contractor shall apply environmental standards that are generally accepted in the international petroleum industry.

11.8 Without prejudice to the provisions of Article 11.6, the CONTRACTOR shall in conducting its Petroleum Operations, pay strict attention to the prevention of pollution, the treatment of wastes, the safeguarding of the natural environment, and the progressive reclamation and rehabilitation of lands disturbed by the CONTRACTOR'S Petroleum Operations.

11.9 The CONTRACTOR shall establish, and shall implement upon approval by the DEPARTMENT, an active, continuing, and self monitoring Environmental Management Program. CONTRACTOR shall ensure that all employees, subcontractors and the indigenous community in the Agreement Area are fully aware of, and shall endeavor to ensure that they assist in the implementation of, the CONTRACTOR'S environmental management program.

11.10 The CONTRACTOR shall bear all costs for clean-up, rehabilitation, and reclamation of any and all environmental damage caused by the CONTRACTOR'S Petroleum Operations.

11.11 The CONTRACTOR shall submit to the DEPARTMENT bi-annual reports on the implementation of the CONTRACTOR'S environmental management program.

11.12 In the event of any dispute arising relating to peoples occupying land in the Agreement Area that is required for the CONTRACTOR'S Petroleum Operations, the CONTRACTOR shall attempt to negotiate a compensation settlement with such occupants. If the CONTRACTOR is not able to negotiate such a settlement on terms acceptable to the parties, the CONTRACTOR and the DEPARTMENT shall meet to discuss and negotiate a resolution of the dispute on terms acceptable to the CONTRACTOR and the DEPARTMENT (which shall be acting on behalf of the peoples occupying the land).

11.13 In the event of a blowout, accident or other emergency, the CONTRACTOR shall take immediate steps to bring the emergency situation under control and protect against loss of life and property and prevent harm to natural resources and the general environment.

11.14 If the DEPARTMENT reasonably determines that certain of the CONTRACTOR'S Petroleum Operations are threatening to endanger persons or property, or harm the natural environment, or cause pollution, or harm animals, or cause irreparable damage to plant life, the Minister may order the CONTRACTOR to discontinue Petroleum Operations at risk until such time as the CONTRACTOR has taken remedial measures to eliminate the threat.

11.15 At least ***[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]*** prior to the commencement of any seismic or drilling activity, the CONTRACTOR will post a bond in cash with the DEPARTMENT, in a manner standard for operations of this nature, in the amount of ***[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]*** in respect of seismic activity and ***[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]*** in respect of drilling activity, which bond will be repaid to the CONTRACTOR on completion of the reclamation, to the satisfaction of the DEPARTMENT and the CONTRACTOR, acting reasonably, of the lands directly impacted by the seismic or drilling activity. If such reclamation has not been completed to the satisfaction of the DEPARTMENT within ***[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]*** of the completion of the relevant activity, then the DEPARTMENT may utilise the bond to complete the reclamation to a satisfactory standard.”

(t) Section 18.1 is amended by deleting the reference to “(including the Puntland Contract of Work to the extent that it is not inconsistent with this Agreement)”;

(u) Article 26 is amended by deleting the title “LOCAL CONTRACTORS AND LOCALLY MANUFACTURED MATERIALS” and replacing it with “SECURITY FORCES, LOCAL CONTRACTORS AND LOCALLY MANUFACTURED MATERIALS”;

(v) Article 26 is further amended by adding the following section immediately following section 26.1.2

“26.2 The CONTRACTOR will be responsible for costs associated with the provision of security for its Petroleum Operations and will make a contribution of logistical support (e.g. fuel and tents) for such security. The procedure, total cost, and timing of payment of such costs will be the subject of a security plan to be agreed upon between the CONTRACTOR and the DEPARTMENT prior to the deployment of any security guards or soldiers for such security.”

(w) Article 33 is deleted in its entirety and replaced with the following:

**“ARTICLE 33
DEPARTMENTAL APPROVAL**

33.1 This Agreement, signed by the DEPARTMENT, Canmex and Range Resources, is binding upon the Parties hereto as a consequence of the issuance by the Representative Council of the STATE, on December 23, 2006, of a declaration approving this Agreement and giving the provisions of this Agreement, including the Annexes, full force and effect of law notwithstanding any countervailing DEPARTMENT enactment.”

(x) Annex “A” is amended by deleting the word “Nogal” and replacing it with the word “Nugaal”;

(y) Annex “C” is amended by deleting the word “Nogal” and replacing it with the word “Nugaal”;

(z) Annex “C” is further amended by deleting section “v” in its entirety and replacing it with the following:

“v. Drilling as follows:

1. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION].*

2. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION].”*

(aa) Section 10(C)(5) of Annex D is amended by deleting the reference to “sub-paragraph 6B” and replacing it with “sub-paragraph 5B”; and

(bb) The following is added as a new Article to Annex D:

**“ARTICLE V
AUDIT REQUIREMENTS**

The DEPARTMENT, consistent with Clause 4.5 of this Agreement, shall have a period of **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** from the receipt of any Statement of Expenditures in which to audit and raise objections to any such statement. Supporting documents and accounts will be available to the DEPARTMENT during the **[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]** period. Any exception raised by the DEPARTMENT should be provided to the CONTRACTOR in writing. Should written exceptions occur, the CONTRACTOR and the DEPARTMENT shall confer with each other in a timely manner and attempt to reach a settlement on any required adjustments as a result of such audit. For the avoidance of doubt, the Parties here state their intention that, consistent with the accepted accounting practices generally used in the international petroleum industry each suspended cost that subsequently becomes an approved cost or rejected cost (whether by settlement or by arbitration under the Agreement) shall not again be subject to audit under the Agreement.”

4. PRODUCTION SHARING AGREEMENT

4.1 No Further Amendment

Other than as amended herein, all terms of the Production Sharing Agreement between the Parties remain in full force and effect.

5 EFFECTIVE DATE

This Agreement shall be effective on the date (the “Effective Date”) that the terms of this Agreement are ratified and approved by the Government of Puntland, as evidenced by a signed and stamped declaration of approval issued by the Office of the Speaker of the Puntland State of Somalia or a similar official confirmation that the Agreement has been ratified and approved by the Government of Puntland.

6. COUNTERPARTS

This Agreement may be signed in several counterparts and by facsimile transmission, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement.

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement.

GOVERNMENT OF PUNTLAND / DEPARTMENT OF MINERALS AND PETROLEUM

Authorized Signatory

CANMEX HOLDINGS (BERMUDA) II LIMITED

Authorized Signatory

RANGE RESOURCES LIMITED

Authorized Signatory