



August 11, 2011

Dear Fellow Stockholders:

We are pleased to announce the merger of Frontera Resources Corporation, a Delaware corporation (“Frontera Delaware”), with and into a new Cayman Islands exempted company (the “Company” or “Frontera Cayman”), with Frontera Cayman being the surviving entity (the “Merger”). The purposes of the Merger were to reorganize into an offshore entity to more efficiently implement our business plan to expand our operations in the Republic of Georgia, to give us access to a broader range of financing opportunities that are not available to companies organized in the United States, and to make trading in our securities more attractive to investors worldwide.

In connection with the Merger, we:

- completed a private equity fundraising pursuant to which we received aggregate gross proceeds (before deduction of placing agent commissions, corporate finance fees and offering expenses) of approximately £6.8 million (US\$11.0 million), through (i) the issue of 115,678,351 new Frontera Cayman Shares under a Placing Agreement with Strand Hanson Limited (as nominated advisor), and Arbuthnot Securities Limited and Old Park Lane Capital plc as Placing Agents, and (ii) subscription agreements with an affiliate of one of our directors and a member of our senior management for the purchase of 53,959,053 new Frontera Cayman Shares (the “Equity Fundraising”);
- entered into a Standby Equity Distribution Agreement with YA Global Master SPV, Ltd. (“YAGM”), pursuant to which YAGM has agreed (subject to certain conditions) to make available to us over a 36-month period, a facility of up to £21,529,060 (US\$35,000,000) in consideration for the issue of our ordinary shares;
- exchanged \$120,522,402 aggregate principal amount of Frontera Delaware’s 10% convertible notes due 2012 and 10% convertible notes due 2013, plus accrued interest, for (i) 1,593,853,570 Frontera Cayman Shares, and (ii) \$18,220,312 aggregate principal amount of new 10% convertible notes due 2016 issued by Frontera Resources Holdings, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Frontera Cayman; and
- entered into note exchange agreements pursuant to which an affiliate of one of our directors and a member of our senior management exchanged US\$9,179,286 principal amount plus accrued interest of loans to the Company for 141,515,879 newly issued Frontera Cayman Shares.

By operation of the Merger, each Frontera Delaware share has been converted into and represents the right to receive either (i) one Frontera Cayman Share (the “Stock Consideration”) or (ii) £0.04 (\$US0.065) (the “Cash Consideration,” and with the Stock Consideration, the “Merger Consideration”). All Frontera Delaware stockholders will receive the Stock Consideration, except for Frontera Delaware’s US stockholders who are not “accredited investors” as defined in Rule 501 under the US Securities Act of 1933, who will receive the Cash Consideration.

An Information Statement (the “Information Statement”) describing the Merger and the transactions completed in connection with the Merger, and a Letter of Transmittal and Investor Questionnaire (the “Letter of Transmittal”) for your use in determining the Merger Consideration to which you are entitled, accompanies this letter.

We encourage you to review the enclosed Information Statement and Letter of Transmittal so you can better understand the consequences of the Merger to you, and receive the Merger Consideration to which you are entitled.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Nicolas J. Evanoff". The signature is fluid and cursive, with a large initial "N" and "E".

Nicolas J. Evanoff  
Senior Vice President, General Counsel and  
Corporate Secretary

August 11, 2011

**FRONTERA RESOURCES CORPORATION**  
**3040 Post Oak Blvd., Suite 1100**  
**Houston, Texas 77056**

**INFORMATION STATEMENT**

We are pleased to announce the merger of Frontera Resources Corporation, a Delaware corporation (“Frontera Delaware”), with and into a newly-formed holding company organized under the laws of the Cayman Islands (the “Company” or “Frontera Cayman”), with Frontera Cayman being the surviving entity (the “Merger”).

The purposes of the Merger were to reorganize into an offshore entity to more efficiently implement our business plan to expand our operations in the Republic of Georgia, to give us access to a broader range of financing opportunities than are available to companies organized in the United States, and to make trading in our securities more attractive to investors worldwide.

By operation of the Merger, each share of the common stock, par value \$0.0004 per share (“Frontera Delaware Shares”) has been converted into and represents the right to receive either (i) one ordinary share of Frontera Cayman (“Frontera Cayman Shares”) with a par value of \$0.00004 per share (the “Stock Consideration”) or (ii) £0.04 (\$US0.065) (the “Cash Consideration,” and with the Stock Consideration, the “Merger Consideration”). All Frontera Delaware stockholders will receive the Stock Consideration, except for Frontera Delaware’s US stockholders who are not “accredited investors” as defined in Rule 501 under the US Securities Act of 1933 (the “Securities Act”), who will receive the Cash Consideration. A Letter of Transmittal and Investor Questionnaire (the “Letter of Transmittal”) for your use in determining the Merger consideration to which you are entitled accompanies this Information Statement.

In connection with the Merger, Frontera Cayman:

- completed a private placement pursuant to which Frontera Cayman received aggregate gross proceeds (before deduction of placing agent commissions, corporate finance fees and offering expenses) of approximately £6.8 million (US\$11.0 million) through (i) the issue of 115,678,351 new Frontera Cayman Shares under a Placing Agreement with Strand Hanson Limited (as nominated advisor), and Arbuthnot Securities Limited and Old Park Lane Capital plc as Placing Agents (the “Placing Agreement”), and (ii) subscription agreements (the “Subscription Agreements”) with an affiliate of one of our directors and a member of our senior management (collectively, the “Participating Affiliates”) for the purchase of 53,959,053 Frontera Cayman Shares (collectively, the “Equity Fundraising”);
- entered into a Standby Equity Distribution Agreement (“SEDA”) with YA Global Master SPV, Ltd. (“YAGM”) pursuant to which YAGM has agreed (subject to certain conditions) to make available to us over a 36-month period, a facility of up to £21,529,060 (US\$35,000,000) in consideration for the issue of Frontera Cayman Shares;
- exchanged \$120,522,402 aggregate principal amount of Frontera Delaware’s 10% convertible notes due 2012 (the “2012 Notes”) and 10% convertible notes due 2013 (the “2013 Notes,” and collectively with the 2012 Notes, the “Old Notes”), plus accrued interest, for (i) 1,593,853,570 Frontera Cayman Shares, and (ii) \$18,220,312 aggregate principal amount of new 10% convertible notes due 2016 (the “New Notes”) issued by Frontera Resources Holdings, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Frontera Cayman (the “Exchange Offer”); and
- entered into note exchange agreements (the “Affiliate Note Exchange Agreements”) pursuant to which the Participating Affiliates exchanged US\$9,179,286 principal amount of loans to Frontera Delaware (collectively, the “Affiliate Notes”) for 141,515,879 newly-issued Frontera Cayman Shares (the “Affiliate Note Exchange”).

If you do not believe the Merger Consideration to which you are entitled is fair, you may be entitled to appraisal rights that will allow you to seek a determination by the Chancery Court in Delaware of the fair value of your Merger Consideration. Exercise of your appraisal rights requires strict compliance with certain statutory procedures described in this Information Statement.

You should review this Information Statement and the Letter of Transmittal so you can better understand the consequences of the Merger to you, and to receive the Merger Consideration to which you are entitled.

## TABLE OF CONTENTS

	<u>Page</u>
Important Information .....	1
Forward-Looking Statements .....	2
Summary .....	2
Frontera Delaware .....	3
Frontera Cayman .....	3
The Merger .....	4
Conditions to the Merger .....	6
Appraisal Rights .....	9
Trading Price for Frontera Delaware Shares .....	12
Capitalization .....	13
Procedures for Receiving Merger Consideration .....	14
Principal Differences Between Delaware and Cayman Islands Law .....	17
Principal Differences Between the Governing Documents of Frontera Delaware and Frontera Cayman ...	23
Certain Material Tax Considerations .....	27
Exhibit A    Form of Amended and Restated Agreement and Plan of Merger	
Exhibit B    Form of Amended and Restated Memorandum and Articles of Association of Frontera Resources Corporation, a Cayman Islands exempted company	
Exhibit C    Section 262 of the Delaware General Corporation Consideration Law (relating to appraisal rights)	

## IMPORTANT INFORMATION

### Where You Can Find More Information

This Information Statement incorporates by reference the documents listed below:

- Audited consolidated financial statements for the years ended December 31, 2009 and 2010, filed with AIM on June 28, 2011;
- our Proxy Statement sent to our stockholders dated January 28, 2011;
- the Offer to Purchase dated June 28, 2011 of Frontera Cayman relating to the Exchange Offer;
- our Regulatory News Service notifications dated June 28, 2011 and July 27, 2011, announcing the Merger, the Exchange Offer, the Equity Fundraising, the SEDA, the Affiliate Note Exchange and certain results of our operations; and
- our Admission Document dated July 27, 2011 relating to the admission of the Frontera Cayman Shares issued in the Merger, the Equity Fundraising, the Exchange Offer and the Affiliate Note Exchange for trading on the AIM.

Each of these documents can be obtained on our website, *www.fronteraresources.com*.

---

### Assistance and Additional Information

Requests for additional copies of this Information Statement or documents incorporated herein by reference, the Letter of Transmittal, and requests for assistance relating to the procedures for submitting a Letter of Transmittal or receiving your Merger Consideration may be directed to the Information Agent at the following address and telephone number:

Georgeson  
199 Water St. — 26th Floor  
New York, NY 10038  
Banks and Brokers call: (212) 440-9800  
Call Toll Free: (888) 663-7851

## FORWARD-LOOKING STATEMENTS

Statements included in this Information Statement (including the information incorporated herein by reference), which are not historical facts are “forward-looking statements” within the meaning of the US federal securities laws. Forward-looking statements can be identified by words, such as “believes,” “estimates,” “anticipates,” “expects” and other words of similar meaning in connection with a discussion of future operating or financial performance.

These forward-looking statements include, among others, statements relating to the Merger and our expectations, beliefs, plans and objectives regarding our potential transactions, potential drilling schedule, well results and ventures, as well as reserves, future drilling, development and production. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: future exploration and development activities; availability and performance of needed equipment and personnel; our ability to raise capital to fund our planned exploration and development programs; seismic data; evaluation of logs, cores and other data from wells drilled; fluctuations in oil and gas prices; weather conditions; general economic conditions; the political situation in Georgia and relations with neighboring countries; our ability to exchange our outstanding debt, and other factors listed in our financial reports, which are available at our website, [www.fronteraresources.com](http://www.fronteraresources.com). There is no assurance that our expectations will be realized, and actual results may differ materially from those expressed in the forward-looking statements.

Some of the factors noted above are discussed elsewhere in this Information Statement. We do not intend to review or revise any particular forward-looking statement in light of future events.

## SUMMARY

*This section summarizes the terms of the Merger, certain transactions entered into in connection with the Merger and information about Frontera Delaware and Frontera Cayman. This summary does not describe these matters in the same detail as they are described elsewhere in this Information Statement and the materials incorporated herein by reference.*

- The Merger required the consent of a majority of the issued and outstanding Frontera Delaware Shares as of June 28, 2011, which was the Record Date for determining the shareholders entitled to consent to the Merger. As of the Record Date, there were 135,318,282 issued and outstanding shares of Frontera Delaware common stock. Frontera Delaware received the consent to the Merger of holders of 72,109,873 shares of its common stock (representing 53.3% of the issued and outstanding Frontera Delaware shares as of the Record Date), and the Merger was completed by filing a Certificate of Merger with the Secretary of State of Delaware and the filing of the Merger Agreement with the Cayman Islands Registrar of Companies, each of which occurred on August 1, 2011 (the “Merger Date”).
- Upon completion of the Merger, Frontera Delaware was merged with and into Frontera Cayman. The corporate existence of Frontera Delaware ceased and Frontera Cayman was the surviving corporation. Frontera Cayman has succeeded to all the assets and benefits, and has become responsible for all the liabilities and obligations, of Frontera Delaware, including the Old Notes that remain outstanding.
- By operation of the Merger, each outstanding Frontera Delaware Share on the Merger Date was converted into and represents the right to receive either (i) one Frontera Cayman Share (the “Stock Consideration”) or (ii) £0.04 (US\$0.065) (the “Cash Consideration,” and with the Stock Consideration, the “Merger Consideration”), as more fully described below. All former Frontera Delaware shareholders will receive the Stock Consideration in the Merger, except for Frontera Delaware’s US Shareholders who are not “accredited investors” as defined in Rule 501 under the Securities Act, who will receive the Cash Consideration.
- The Merger was contingent upon:
  - the Merger and the Merger Agreement being approved by a majority of the Frontera Delaware Shares;
  - completion of the Equity Fundraising;
  - the SEDA not having been terminated;

- at least 75% of the holders of Old Notes having tendered their Old Notes for Frontera Cayman Shares in connection with the Exchange Offer;
- the adoption of certain amendments to the Old Note Purchase Agreements pursuant to which the Old Notes were issued; and
- completion of the Affiliate Note Exchange.

Each of these conditions were satisfied before completion of the Merger, and are described in more detail below in this Information Statement.

### **FRONTERA DELAWARE**

Frontera Delaware was a Houston, Texas-based international oil and gas company founded in 1996 to pursue international exploration and production opportunities in emerging markets. As a result of the Merger, Frontera Delaware has been merged with and into Frontera Cayman, with Frontera Cayman being the surviving corporation.

### **FRONTERA CAYMAN**

Frontera Cayman is a holding company that operates through its direct and indirect wholly-owned subsidiaries. Our strategy is to seek opportunities in hydrocarbon-bearing basins around the world where historical geopolitical or economic situations may have caused significant oil and gas plays to be overlooked or underdeveloped. Our operations currently are in the Republic of Georgia. As a result of the Merger, Frontera Cayman has succeeded to all of the assets and benefits, and has become responsible for all the liabilities and obligations, of Frontera Delaware, including the Old Notes that remain outstanding.

#### **Organization and Capitalization**

Frontera Resources Corporation, a Cayman Islands exempted company, was incorporated under the Cayman Companies Law with the name “Frontera Resources Corporation” on May 17, 2011. Frontera Cayman was organized to become the holding company of the Frontera group in connection with Frontera Delaware’s reorganization outside of the United States.

After the Merger, but before the issuance of Frontera Cayman Shares in the Exchange Offer, the Equity Fundraising, the SEDA, or the Affiliate Note Exchange and without giving effect to the Cash Consideration paid to Non-Accredited US Shareholders, the issued and outstanding share capital of Frontera Cayman consisted of 139,318,282 Frontera Cayman Shares.

After the issuance of Frontera Cayman Shares in the Exchange Offer, the Equity Fundraising and the Affiliate Note Exchange and without giving effect to the SEDA or the Cash Consideration to be paid to non-accredited US Shareholders (defined below), the issued and outstanding share capital of Frontera Cayman consists of 2,044,325,136 Frontera Cayman Shares. See “Capitalization” for more information regarding the capitalization of Frontera Cayman after giving effect to the Merger and other transactions discussed in this Information Statement.

Frontera Cayman will report its financial results in US Dollars in accordance with International Financial Reporting Standards. This represents no change from Frontera Delaware’s financial reporting policy. The Frontera Cayman Shares are in registered form and are capable of being held in uncertificated form.

Except as otherwise described in this Information Statement, the corporate governance rules applicable to Frontera Cayman are similar to those that were applicable to Frontera Delaware. Frontera Cayman will comply with the AIM Rules and relevant institutional shareholder guidelines to the same extent that Frontera Delaware complied with them. Frontera Cayman is subject to Cayman Islands law instead of Delaware law, which governed Frontera Delaware. See “Principal Differences Between Delaware and Cayman Islands Law.” The Amended and Restated Memorandum and Articles of Association for Frontera Cayman contain similar provisions as the certificate of incorporation and bylaws of Frontera Delaware, except for certain differences that are required by Cayman Islands law and practice. See “Principal Differences Between the Governing Documents of Frontera Delaware and Frontera Cayman.”

## THE MERGER

### General

Frontera Delaware has been merged with and into Frontera Cayman, which is a newly-formed Cayman Islands exempted company named “Frontera Resources Corporation,” with Frontera Cayman being the surviving entity. The Merger became effective on the filing of a Certificate of Merger with the Delaware Secretary of State and the filing of the Merger Agreement with the Cayman Islands Registrar of Companies, each of which occurred on August 1, 2011. Frontera Cayman is a new holding company that now is the parent of the Frontera group and operates through its direct and indirect wholly-owned subsidiaries. After the Merger, the Frontera group has an identical organizational structure to that of Frontera Delaware except that Frontera Cayman (instead of Frontera Delaware) is the parent of the Frontera group.

### Reasons for the Merger

The purposes of the Merger were to reorganize into an offshore entity to more efficiently implement our business plan to expand our operations in the Republic of Georgia, to give us access to a broader range of financing opportunities than are available to companies organized in the United States, and to make trading in our securities more attractive to investors worldwide. Our current strategy is to develop and expand operations in the Republic of Georgia and the Black Sea region.

Because of our focus on overseas activities, we determined that being incorporated in Delaware no longer was efficient from either a commercial or financial perspective. We believe that being domiciled outside of the United States will give us access to a broader range of financing opportunities, including but not limited to financings outside of the United States. These financing opportunities include the Placing and the SEDA. We also believe that the worldwide trading of our securities will be less restricted and more attractive to investors.

We believe the Cayman Islands to be the most suitable domicile because the Cayman Islands appeals to international investors from whom we and our current subsidiaries intend to attract future investment.

### Approval of the Merger

Under Delaware law, consummation of the Merger required the consent of the holders of a majority of the issued and outstanding Frontera Delaware Shares as of the Record Date. As of June 28, 2011, the Record Date for determining the Frontera Delaware shareholders entitled to consent to the Merger, there were 135,318,282 issued and outstanding Frontera Delaware Shares. Frontera Delaware received the consent of holders 79,102,873 Frontera Delaware Shares representing 53.3% of the Frontera Delaware Shares issued and outstanding as of the Record Date).

The offer of Frontera Cayman Shares in exchange for Frontera Delaware Shares held by US shareholders in the Merger constituted an offering of securities in the United States under the Securities Act, and therefore, required registration under the Securities Act and applicable state securities laws or an exemption from registration. Therefore, Frontera Delaware conducted the Merger pursuant to the exemption from registration under Section 4(2) of the Securities Act and Rule 506 of Regulation D thereunder. To comply with the requirements of Regulation D, Frontera Delaware did not solicit consents to the Merger from any Frontera Delaware Shareholder that was a person or entity with an address, as reflected on the Frontera Delaware Share register, in the United States (“US Shareholders”) who was not an accredited investor as defined in Regulation D.

### Effect of the Merger

Upon consummation of the Merger, all assets, liabilities, properties, corporate acts, plans, policies, contracts, approvals and authorizations of each of Frontera Delaware and Frontera Cayman and their respective shareholders, boards of directors, committees elected or appointed thereby, officers and agents, which were effective immediately before the Merger Date, were vested in, assumed by or taken, as applicable, for all purposes as the acts, plans, policies, contracts, approvals and authorizations of Frontera Cayman and shall be effective and binding on Frontera Cayman in the same manner as they were with respect to Frontera Delaware or Frontera Cayman, as the case may be, before the Merger Date.

## **Conversion of Shares**

Each Frontera Delaware Share outstanding immediately before Merger has been converted into and represents the right to receive either the Stock Consideration or the Cash Consideration. All Frontera Delaware stockholders will receive the Stock Consideration, except for Frontera Delaware's US Shareholders who are not "accredited investors" as that term is defined in Rule 501 under the Securities Act, who will receive the Cash Consideration. Frontera Delaware estimates that approximately 8,996,747 Frontera Delaware Shares are held by non-accredited US Shareholders, which is equal to 6.6% of the issued and outstanding Frontera Delaware Shares. Therefore, the aggregate Cash Consideration to be paid in the Merger is expected to be approximately US\$583,365. A portion of the proceeds of the Equity Fundraising will be used to pay the Cash Consideration.

## **Restrictions on Transfer of Frontera Cayman Shares**

The Frontera Cayman Shares issued in the Merger are restricted securities for purposes of Rule 144 under the Securities Act. Therefore, subject to certain exceptions set forth below, the Frontera Cayman Shares issued to US Shareholders in the Merger are subject to a one-year holding period before such US Shareholders can trade them under Rule 144.

- Subject to the exception set forth below, US Shareholders who receive Stock Consideration will receive certificates representing Frontera Cayman Shares bearing a restrictive legend to the effect that such Frontera Cayman Shares have not been registered under the Securities Act or any state securities laws, and may be transferred only pursuant to a registration statement or in transactions exempt from the registration requirements of the Securities Act and applicable state securities laws.
- Non-US Shareholders who hold physical certificates representing Frontera Delaware Shares will receive new certificates representing Frontera Cayman Shares without a restrictive legend.
- The depositary interests ("DIs") representing Frontera Delaware Shares held in CREST will be cancelled and the holders thereof will receive new DIs representing their Frontera Cayman Shares.
- US Shareholders who: (i) receive Stock Consideration; (ii) are Qualified Institutional Buyers as defined in Rule 144A under the Securities Act; and (iii) execute and deliver to Frontera Cayman a Qualified Institutional Investor Representation Letter, pursuant to which such US Shareholders agree to certain restrictions on the transfer of their Frontera Cayman Shares, will receive Frontera Cayman Shares without a restrictive legend.

All Frontera Cayman Shares issued without a restrictive legend may be deposited with Computershare Investor Services plc in exchange for DI's. See "Procedures for Receiving Merger Consideration — Holders of Depositary Interests."

## **Board of Directors**

The board of directors and officers of Frontera Cayman on the Merger Date consisted of the persons who were directors or officers of Frontera Cayman immediately before the Merger Date. The current directors of Frontera Cayman are Steve C. Nicandros (Chairman), Stephen E. McGregor, Andrew J. Szescila and Luis E. Giusti.

## **AIM Listing**

Trading in the Frontera Delaware Shares on AIM ceased, and trading of the Frontera Cayman Shares on AIM commenced, at 8:00 a.m., London time, on August 2, 2011.

## **Articles of Association for Frontera Cayman**

The Amended and Restated Memorandum and Articles of Association of Frontera Cayman immediately before the Merger became the Amended and Restated Memorandum and Articles of Association immediately following the Merger. The form of the Amended and Restated Memorandum and Articles of Association of Frontera Cayman are attached hereto as Exhibit B.

## CONDITIONS TO THE MERGER

The Merger was conditional on the following:

- the Merger and the Merger Agreement being approved by a majority of the Frontera Delaware Shares;
- completion of the Equity Fundraising;
- the SEDA not having been terminated;
- at least 75% of the holders of Old Notes having tendered their Old Notes for Frontera Cayman Shares in the Exchange Offer pursuant to which the Old Notes were issued;
- the adoption of certain amendments to the Old Note Purchase Agreements; and
- completion of the Affiliate Note Exchange.

### Equity Fundraising

Frontera Cayman entered into (i) a placing agreement (the “Placing Agreement”), with Strand Hanson Limited in its capacity as nominated advisor to Frontera Cayman and Arbuthnot Securities Limited and Old Park Lane Capital plc as placing agents (the “Placing Agents”), pursuant to which the Placing Agents procured subscriptions for 115,678,351 Frontera Cayman Shares at £0.04 (US\$0.065) per share (the “Placing Price”); and (ii) subscription agreements (the “Subscription Agreements”) with the Participating Affiliates pursuant to which they purchased 53,959,053 Frontera Cayman Shares at the Placing Price (the “Subscriptions”), for aggregate gross proceeds to Frontera Cayman (before deduction of Placing Agent commissions, corporate finance fees and expenses) of approximately £6.8 million (US\$11.0 million) (collectively the “Equity Fundraising”).

Frontera Cayman paid the Placing Agents (i) US\$316,917 through issuance of 4,885,867 Frontera Cayman Shares; and (ii) 1,649,181 two-year warrants to purchase Frontera Cayman Shares, and 687,500 three-year warrants to purchase Frontera Cayman Shares, in each case at an exercise price per share equal to the Placing Price. The Placing Agents also received a retainer fee from Frontera Delaware at the time of their engagement consisting of two-year warrants to purchase up to 500,000 Frontera Delaware Shares (now Frontera Cayman Shares) at an exercise price of £0.06 (US\$0.097) per share.

Frontera Cayman paid Strand Hanson (i) 10,221,621 two-year warrants to purchase at an exercise price per share equal to Placing Price, and (ii) a corporate finance fee of US\$608,100 through issuance of 9,374,995 Frontera Cayman Shares upon completion of the Placing.

The Frontera Cayman Shares placed pursuant to the Placing Agreement were sold outside of the United States and only to non-US purchasers. The offer and sale of the Frontera Cayman Shares in the Subscriptions were made directly by Frontera Cayman under Regulation D under the Securities Act without the participation of the Placing Agents.

Approximately US\$2,500,000 of the gross proceeds of the Placing were used to pay transaction costs. The remaining US\$8,500,000 of the proceeds will be used to pursue oil and gas development activities in the Block 12 license area in the Republic of Georgia and to pay the Cash Consideration.

### The SEDA

Frontera Cayman has entered into a Standby Equity Distribution Agreement (the “SEDA”) with YA Global Master SPV Ltd. (“YAGM”) pursuant to which YAGM, subject to certain conditions and limitations, has agreed to subscribe for up to £21,529,060 (US\$35,000,000) of Frontera Cayman Shares (the “Commitment Amount”) over a period of 36 months.

Under the SEDA, Frontera Cayman may, at its discretion, require YAGM to subscribe from time to time for a number of its shares (an “Advance”) not to exceed, in general, the greater of £30,750 or 300% of the average volume weighted daily trading value of Frontera Cayman’s issued shares for the 10 trading day period immediately preceding the date of the relevant notice requesting the Advance (an “Advance Notice”), provided that no Advance may be greater than £2,500,000 and subject to an overall limit of the Commitment Amount or, if less, the issue of 273,384,889 Frontera Cayman Shares.

Frontera Cayman may request an Advance no more than once every 10 trading days. There is no minimum amount required for any Advance. If the market price of Frontera Cayman Shares increases over each of the last two days of the Pricing Period described below, Frontera Cayman has the right to increase the net amount of an Advance by 50%.

The price at which Frontera Cayman will issue shares to YAGM will be 95% of the lowest daily volume weighted average price of the Shares during the 10 consecutive trading days beginning on the first trading day after the relevant Advance Notice (the "Pricing Period"). Frontera Cayman may set a minimum price for each Advance not greater than 95% of the daily volume weighted average price of the Shares on the trading day immediately before the relevant Advance Notice.

The Frontera Cayman Shares issued pursuant to any Advance will be delivered not later than the fifth trading day after the relevant Pricing Period. Upon delivery of the shares, the proceeds of such Advance will be released to Frontera Cayman.

Neither YAGM nor its affiliates may engage in any short sales with respect to Frontera Cayman Shares, provided that YAGM may during a Pricing Period sell any shares it anticipates receiving in an Advance. In such event, if the amount realized by YAGM exceeds the final Advance proceeds with respect to the shares sold during the Pricing Period by 5% or more, the price of such shares will be increased by an amount equal to 50% of such excess.

### **The Exchange Offer**

**Results of the Exchange Offer.** The Exchange Offer commenced on June 28, 2011 and expired at 5:00 p.m., Houston, Texas, time on July 26, 2011 (the "Expiration Time"). In the Exchange Offer:

- holders of the 2012 Notes exchanged \$75,916,849 aggregate principal amount thereof for Frontera Cayman Shares and \$13,017,797 aggregate principal amount thereof for New Notes, leaving an aggregate principal amount of \$241,040 of 2012 Notes remaining issued and outstanding; and
- holders of the 2013 Notes exchanged \$26,547,177 aggregate principal amount thereof for Frontera Cayman Shares and \$5,040,580 aggregate principal amount thereof for New Notes, leaving no 2013 Notes remaining issued and outstanding.

Inclusive of accrued interest through August 2, 2011, (i) \$103,328,861 aggregate amount of Old Notes were exchanged for 1,593,853,570 Frontera Cayman Shares, and (ii) \$18,220,312 aggregate amount of New Notes were issued in exchange for a like amount of Old Notes. Spyros Karnessis, a former member of the board of directors, and Stephen E. McGregor, a member of the board, were beneficial holders of \$13,962,290 and \$724,149 principal amount of Old Notes, respectively. Mr. Karnessis tendered 75% of his Old Notes for the Stock Payment and 25% of his Old Notes for New Notes. Mr. McGregor tendered 100% of his Old Notes for the Stock Payment.

**Purpose of the Exchange Offer.** The purpose of the Exchange Offer was to increase our operating and financial flexibility by exchanging a substantial portion of the Old Notes for Frontera Cayman Shares, thus reducing our outstanding debt and related interest expense, and to the extent the Old Notes were exchanged for the New Notes, by extending the maturity of our long-term debt. We believe this reduction in the outstanding principal amount of our long-term debt and extension of its maturity will facilitate opportunities to obtain financing for our capital expenditure needs.

There can be no assurance that completion of the Exchange Offer will have any of the desired effects.

**The New Notes.** An aggregate of \$18,220,312 aggregate principal amount of New Notes were issued in the Exchange Offer. The New Notes:

- were issued by Frontera Resources Holdings, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Company (the "New Notes Issuer");
- are structurally senior to the Old Notes (because the New Notes Issuer is a wholly-owned subsidiary of Frontera Cayman and the parent of the Frontera group's operating subsidiaries, and restrictions in the New Note Purchase Agreement prohibit the New Notes Issuer from transferring funds to Frontera Cayman, other than to pay interest in the remaining Old Notes, taxes, for general and administrative costs and debt service requirements);

- bear interest at the rate of 10% per annum;
- mature five years from the date of issuance; and
- are convertible into Frontera Cayman Shares at the option of the holder at the rate of 4,000 Frontera Cayman Shares for each US\$1,000 principal amount converted (equivalent to a conversion price of US\$0.25 per share).

### **Amendments to Old Note Purchase Agreements**

Frontera Delaware received consent of the holders of the Old Notes to:

- allow the redemption of the Old Notes in connection with the Exchange Offer;
- provide for semi-annual instead of quarterly financial reporting and to increase the time periods within which such reports (and annual reports) must be provided; and
- eliminate most of the restrictive covenants in the Old Note Purchase Agreements.

Section 7.1 of each of the Old Note Purchase Agreements prohibited the redemption or repurchase of the Old Notes. An amendment to Section 7.1 to each of the Old Note Purchase Agreements was required for Frontera Cayman to have the ability to make the Stock Payment.

Section 8.1(b)(i) and (ii) of each of the Old Note Purchase Agreements required Frontera Delaware to provide the holders of the Old Notes certain audited financial statements and reports within 90 days of the end of Frontera Delaware's fiscal year and to provide certain unaudited financial statements and reports within 45 days of the end of each fiscal quarter. Frontera Delaware received the requisite consent to an amendment to each of the Old Note Purchase Agreements to allow Frontera Delaware to provide the annual financial statements and reports within 180 days of the end of its fiscal year and semi-annual financial statements and reports within 90 days of the end of the second fiscal quarter. These amended reporting requirements are those to which the Company currently is subject under AIM rules. Allowing the Company to give the holders of the Old Notes financial statements and reports at the same time it makes its AIM filings will eliminate the burden and cost of complying with multiple financial reporting requirements.

Section 9 of each of the Old Note Purchase Agreements contained certain restrictive covenants that prohibited Frontera Delaware from taking certain actions so long as any of the Old Notes are issued and outstanding. The restrictive covenants eliminated were: the limitation on indebtedness (Section 9.2); the limitation of restrictive payments (Section 9.3); the limitation on sales of assets (Section 9.4); the requirement to repurchase the 2012 Notes at a premium upon a change of control of the Company (Section 9.5 of the 2012 Note Purchase Agreement only); the limitation on liens (Section 9.6); the limitation on certain affiliate transactions (Section 9.7); limitations on restrictions on distributions from subsidiaries (Section 9.8); and certain limitations on merger and consolidation (Section 9.10). Adoption of these amendments requires the affirmative vote of a majority in interest of the principal amount outstanding of the 2012 Notes and 2013 Notes, respectively, but excluding there from any Old Notes that are owned or held by us or our affiliates.

### **The Affiliate Note Exchange**

Frontera Delaware entered into the Affiliate Notes with the Participating Affiliates pursuant to which the Participating Affiliates advanced funds to Frontera Delaware for it to meet its working capital needs. As of the date of the Merger, the outstanding Affiliate Notes plus accrued and unpaid interest thereon equaled US\$9,179,286. The Participating Affiliates entered into Affiliate Note Exchange Agreements pursuant to which they exchanged the entire outstanding principal amount of the Affiliate Notes, plus accrued interest through the date of the completion of the Merger, for 141,515,879 Frontera Cayman Shares, which was at a conversion rate based on the Placing Price.

## APPRAISAL RIGHTS

Under the Delaware General Corporation Law (“DGCL”), holders of Frontera Delaware Shares who did not consent to the Merger and who continue to hold Frontera Delaware Shares through the Merger Date have the right to dissent from the Merger and to receive payment in cash for the fair value of their Frontera Delaware Shares as determined by the Delaware Court of Chancery, together with a fair rate of interest, if any, as determined by the court, in lieu of the consideration such Shareholders would otherwise be entitled to receive pursuant to the Merger Agreement. These rights are known as appraisal rights. Shareholders electing to exercise appraisal rights must comply with the provisions of Section 262 of the DGCL (“Section 262”) in order to perfect their rights. As the surviving corporation in the Merger, Frontera Cayman will require strict compliance with the statutory procedures.

The following is intended as a summary of the material provisions of the Delaware statutory procedures required to be followed by a Shareholder in order to perfect such holder’s appraisal rights.

This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Section 262, the full text of which appears in Exhibit C to this Information Statement. A shareholder’s failure to precisely follow any of the statutory procedures set forth in Section 262 will result in a termination or waiver of such shareholder’s appraisal rights.

Section 262 requires that shareholders be notified that appraisal rights will be available for not less than 20 days following the mailing of such notice. A copy of Section 262 must be included with the notice. This document constitutes notice to the shareholders of the availability of appraisal rights in connection with the Merger in compliance with the requirements of Section 262. A shareholder that wishes to consider exercising its appraisal rights should carefully review the text of Section 262 contained in Exhibit C since failure to timely and properly comply with the requirements of Section 262 will result in the loss of such shareholders’ appraisal rights under the DGCL.

If a shareholder elects to demand appraisal of its shares, it must satisfy each of the following conditions:

- Such shareholder must deliver to Frontera Cayman a written demand for appraisal of its shares within 20 days of the mailing of this Information Statement. This written demand for appraisal must be in addition to and separate from any consent or vote abstaining from or voting against the adoption of the Merger. Consenting to, abstaining from consenting or failing to consent to the adoption of the Merger by itself does not constitute a proper demand for appraisal under Section 262.
- Such shareholder must not have consented to the proposal to adopt the Merger. A consent in favour of the proposal to adopt the Merger does, but failure to consent to such proposal does not, constitute a waiver of such shareholder’s appraisal rights in respect of the shares so voted and will nullify any previously filed written demands for appraisal. If such shareholder fails to comply with either of these conditions, such shareholder will be entitled to receive the consideration provided for in the Merger Agreement, but such shareholder will not be entitled to seek appraisal of its Frontera Delaware Shares under Section 262.

All demands for appraisal should be addressed to Frontera Cayman at its principal offices located at 3040 Post Oak Boulevard, Suite 1100, Houston, TX 77056, and must be delivered before 20 days after the mailing of this Information Statement, and should be executed by, or on behalf of, the record holder of the Frontera Delaware Shares. The demand must reasonably inform Frontera Cayman of the identity of the shareholder and the intention of the shareholder to demand appraisal of its Frontera Delaware Shares.

To be effective, a demand for appraisal by a shareholder must be made by, or in the name of, such registered shareholder, fully and correctly, as such shareholder’s name appears on its stock certificate(s). Beneficial owners who do not also hold the shares of record may not directly make appraisal demands. The beneficial holder must, in such cases, have the registered owner, such as a broker or other nominee, submit the required demand in respect of those shares. If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a demand for appraisal should be made by or for the fiduciary; and if the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the demand for appraisal for a shareholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, it is acting as agent for the record owner. A record owner, such as a broker, who holds shares as a nominee for others, may exercise its right of appraisal with respect to the shares held for one or more beneficial owners, while not exercising this right for other beneficial owners.

In that case, the written demand should state the number of shares as to which appraisal is sought. Where no number of shares is expressly mentioned, the demand will be presumed to cover all shares held in the name of the record owner.

If a shareholder holds its Frontera Delaware Shares in a brokerage account or in other nominee form and such shareholder wishes to exercise appraisal rights, it should consult with its broker or the other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee.

Within 10 days after the Merger, Frontera Cayman must give written notice that the Merger has become effective to each shareholder who has properly filed a written demand for appraisal and who did not consent to the Merger. At any time within 60 days after the Merger Date, any shareholder who has demanded an appraisal has the right to withdraw the demand and to accept the consideration provided for in the Merger Agreement. Within 120 days after the Merger Date, any shareholder who has complied with Section 262 will, upon written request to Frontera Cayman, be entitled to receive a written statement setting forth the aggregate number of shares that did not consent to the Merger and with respect to which demands for appraisal rights have been received and the aggregate number of holders of such shares. Such written statement will be mailed to the requesting Shareholder within 10 days after such written request is received by Frontera Cayman or within ten days after expiration of the period for delivery of demands for appraisal, whichever is later. Within 120 days after the Merger Date, either Frontera Cayman or any shareholder who has complied with the requirements of Section 262 may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares held by all shareholders entitled to appraisal. Upon the filing of the petition by a shareholder, service of a copy of such petition will be made upon Frontera Cayman. Frontera Cayman has no obligation to file such a petition if there are no dissenting shareholders. Accordingly, the failure of a shareholder to file such a petition within the period specified could nullify the shareholder's previously written demand for appraisal.

If a petition for appraisal is duly filed by a shareholder and a copy of the petition is delivered to Frontera Cayman, Frontera Cayman will then be obligated, within 20 days after receiving service of a copy of the petition, to provide the Chancery Court with a duly verified list containing the names and addresses of all shareholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached by Frontera Cayman. After notice to dissenting shareholders who demanded appraisal of their shares, the Chancery Court is empowered to conduct a hearing upon the petition, and to determine those shareholders who have complied with Section 262 and who have become entitled to the appraisal rights provided thereby. The Chancery Court may require the shareholders who have demanded payment for their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings, and if any shareholder fails to comply with that direction, the Chancery Court may dismiss the proceedings as to that shareholder.

After determination of the shareholders entitled to appraisal of their Frontera Delaware Shares, the Chancery Court will appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with a fair rate of interest, if any. In determining fair value and, if applicable, a fair rate of interest, the Court of Chancery will take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Supreme Court of Delaware discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that "proof of value by any techniques or methods that are generally considered acceptable in the financial community and otherwise admissible in court" should be considered, and that "fair price obviously requires consideration of all relevant factors involving the value of a company." The Delaware Supreme Court stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be "exclusive of any element of value arising from the accomplishment or expectation of the merger." In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a "narrow exclusion that does not encompass known elements of value," but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Supreme Court of Delaware also stated that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered." When the value is determined, the Chancery Court will direct the payment of such value, with interest thereon accrued during the pendency of the proceeding, if the Chancery Court so determines, to the shareholders entitled to receive the same, upon surrender by such holders of the certificates representing those shares.

Shareholders should be aware that the fair value of their shares as determined under Section 262 could be more than, the same as, or less than the value that such shareholders are entitled to receive under the terms of the Merger Agreement.

Costs of the appraisal proceeding may be imposed upon Frontera Cayman and the shareholders participating in the appraisal proceeding by the Chancery Court as the Chancery Court deems equitable in the circumstances. Upon the application of a shareholder, the Chancery Court may order all or a portion of the expenses incurred by any shareholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts, to be charged *pro rata* against the value of all shares entitled to appraisal. Any shareholder who had demanded appraisal rights will not, after the Merger Date, be entitled to consent or vote shares subject to that demand for any purpose or to receive payments of dividends or any other distribution with respect to those shares, other than with respect to payment as of a record date before the Merger Date; however, if no petition for appraisal is filed within 120 days after the Merger Date, or if the shareholder delivers a written withdrawal of its demand for appraisal and an acceptance of the terms of the Merger within 60 days after the Merger Date, then the right of that shareholder to appraisal will cease and that shareholder will be entitled to receive the consideration provided for in the Merger Agreement. Any withdrawal of a demand for appraisal made more than 60 days after the Merger Date may only be made with the written approval of Frontera Cayman and must, to be effective, be made within 120 days after the Merger Date. Notwithstanding the foregoing, no appraisal proceeding filed in the Chancery Court may be dismissed as to any shareholder without approval of the court and such approval may be conditioned upon such terms as the court deems just.

In view of the complexity of Section 262, shareholders who may wish to dissent from the Merger and pursue appraisal rights should consult their legal advisors.

## TRADING PRICE FOR FRONTERA SHARES

The Frontera Delaware Shares were traded on AIM under the symbol “FRR” and in the US on the OTC Bulletin Board under the symbol “FRTE.” Following the Merger, the Frontera Cayman Shares trade on AIM under the symbol “FRR.” It is unlikely that the Frontera Cayman Shares will trade in the US on the OTC Bulletin Board or otherwise.

The following table sets forth the range of quarterly high and low trading prices for the Frontera Delaware Shares on AIM and OTC Bulletin Board from January 1, 2009 until August 1, 2011, and for Frontera Cayman on AIM from August 2, 2011 through the date of this Information Statement.

<u>Year</u>	<u>AIM</u>		<u>OTC</u>	
	<u>HIGH</u>	<u>LOW</u>	<u>HIGH</u>	<u>LOW</u>
2009				
First Quarter .....	£0.2575	£ 0.16	\$ 0.43	\$0.245
Second Quarter.....	£ 0.25	£ 0.055	\$0.345	\$ 0.09
Third Quarter .....	£ 0.195	£0.0605	\$ 0.27	\$ 0.09
Fourth Quarter .....	£0.2325	£0.0825	\$ 0.38	\$ 0.13
2010				
First Quarter .....	£0.1245	£ 0.08	\$0.185	\$0.105
Second Quarter.....	£ 0.095	£ 0.035	\$0.139	\$0.051
Third Quarter .....	£ 0.192	£ 0.03	\$0.289	\$ 0.05
Fourth Quarter .....	£0.1075	£0.0475	\$0.165	\$0.077
2011 .....				
First Quarter .....	£ 0.077	£ 0.045	\$0.115	\$0.075
Second Quarter.....	£0.0749	£ 0.03	\$0.115	\$ 0.07
Third Quarter (through August 11, 2011) ....	£0.0462	£ 0.025	\$ 0.07	\$0.065

## CAPITALIZATION

### Capitalization

Set forth below are (i) the capitalization of the Company as of December 31, 2010; (ii) the capitalization of the Company as of June 30, 2011; and (iii) the proforma capitalization of the Company as of June 30, 2011, assuming (a) \$102,464,030 aggregate principal amount of the Old Notes were tendered in exchange for Frontera Cayman Shares; (b) \$18,058,376 aggregate principal amount of New Notes were issued in the Exchange Offer; (c) the issuance of 169,637,404 Frontera Cayman Shares in the Equity Fundraising; (d) the issuance of 141,515,879 Frontera Cayman Shares in the Affiliate Note Exchange; (e) cancellation of all treasury shares;

	As of	As of June 30 2011	
	December 31, 2010	(Unaudited)	
	(Audited)	Historical	Pro Forma
	Historical	Historical	Pro Forma
Long-term debt (net of current maturities):			
Convertible notes payable .....	\$ 114,944,386	\$ 120,763,445	\$ 11,961,000(1)(2)
Other long-term liabilities .....	0	0	0
Derivative stock warrant liabilities .....	<u>257,788</u>	<u>152,958</u>	<u>2,823,340</u>
Total long-term debt .....	115,202,174	120,916,403	14,784,340
Short-term debt:			
Current derivative stock warrant liabilities .....	583,879	4,132	2,940,893
Current maturities of long-term debt .....			
Affiliate Notes .....	<u>5,304,918</u>	<u>8,727,101</u>	<u>0</u>
Total short-term debt .....	5,888,797	8,731,233	2,940,893
Common stock, par value \$0.00004 per share (300,000,000 authorized; 135,318,282 shares issued and outstanding) .....	5,366	5,366	81,773
Additional paid in capital .....	172,338,018	172,504,155	395,263,361
Treasury stock, at cost .....	(567,832)	(567,832)	0
Accumulated deficit .....	(282,702,094)	(292,544,596)	(397,723,441)
Accumulated other comprehensive loss .....	0		
Total stockholders' equity .....	<u>(110,926,542)</u>	<u>(120,602,907)</u>	<u>(2,378,307)</u>
Total capitalization .....	<u>\$ 10,164,429</u>	<u>\$ 9,044,729</u>	<u>\$ 15,346,926</u>
Shares issued and outstanding post offering-fully diluted ..	272,902,750	275,609,555	2,348,724,719
Shares currently issued and outstanding .....	135,318,282	135,318,282	135,318,282(3)
2012 Notes .....	50,825,571	53,398,615	144,335
2013 Notes .....	17,582,270	18,472,373	0
2008 Warrants (4) .....	6,527,764	6,527,764	65,033,240
2009 Warrants (5) .....	46,542,132	46,542,132	139,079,809
2011 Warrants (6) .....	0	500,000	500,000
Placing Agent Warrants (7) .....	0	0	12,558,307
Options (8) .....	16,106,731	14,850,389	14,850,389
Old Notes .....	0	0	1,593,853,570
Affiliate Notes (9) .....	0	0	141,515,879
New Notes @ \$0.25 (2) .....	0	0	72,233,504
Equity Fundraising .....	0	0	169,637,404
Share issuance to a former director .....			4,000,000
Shares issued and outstanding (fully diluted) .....	272,902,750	275,609,555	2,348,724,719

(1) Amount is less than face value of new notes due to change in the value of the conversion feature between New Notes and Old Notes. This difference (US\$6,097,376) will be recognized over the life of the loan as additional interest expense.

(2) Does not include payment-in-kind interest from July 1, 2011 through the Merger Date.

(3) Consists of Frontera Cayman Shares issued in exchange for Frontera Delaware Shares in the Merger.

(4) Consists of warrants to purchase 6,593,037 Frontera Cayman Shares (65,033,240 shares pro forma) at an exercise price of US\$0.17 per share (US\$0.17 pro forma), which expire on July 3, 2013.

- (5) Consists of warrants to purchase 43,542,132 Frontera Cayman Shares (139,079,809 shares pro forma) at an exercise price of £0.15 per share (£0.047 pro forma), which expire on September 18, 2011.
- (6) Consists of warrants issued to Arbuthnot Securities Limited to purchase 500,000 Frontera Cayman Shares at an exercise price of £0.06 per share, which expire on February 8, 2013.
- (7) Consists of (i) warrants issued to Arbuthnot Securities Limited to purchase 1,649,181 Frontera Cayman Shares at an exercise price of £0.04 (US\$0.065 per share), which expire on August 3, 2013; (ii) warrants issued to Old Park Lane Capital Plc to purchase 687,500 Frontera Cayman Shares at an exercise price of £0.04 (US\$0.065 per share), which expire on August 3, 2014; and (iii) warrants issued to Stand Hanson Limited to purchase 10,221,626 Frontera Cayman Shares at an exercise price of £0.04 (US\$0.065 per share), which expire on August 3, 2013.
- (8) Consists of (i) options to purchase 3,748,255 Frontera Cayman Shares under the 1998 Employee Stock Incentive Plan; and (ii) 11,102,134 Frontera Cayman Shares under the 2000 Non-Qualified Stock Option and Stock Award Plan.
- (9) Reflects conversion of \$9,179,286 principal amount and interest of the Affiliate Notes at a conversion price equal to the Placing Price.

## **PROCEDURES FOR RECEIVING MERGER CONSIDERATION**

### **Holders of Depository Interests**

All Frontera Delaware Shares held as depository interests in CREST will automatically be converted into Frontera Cayman Shares and will be listed on the Frontera Cayman Register of Members without further action of the shareholders.

CREST is a paperless settlement system through which uncertificated securities may be transferred electronically in accordance with the CREST Regulations. Frontera Cayman Shares cannot be held and settled in CREST, because companies incorporated in the Cayman Islands are ineligible to participate in CREST. However, depository interests (“DIs”) representing Frontera Cayman Shares can participate in the CREST system. Frontera Cayman has put in place depository arrangements to allow holders of Frontera Cayman Shares to hold and settle their Frontera Cayman Shares in CREST in the form of DIs. The Depository records the interests of each Depository Interests holder on the Depository Interest Register.

Under the depository arrangements, Computershare Investor Services plc (the “Depository”) will hold the relevant Frontera Cayman Shares as trustee for those holders who wish to hold and settle their interests in Frontera Cayman Shares through CREST (in accordance with the terms of the DI Deed that governs the relationship between the Depository and the DI holders). The Depository will issue DIs to such holders. The DIs will be settled and transferred through CREST in a process facilitated by the Depository. The Frontera Cayman Shares themselves will at no time be admitted to CREST and the Depository (through its custodian, Computershare Company Nominees Limited) will be recorded in the Frontera Cayman Register as the legal owner of those shares.

CREST is a voluntary system and holders of Frontera Cayman Shares who wish to hold their Frontera Cayman Shares in certificated form will be able to do so.

### **Holders of Frontera Delaware Stock Certificates**

The Company has delivered to all former Frontera Delaware shareholders who hold physical Frontera Delaware stock certificates, and all US Shareholders, a Letter of Transmittal to be used in connection with the delivery of their Merger Consideration. In the Letter of Transmittal, former Frontera Delaware shareholders have been asked to supply Frontera Delaware with certain information concerning the issuance and delivery of their Frontera Cayman stock certificates. In addition, the Letter of Transmittal to be used by US Shareholders includes a Shareholder Questionnaire for use in determining whether they are accredited investors as defined in Regulation D under the Securities Act.

Former Frontera Delaware Shareholders who hold Frontera Delaware stock certificates must complete and submit a Letter of Transmittal and deliver it to the Depository along with their Frontera Delaware stock certificates. Upon receipt of a properly completed and executed Letter of Transmittal and such Frontera Delaware stock certificates, Frontera Cayman will issue to the holder a Frontera Cayman stock certificate or pay the Cash Consideration to such shareholder, as applicable.

## **Frontera Cayman Shares Held in DTC**

Trading in Frontera Cayman Shares held in street name are not eligible for electronic settlement through the facilities of the Depository Trust Company (“DTC”). Therefore, former holders of Frontera Delaware Shares who held their shares in street name will be required to (i) provide their broker instructions to receive their Stock Consideration through DTC’s Automated Tender Offer Program (“ATOP”) system or (ii) give their brokers the information required to be provided in the Letters of Transmittal so Frontera Cayman can determine whether such street name shareholders are entitled to Stock Consideration. These documents should be delivered to the address provided in the Letter of Transmittal by the broker along with a copy of the ATOP Voluntary Instruction (“VOI”).

## **Cash Consideration**

Frontera Cayman will be unable to determine which US Shareholders are accredited investors who will receive the Stock Consideration and which US Shareholders are non-accredited investors who will receive the Cash Consideration until the US Shareholders have returned properly completed Letters of Transmittal. Therefore, all Frontera Cayman Shares issuable to US Shareholders in the Merger initially were issued to a nominee and then transferred to the Company to be held as treasury shares assuming that 100% of the US Shareholders are entitled to receive the Stock Consideration. On a weekly basis, Frontera Cayman will examine all Letters of Transmittal submitted during the previous week and will cause the Stock Consideration and Cash Consideration to be issued as appropriate. US Shareholders who have not submitted a properly completed Letter of Transmittal by 5:00 pm on November 29, 2011 will be presumed to be non-accredited investors and will receive the Cash Consideration. Any previously issued Frontera Cayman Shares held in treasury for purposes of issuing the Stock Consideration will thereupon be canceled.

The Cash Consideration payable to Non-Accredited US Shareholders shall be paid by Computershare Investor Services (Jersey) Limited by payment to DTC for shares held in street name, or by check sent to the address of such Non-Accredited US Shareholder as listed on the stock register of Frontera Delaware or, if different, the principal residence supplied by such Non-Accredited US Shareholder on its Letter of Transmittal.

## **Restrictions in Transfer of Frontera Cayman Shares**

The Frontera Cayman Shares issued to US Shareholders in the Merger are restricted securities for purposes of Rule 144 under the Securities Act. Therefore, subject to certain exceptions set forth below, the Frontera Cayman Shares issued to US Shareholders in the Merger are subject to a one-year holding period before such US Shareholders can trade them under Rule 144.

- US Shareholders who receive Stock Consideration in the Merger will receive certificates representing the Frontera Cayman Shares bearing a restrictive legend to the effect that such Frontera Cayman Shares have not been registered under the Securities Act or any state securities laws, and may be transferred only pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. In order to transfer these restricted shares, holders may be required to provide Frontera Cayman with a legal opinion, in form and substance satisfactory to Frontera Cayman and its counsel, that registration of the transfer is not required.
- the DIs representing Frontera Delaware Shares held in CREST will be canceled and the holders thereof will receive new DIs representing their Frontera Cayman Shares.
- Non-US Shareholders will receive Frontera Cayman Shares without a restrictive legend.
- US Shareholders who: (i) receive Stock Consideration; (ii) are Qualified Institutional Buyers as defined in Rule 144A under the Securities Act; and (iii) execute and deliver to Frontera Cayman a Qualified Institutional Investor Representation Letter, pursuant to which they agree to certain restrictions on the transfer of their Frontera Cayman Shares, will receive Frontera Cayman Shares without a restrictive legend.

All Frontera Cayman Shares issued without a restrictive legend may be deposited with Computershare Investor Services plc in exchange for DIs. See “Holders of Depository Interests.”

### **Certain Overseas Shareholders**

The implications of the Merger for persons resident in, or citizens or nationals of, jurisdictions outside the United Kingdom, Georgia or the Cayman Islands (“Designated Foreign Shareholders”) may be affected by the laws of the relevant jurisdictions. Such Designated Foreign Shareholders should inform themselves about and observe all applicable legal requirements.

Shareholders must satisfy themselves as to their full observance of the laws of the relevant jurisdiction in connection with the Merger, including the obtaining of any governmental, exchange control or other consents that may be required, and compliance with other necessary formalities that are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

If, in respect of any Designated Foreign Shareholders, Frontera Cayman is advised that the issuance of Frontera Cayman Shares would or might infringe the laws of any Designated Foreign Jurisdiction, or would or might require Frontera Cayman to obtain legal advice or any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of Frontera Cayman, it would be unable to comply or that it regards as unduly onerous, Frontera Cayman may either:

- determine that the Designated Foreign Shareholder’s Frontera Cayman Shares shall be issued to such Designated Foreign Shareholder or to a nominee for such Designated Foreign Shareholder appointed by Frontera Cayman and then sold on such holder’s behalf, with the net proceeds of sale being paid to the Designated Foreign Shareholder; or
- make a cash payment to the Designated Foreign Shareholder in respect of such Designated Foreign Shareholder’s Frontera Cayman Shares or enter into such other arrangement with such Designated Foreign Shareholder as it deems fit.

Designated Foreign Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Merger in their particular circumstances.

If you are a Designated Foreign Shareholder and want to hold Frontera Cayman Shares upon completion of the Merger, you are requested to advise Frontera Cayman of an alternative address for you in the United Kingdom, the Cayman Islands or another jurisdiction outside of the United States, before the Merger Date. If you fail to do this, and the Merger becomes effective, the Frontera Cayman Shares to which you would have been entitled may, at the discretion of Frontera Cayman, be sold and the net proceeds of sale paid to you.

## PRINCIPAL DIFFERENCES BETWEEN DELAWARE AND CAYMAN ISLANDS LAW

*The following discussion is a summary of certain changes in the rights of shareholders resulting from the Merger described in this Information Statement. This summary does not purport to be complete or to cover all of the respects in which Cayman Islands law may differ from laws generally applicable to Delaware corporations and their shareholders and, while we believe that this summary is accurate, this summary is subject to the complete text of the relevant provisions of the Companies Law (as amended) of the Cayman Islands (the “Companies Law”), the DGCL, the Frontera Delaware Certificate and bylaws and the Memorandum and Articles of Association for Frontera Cayman.*

### **Governing Law**

The rights of holders of Frontera Delaware Shares are governed by the DGCL and the Frontera Delaware Certificate and bylaws. After the Merger, the holders of Frontera Delaware Shares will become holders of Frontera Cayman Shares, and their rights will be governed by the Companies Law and the Memorandum and Articles of Association for Frontera Cayman.

The corporate governance rules applicable to Frontera Delaware and Frontera Cayman will be similar; however, there are certain differences between the rights of shareholders under Delaware law and the Companies Law, which is modeled after English law but does not follow many recent English law statutory enactments.

### **Shareholder Approval of Business Combinations**

Under the DGCL, a merger or consolidation, sale, lease, exchange or other disposition of all or substantially all of the property of the corporation (a “Disposition”) or a dissolution of the corporation, is required to be approved by resolution of the board of directors and the holders of a majority of the shares entitled to vote thereon unless the certificate of incorporation provides for a greater percentage of the directors or shareholders vote. In addition, under the DGCL, class voting rights exist with respect to amendments to the certificate of incorporation that adversely affect the terms of the shares of a class. See “— Amendment of Certificate of Incorporation and Bylaws” below. Such class voting rights do not exist as to other extraordinary matters, unless the certificate of incorporation provides otherwise, as described in Frontera Delaware’s Certificate above.

The Companies Law permits any Cayman Islands company limited by shares (other than segregated portfolio companies) to merge (through a process whereby the assets, rights, obligations and liabilities of two or more companies are assumed by one of those companies as the surviving company) or consolidate (through a process whereby the assets, rights, obligations and liabilities of two or more companies are assumed by a new Cayman Islands company) in accordance with the provisions of the Companies Law. The Companies Law also allows one or more Cayman Islands companies to merge or consolidate with one or more overseas companies (provided that the laws of the foreign jurisdiction permit such merger or consolidation). The Companies Law imposes a number of conditions to the consummation of a merger, which include without limitation, the following:

- each company to the merger must be in good standing and solvent (based on a cashflow test of ability to pay debts as they fall due);
- the directors of each company to the merger must approve by board resolution a written Plan of Merger (the “Merger Plan”) containing such information with respect to the companies as is required by the Companies Law;
- the Merger Plan is required to be approved by Special Resolution (as defined in the Companies Law) of the shareholders of any company incorporated under the Companies Law; and by such other authorization, if any, as may be specified in such constituent company’s articles of association;
- any proposed merger or consolidation that involves a regulated entity must comply with applicable regulatory requirements;
- in the case of a merger or consolidation including a foreign entity the Registrar of Companies in the Cayman Islands is required to be satisfied in respect of any constituent overseas companies that:
- the merger or consolidation is permitted or not prohibited by the constitutional documents of the constituent overseas company and by the laws of the jurisdiction in which the constituent overseas

company is existing, and that those laws and any requirements of those constitutional documents have been or will be complied with;

- no petition or other similar proceeding has been filed and remains outstanding, and no order has been made or resolution adopted to wind up or liquidate the constituent overseas company in the jurisdiction in which the constituent overseas company is existing;
- no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the constituent overseas company, its affairs or its property or any part thereof;
- no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the constituent overseas company are and continue to be suspended or restricted;
- the constituent overseas company is able to pay its debts as they fall due and the merger or consolidation is *bona fide* and not intended to defraud unsecured creditors of the constituent overseas company;
- the constituent overseas company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction;
- the consent of secured creditors of each company party to the merger or consolidation is required unless a Cayman Islands court waives such requirements; and
- there is no other reason why it would be against the public interest to permit the merger or consolidation

Upon the merger or consolidation taking effect, all rights and property of each company party to the merger or consolidation immediately vest in the surviving or consolidated company, and the surviving or consolidated company assumes all obligations of each of the constituent companies.

#### **Absence of Required Vote for Certain Mergers**

Under the DGCL, no vote of the shareholders of a corporation surviving a merger is required to approve a merger if (i) the agreement of merger does not amend the certificate of incorporation of such corporation, (ii) each share of stock of such corporation outstanding immediately before the merger is to be an identical outstanding or treasury share of the surviving corporation thereafter and (iii) the number of shares of common stock of such corporation to be issued in the merger, if any, does not exceed 20% of the number of shares outstanding immediately before the merger.

The Companies Law requires approval by special resolution of the shareholders of Frontera Cayman to the merger and compliance with all foreign laws applicable to Frontera Delaware. See “ — Shareholder Approval of Business Combinations”.

#### **Business Combinations with Interested Stockholders**

Section 203 of the DGCL prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder unless:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested holder; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines a business combination to include among other things, mergers, consolidations, transfers of 10% or more of the assets of the corporation, an increase in the proportionate share of the stock owned by the interested stockholder or the receipt by the interested stockholder of any financial benefit by the corporation.

In general, Section 203 defines an “interested stockholder” as an entity or person who beneficially owns 15% or more of the outstanding voting stock of the corporation.

## **Appraisal Rights**

Under the DGCL, a shareholder of a corporation does not have appraisal rights in connection with a merger or consolidation or, in the case of a Disposition, if (i) the shares of such corporation are listed on a national securities exchange or held of record by more than 2,000 shareholders or (ii) such corporation will be the surviving corporation of the merger and no vote of the shareholders of the surviving corporation is required to approve such merger, *provided, however*, that a shareholder is entitled to appraisal rights in a merger or consolidation if such shareholder is required by the terms of an agreement of merger or consolidation to accept in exchange for the shares of such shareholder anything other than (a) shares of stock of the corporation surviving or resulting from such merger or consolidation, (b) shares of any other corporation that on the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 shareholders, (c) cash in lieu of fractional shares of the corporation described in the foregoing clauses (a) and (b), or (d) any combination of the foregoing.

The Cayman Companies Law contains a mechanism whereby a shareholder of a party to a merger or consolidation which is a Cayman Islands company can seek a payment of the fair value of his shares upon dissenting from a merger or consolidation. The shareholder must object in writing before the date upon which the shareholders vote to consider the merger or consolidation takes place. A procedure exists to seek a court ruling on fair value, failing agreement within a specified period. There are certain limitations on the rights of dissenters, for example, the provisions generally will not apply to shares for which an open market exists on a recognized stock exchange or interdealer system.

## **Regular Meetings of Shareholders**

Under the DGCL, meetings of the shareholders may be held at such place as may be provided for in the certificate of incorporation or in the bylaws, or, if not so designated, as determined by the board of directors. Unless directors are elected by written consent, an annual meeting of the stockholders must be held for the election of directors on a date and at a time provided for in the bylaws.

## **Special Meetings of Shareholders**

Under the DGCL, a special meeting of shareholders may be called only by the board of directors or by persons authorized in the certificate of incorporation or the bylaws.

Under the Companies law, subject to the memorandum and articles of association of the company, a meeting of

- members;
- a class of members;
- the board of directors; or
- any committee of the directors,

may be validly convened and business conducted, as provided by the articles of association, with only one such member or director being present in person or meetings otherwise as may be provided by the articles of association.

## **Action by Written Consent**

Under the DGCL, any action that can be taken at a meeting of the shareholders may be taken without a meeting if written consent thereto is signed by the holders of outstanding stock having the minimum number of votes necessary to authorize or take such action at a meeting of the shareholders, unless otherwise provided in the certificate of incorporation.

Cayman Islands law provides that shareholders may take action requiring a special resolution without a meeting only by unanimous written resolution.

## **Distributions and Dividends; Repurchases and Redemptions**

Under the DGCL, a corporation may pay dividends out of surplus and, if there is no surplus, out of net profits for the current and/or the preceding fiscal year, unless the net assets of the corporation are less than the capital represented by issued and outstanding stock having a preference on asset distributions. Surplus is defined in the DGCL as the excess of the net assets over capital, as such capital may be adjusted by the board. A Delaware corporation may purchase or redeem shares of any class except when its capital is impaired or would be impaired by such purchase or redemption. A corporation may, however, purchase or redeem out of capital shares that are entitled upon any distribution of its assets to a preference over another class or series of its stock if such shares are to be retired and the capital reduced.

Under the Cayman Companies Law, the directors may pay to the shareholders such dividends as appear to the directors to be justified by the profits of a company or out of the "share premium account" (similar to the concept of additional paid in capital) if a company has the ability to pay its debts as they become due in the ordinary course of business. Under the Cayman Companies Law, shares of a Cayman Islands company may be redeemed or repurchased out of profits of the company, out of the proceeds of a fresh issue of shares made for that purpose or out of capital, *provided* the company has, immediately following the date of payment, the ability to pay its debts as they come due in the ordinary course of business.

## **Board of Directors**

Under the DGCL, every corporation must be managed by a board of directors consisting of one or more members. The number of directors is fixed by, or in the manner provided in, the bylaws unless the certificate of incorporation fixes the number of directors, in which case a change in the number of directors can be made only by amendment to the certificate of incorporation. Directors need not be stockholders unless required by the certificate of incorporation or the bylaws. The board of directors may be divided into one two or three classes. The term of office of those in the first class expires at the first annual meeting held after the classification becomes effective; the term of office of the second class expires one year thereafter and the term of office of the third class two years thereafter. Directors are elected by a plurality of the votes of shares present in person or represented by proxy at a meeting and entitled to vote on the election of directors. Cumulative voting for the election of directors is allowed only if so provided in the certificate of incorporation.

Under the Companies Law, subject to the express terms of the articles of association of the company, the number of the directors and the names of the first directors shall be determined in writing by a majority of the subscribers of the memorandum of association. The remuneration of the directors shall, from time to time, be determined by the company in general meeting. The qualification of a director shall be the holding of at least one share in the company. At the first ordinary general meeting of the company the whole of the directors shall retire from office, and at the ordinary general meeting in every subsequent year one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The directors shall have power, at any time and from time to time, to appoint a person as an additional director, who shall retire from office at the next following ordinary general meeting, but shall be eligible for election by the company at that meeting as an additional director.

## **Vacancies on the Board of Directors**

Under the DGCL, a vacancy and a newly created directorship may be filled by a majority of the remaining directors, although less than a quorum, unless otherwise provided in the certificate of incorporation or bylaws.

Under the Companies Law, subject to the express terms of the articles of association of the company, any casual vacancy occurring in the board of directors may be filled by the directors, but the person so chosen shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

## **Removal of Directors**

Under the DGCL, except in the case of a corporation with a classified board, any director or the entire board may be removed, with or without cause, by the holders of a majority of the shares entitled to vote at an election of directors. Unless otherwise provided the certificate of incorporation, directors in the classified board can be removed only for cause.

Under the Companies Law, subject to the express terms of the articles of association of the company, the office of director shall be vacated, if the director-

- without the consent of the company in general meeting holds any other office of profit under the company except that of managing director or manager;
- becomes bankrupt;
- is found to be or becomes of unsound mind
- resigns his office by notice in writing to the company; or
- is directly or indirectly interested in any contract with the company or participates in the profits of any contract with the company;

*Provided, however,* that a director shall not vacate his office by reason of his being a member of any corporation which has entered into contract with or done any work for the company if he has declared the nature of his interest at the first meeting of the directors of the company held after he became interested in the contract, but the director shall not vote in respect of any such contract or work or any matter arising thereof, and if he does so vote his vote shall not be counted.

The company may, by special resolution, remove a director before the expiration of his period in office, and may, by an ordinary resolution, appoint another person in his stead. The person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

### **Appointment of officers**

Under both the DGCL and the Companies Law, officers are appointed in the manner prescribed in the corporation's bylaws or memorandum and articles of association, as applicable.

### **Inspection of Books and Records**

Under the DGCL, any shareholder may inspect the corporation's books and records for a proper purpose.

Under the Companies Law, shareholders of an exempted company have no right to inspect the Register of Members. The books of account shall be kept at the registered office of the company, or at such other place or places as the directors think fit, and shall always be open to the inspection of the directors. The directors shall, from time to time, determine whether and to what extent, at what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any account, book or document of the company except as conferred by law or authorized by the directors or by the company in general meeting.

### **Amendment of Certificate of Incorporation and Bylaws**

Under the DGCL, a corporation's certificate of incorporation may be amended if (i) the board of directors sets forth the proposed amendment in a resolution, declares the advisability of the amendment and directs that it be submitted to a vote at a meeting of shareholders and (ii) the holders of at least a majority of shares of stock entitled to vote thereon approve the amendment, unless the certificate of incorporation requires the vote of a greater number of shares.

Under the DGCL, a corporation's bylaws may be amended by its shareholders and, if the corporation's certificate of incorporation so authorizes, by its board of directors.

Under the Companies Law, the Memorandum and Articles of Association for Frontera Cayman may only be amended by special resolution of its shareholders which requires the affirmative vote of two-thirds of the votes cast attaching to the common shares. Frontera Cayman's Board of Directors may not effect amendments to the Memorandum and Articles of Association on its own. The Companies Law allows for the approval of, among other things, the following actions by ordinary resolution of Frontera Cayman's shareholders which requires a simple majority vote of the votes cast attaching to the common shares:

- increase the share capital of Frontera Cayman;

- consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association; and
- cancel any shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

### **Indemnification of Directors and Officers**

Under the DGCL, a corporation has the power to indemnify any person who was or is a party or threatened to be made a party to any threatened, pending or completed action (other than derivative actions) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or entity, against expenses (including attorneys fees) and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that the conduct was unlawful..

With respect to a derivative action, no indemnification is allowed for a person who has been adjudicated to be liable to the corporation unless only to the extent a court determines that despite the adjudication of liability, the person is fairly and reasonably entitled to indemnity.

In the case of officers and directors, a determination of whether indemnification is applicable must be made by:

- a majority vote of the directors not parties to the action, even though less than a quorum;
- a committee of the directors designated by a majority vote of the directors, even though less than a quorum;
- if there are no directors, or if the directors so direct, by an independent legal counsel in a written opinion; or
- by the stockholders.

Expenses (including attorneys fees) may be paid by the corporation in advance of the final disposition of the action so long as the indemnified person gives the corporation undertaking to repay such amount if it is ultimately determined that the person is not entitled to indemnification.

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against fraud or the consequences of committing a crime.

### **Limited Liability of Directors**

The DGCL provides that a director shall not be liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director.

There is no equivalent provision under the Cayman Companies Law.

### **Shareholders' Suits**

The DGCL requires that the shareholder bringing a derivative suit must have been a shareholder at the time of the wrong complained of or that the stock devolved to him by operation of law from a person who was such a shareholder. In addition, the shareholder must remain a shareholder throughout the litigation.

We are not aware of any reported class action or derivative action having been brought in Cayman Islands court. In principle, the company itself will normally be the proper plaintiff in actions against directors, and derivative actions may not generally be brought by a minority shareholder. However, based on English authorities, who would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle. The Cayman Island courts in certain specific circumstances may allow shareholders to bring derivative actions in the name of the company. These rules are based on the necessity to keep a balance between the need to take decisions

on corporate matters collectively and the need to prevent directors from stifling lawsuits against their own wrongdoing. Derivative actions can be brought: (i) if what has been done amounts to fraud on the minority shareholders and the wrongdoers are themselves in control of the company, on the basis that if the aggrieved minority were not allowed to bring a claim on behalf of themselves and others, the dispute could never reach the court because the wrongdoers themselves, being in control of the company, would not allow the company to sue; (ii) the act complained of constitutes an infringement of individual rights of shareholders, for example the rights to vote; (iii) if the transaction complained of could be validly done or sanctioned only by a special resolution or the like, because a simple majority cannot confirm a transaction which requires the concurrence of a greater majority; (iv) if the act complained of is *ultra vires* the objects of the company or illegal.

### **Preemptive Rights**

The DGCL provides that no shareholder shall have any preemptive right to subscribe to an additional issue of stock or to any security convertible into such stock unless, and except to the extent that, such right is expressly granted to such shareholder in the certificate of incorporation.

The Companies Law does not provide for preemptive rights for shareholders to subscribe to additional issues of shares or to any security convertible into such shares unless, and except to the extent that such right is expressly granted to such shareholder in the articles of association.

### **Disclosure of Interests**

Neither the DGCL nor the Companies Law requires a shareholder to disclose its interest in a corporation.

### **PRINCIPAL DIFFERENCES BETWEEN THE GOVERNING DOCUMENTS OF FRONTERA DELAWARE AND FRONTERA CAYMAN**

Memorandum and Articles of Association for Frontera Cayman are significantly different from the Frontera Delaware Certificate and bylaws. The most substantial differences are:

#### **Capital Stock**

The Frontera Delaware Certificate authorizes 310,000,000 shares of capital stock, of which 300,000,000 shares are common stock, par value US\$0.00004 per share, and 10,000,000 are designated preferred stock, par value US\$0.00001 per share. Under the DGCL, shares of stock with par value may be issued for such consideration, having a value not less than the par value thereof, as determined from time to time by the board of directors. The consideration may consist of cash, any tangible or intangible property or any benefit to the corporation, or any combination thereof.

Pursuant to the Memorandum of Association for Frontera Cayman, the authorized share capital of Frontera Cayman at the Merger Date is US \$120,000 divided into 3,000,000,000 shares with a par value of US\$0.00004 per share. Shares may be issued for consideration as may be determined by the directors from time to time which may be cash or non-cash consideration. A share with a par value will, under the terms of the Articles of Association for Frontera Cayman, only be deemed “paid up” when consideration equal to at least the par value and any premium payable in respect of the issuance of such share, including amounts credited by the Company in satisfaction thereof, is received by the Company for such share.

#### **Preferred Stock**

The Frontera Delaware Certificate authorizes the board of directors to issue, by resolutions from time to time adopted, serial preferred stock and to fix and state the powers, designations, preferences and relative, optional or other special rights of the shares of each such series. No preferred stock is currently issued and outstanding.

The Memorandum and Articles of Association for Frontera Cayman give Frontera Cayman the power to issue all or any part of its authorized shares with or without any preference, priority or special privilege, or subject to any postponement of rights or to any conditions or restrictions whatsoever.

## **Share Certificates; Uncertificated Shares; Depositary Interests**

The Frontera Delaware bylaws provide that, unless the board of directors authorizes the issuance of uncertificated shares, Frontera Delaware Shares will be issued in certificated form. The Frontera Delaware Certificate does not provide for the issuance of depositary interests.

The Articles of Association for Frontera Cayman entitle each member to a certificate in a form determined by the directors; *provided, however*, that the board may permit the issuance of depositary interests representing shares, and may permit shares or depositary interests representing shares to be issued in uncertificated form. For shares sold in the US or to US persons, the certificate must include a restrictive legend that generally provides that Frontera Cayman Shares have not been registered under the Securities Act, and may be transferred only pursuant to an exemption from the registration requirements of the Securities Act.

## **Liens on Shares**

The Frontera Delaware bylaws do not address its rights with respect to partly paid shares.

The Articles of Association for Frontera Cayman provide that the Company shall have a first priority lien and charge on every partly paid share for all amounts payable with respect to the shares. The directors may make calls on shareholders for the amounts unpaid on their partly paid shares and if the amounts are not paid within 14 days, Frontera Cayman may charge interest on the unpaid sum at a rate of 8% per annum. If a member fails to pay on the call within 14 days, the directors may notify the member that the unpaid shares are subject to forfeiture. The forfeited shares may then be resold, canceled or disposed of at the directors' discretion. A person whose shares have been forfeited shall no longer be a member with respect to those shares, but will remain liable for the amount outstanding.

## **Voting of Shares**

The Frontera Delaware bylaws and the Frontera Cayman Articles of Association each provide that subject to any special or preferential rights attaching to a series of issued and outstanding shares, each share owned entitles the record holder thereof to one vote upon any matter coming before the shareholders for a vote.

## **Transfer of Shares**

Under the Frontera Delaware bylaws, transfers of record of shares of stock shall be registered when the certificate, properly endorsed by the registered owner or a duly authorized attorney of the registered owner, is presented to Frontera Delaware and there is no notice of an adverse claim.

Transfer under the Articles of Association for Frontera Cayman may be in the form of an instrument of transfer, or if a transfer of uncertificated shares, then the transfer may be affected without a written instrument. Before admission of any transferred shares on AIM, the board has the authority to refuse to register a transfer for any reason. After admission of the transferred shares, the board may only refuse to register a transfer in limited circumstances. If the transfer is in respect of a fully paid share, then the board must register the transfer.

## **Disclosure of Interests in Shares**

Under the Articles of Association for Frontera Cayman, an interest in the Company must be disclosed when a person's acquired interests total more than 3% of Frontera Cayman's outstanding shares, or where a member with interests greater than 3% of Frontera Cayman's outstanding shares makes a purchase or sale of at least 1% of Frontera Cayman's outstanding shares. The member must notify Frontera Cayman in writing within two days of such an acquisition or disposition.

The Frontera Delaware Certificate and bylaws contain no such provisions.

## **Redemption of Shares**

Under the Articles of Association for Frontera Cayman, Frontera Cayman may issue shares that are redeemable at the option of the member or Frontera Cayman. Frontera Cayman also may compel the redemption or transfer of shares from members if: (i) the member's ownership of shares may cause Frontera Cayman's assets to be deemed "plan assets" for purposes of the US Employee Retirement Income Security Act of 1974 or the US Internal Revenue

Code of 1986, or (ii) the member's ownership of shares may cause Frontera Cayman to be required to register as an "investment company" under the US Investment Company Act of 1940.

There is no equivalent provision in the Frontera Delaware Certificate or bylaws.

### **Preemptive Rights**

The Frontera Delaware Certificate does not provide for preemptive rights, unless such preemptive rights are set forth in a contract or other agreement, or fixed pursuant to the blank check preferred stock provision of the Certificate, and are approved by not less than 75% of the directors.

The Articles of Association for Frontera Cayman do not provide for preemptive rights.

### **Regular Meetings of Shareholders**

Both the Certificate and bylaws of Frontera Delaware and the Articles of Association of Frontera Cayman provide that an annual meeting of stockholders must be held each year. Notice of any general meeting, stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, must be given in writing to each member entitled to vote at the meeting at least 10 but not more than 50 days before the date of the meeting.

### **Special Meetings of Shareholders**

Both the Certificate and bylaws of Frontera Delaware and the Articles of Association of Frontera Cayman provide that the directors, or a committee of directors with the authority to do so, may call special shareholders meetings for any reason. Shareholders do not have the power to call for a special shareholders meeting.

### **Action by Written Consent**

The Frontera Delaware Certificate provides that stockholders may only effect actions by written consent in lieu of a meeting if the action to be effected by written consent of stockholders has expressly been approved in advance by the board of directors.

### **Quorum**

The Frontera Delaware bylaws and the Frontera Cayman Articles of Association both provide that holders of a majority of the shares entitled to vote at the meeting and present in person or represented by proxy constitute a quorum at all meetings. If a quorum is not present or represented at any meeting, the members entitled to vote at the meeting and present in person or represented by proxy have the power to adjourn the meeting from time to time without notice other than an announcement at the meeting until a quorum is present or represented. At an adjourned meeting at which a quorum is present or represented by proxy, business may be transacted that could have been transacted at the meeting as originally notified.

### **Joint Interest Holders**

The Frontera Delaware Certificate and bylaws do not address the consequences of shares held of record in the names of two or more persons.

Under the Articles of Association for Frontera Cayman, the vote of the person whose name appears first in the member registry controls if multiple joint holders vote their shares.

### **Shareholder Approval of Business Combinations**

The Frontera Delaware Certificate provides that such a Disposition must be approved by (i) at least 75% of the voting power of the outstanding shares entitled to vote thereon (and, if any class or series of shares is entitled to vote separately, the affirmative vote of at least 75% of the outstanding shares of such class or series) and (ii) at least a majority of the outstanding shares entitled to vote thereon and beneficially owned by certain specified "Related Persons" to the corporation. Related Persons include certain shareholders and affiliates of Frontera Delaware, but does not include subsidiaries, stock plans or benefit plans.

## **Election of Directors**

Under both the bylaws of Frontera Delaware and the Articles of Association for Frontera Cayman: (i) each shareholder has one vote for each director position being voted upon; (ii) and that directors are elected by a plurality vote; and no cumulative voting is permitted.

## **Term of Directors**

The Frontera Delaware Certificate and bylaws and the Frontera Cayman Articles of Association both provide that (i) the number of directors authorized to serve on the board is not less than one and not more than 15, and (ii) the board of directors is divided into three classes of directors with staggered terms. Under the Frontera Delaware bylaws and the Frontera Cayman Articles of Association, the members of each class are elected for a term of three years and serve until their successors are elected and qualified.

## **Removal of Directors**

The Frontera Delaware Certificate and bylaws and the Frontera Cayman Articles of Association both provide that a director, or all directors of a single class, may be removed from office only for cause, and only by the affirmative vote of 75% of the voting power of the outstanding capital stock. The vacancy may be filled by an affirmative vote of two-thirds of the remaining, or then-serving, directors, even if such number is less than a quorum of the board of directors.

Under the Articles of Association for Frontera Cayman, a director is subject to compulsory removal if the director:

- becomes bankrupt;
- is found to be of unsound mind;
- resigns his office by written notice to the company;
- is removed from office in accordance with the Articles of Association for Frontera Cayman; or
- is removed from office by notice addressed to him and signed by all other directors.

## **Vacancies in the Board**

Under both the bylaws of Frontera Delaware and the Articles of Association for Frontera Cayman, vacancies in the board may be filled by the vote of two thirds of the remaining directors though less than a quorum.

## **Limited Liability of Directors**

The bylaws of Frontera Delaware provide that, to the fullest extent permitted by law, a director shall not be liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director.

The Articles of Association of Frontera Cayman limit the liability of a director except where the loss arises as a result of the dishonesty of the director.

## **Appointment of Officers**

The Frontera Delaware bylaws and the Frontera Cayman Articles of Association both provide that a president, one or more vice presidents, a secretary, a treasurer, and such other officers (as the board determines) will be elected by the board of directors

## **Indemnification of Directors and Officers**

The Frontera Delaware Certificate and the Frontera Delaware bylaws provide that, to the fullest extent of the law, the corporation shall indemnify any and all of its directors and officers, or former directors and officers, or any person who may have served at the corporation's request as a director or officer of another corporation in which it owns shares of capital stock or of which it is a creditor, or any person who has served on the corporation's board of advisors. The bylaws of Frontera Delaware also provide that the corporation may, but is not required to, advance the indemnification expenses.

The Articles of Association for Frontera Cayman provide for the indemnification of all of its directors, officers and the personal representatives of such directors and officers, for all liabilities incurred in or about Frontera Cayman's business or in executing their duties, whether in the Cayman Islands or elsewhere. All indemnified persons are protected from liability for the following, unless caused by his/her actual fraud or willful default or misconduct:

- the acts, receipts, neglects, defaults, or omissions of any other agent of the Company;
- any loss attributable to defect of title to any Frontera Cayman property;
- the insufficiency of any security in which Frontera Cayman is invested;
- any loss incurred through a bank or similar person;
- any loss caused by the negligence, default, breach of duty, breach of trust, error of judgment or oversight on his/her party; and
- any other loss which arises from the execution of such director or officer's duties.

#### **Amendment**

The Frontera Delaware Certificate authorizes the Board to alter, amend or repeal the bylaws of Frontera Delaware. The Frontera Delaware bylaws provide that the bylaws may be repealed, altered or amended or new bylaws adopted by the affirmative vote of 75% of the outstanding stock of Frontera Delaware that is entitled to vote, or by the affirmative vote of two-thirds of the board of directors, subject to the power of the shareholders to change or repeal such bylaws.

The Memorandum and Articles of Association for Frontera Cayman may only be amended by special resolution of its shareholders which requires the affirmative vote of two-thirds of the votes cast attaching to the ordinary shares. Frontera Cayman's board of directors may not effect amendments to the Memorandum and Articles of Association for Frontera Cayman on its own.

### **CERTAIN MATERIAL TAX CONSIDERATIONS**

#### **Certain Material United States Federal Income Tax Considerations**

**INTERNAL REVENUE SERVICE CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH INTERNAL REVENUE CIRCULAR 230, SHAREHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS CONSENT SOLICITATION STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) SHAREHOLDERS WHO RECEIVE FRONTERA CAYMAN SHARES AS A RESULT OF PARTICIPATING IN MERGER SHOULD SEEK ADVICE BASED ON THEIR OWN PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

The following is a summary based on present law of certain U.S. federal income tax considerations for Shareholders (as defined below) that receive shares of Frontera Cayman Shares in the Merger. This discussion is a general summary; it does not purport to be a comprehensive description of all the tax considerations that may be relevant to the Merger. This summary relates only to Shareholders that hold their Frontera Delaware Shares as capital assets as defined in Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code") (generally, property held for investment). This summary does not consider the circumstances of particular Shareholders, some of which are subject to special tax regimes, such as, but not limited to, partnerships and other pass-through entities, banks and other financial institutions, insurance companies, securities traders and dealers, brokers, real estate investment trusts, grantor trusts, tax exempt organizations, employee stock ownership plans, certain expatriates, regulated investment companies, insurance companies, traders in securities that elect to use the mark-to-market method of accounting for their securities holdings, and U.S. persons whose functional currency is not the U.S. dollar. Moreover, this summary does not address (i) alternative minimum tax consequences, (ii) any potential consequences under any state, local or foreign tax laws, or (iii) any U.S. federal estate and gift tax considerations. This summary does not discuss tax considerations for Shareholders who acquire Frontera Cayman Shares other than directly

through participation in the Merger. This summary is not a substitute for tax advice and Shareholders considering participating in the Merger should consult their tax advisors regarding the tax consequences of participating in the Merger and of the acquisition, ownership, sale, retirement and disposition of all or any portion of the Frontera Cayman Shares received in the Merger.

This summary is based on the Code, and other U.S. tax laws, regulations, rulings and decisions in effect or available on the date of this summary. All of the foregoing is subject to change, which change may apply retroactively and could affect the continued validity of this summary. No ruling from the Internal Revenue Service (the “IRS”) has been or is expected to be sought with respect to any aspect of the transactions described herein, and there can be no assurance that the IRS will agree with our discussion of the tax considerations set forth herein. Moreover, no opinion has been or will be issued by legal counsel or other tax advisors for the Company regarding any tax aspects of the transactions described herein.

For purposes of this discussion, a “Shareholder” is a beneficial owner of Frontera Delaware Shares, or a beneficial owner of Frontera Cayman Shares, but only to the extent that such beneficial owner acquired such shares directly from Frontera Cayman pursuant to the Merger. For purposes of the following discussion, a “U.S. Shareholder” is a holder of Frontera Delaware Shares that is (1) a citizen or individual resident of the United States, (2) a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (4) a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust or (ii) the trust was in existence on August 20, 1996 and properly elected to be treated as a U.S. person. A non-U.S. shareholder is any other Shareholder other than a partnership (or other entity that is treated as a partnership for U.S. federal income tax purposes).

#### **Material U.S. Federal Income Tax Consequences to the Company**

Under Section 368(a)(1)(F) of the Code, a corporation is not subject to U.S. federal income tax upon a reorganization into another corporation that is a mere change in identity, form, or place of organization of one corporation. If Frontera Delaware merges with and into Frontera Cayman pursuant to the Merger, the Merger should be treated as a “reorganization” described in Section 368(a)(1)(F) of the Code for U.S. federal income tax purposes.

Under Section 7874 of the Code, a corporation reorganized outside of the United States will continue to be treated as a U.S. corporation for U.S. federal income tax purposes, when (i) the foreign corporation directly or indirectly acquires substantially all of the assets held directly or indirectly by a U.S. corporation, (ii) the shareholders of the acquired U.S. corporation hold at least 80 percent of the vote or value of the shares of the foreign acquiring corporation by reason of holding stock in the U.S. acquired corporation, and (iii) the foreign corporation’s “expanded affiliated group” does not have substantial business activities in the foreign corporation’s country of incorporation relative to its expanded affiliated group’s worldwide activities. Thus, Frontera Cayman should be treated as a U.S. corporation for U.S. federal income tax purposes because (i) Frontera Cayman will have acquired substantially all of the Frontera Delaware assets, (ii) all Frontera Cayman Shares will initially be held by Shareholders of Frontera Delaware who exchanged such shares for Frontera Cayman Shares in the Merger, and (iii) Frontera Cayman’s “expanded affiliated group” does not have substantial business activities in Cayman Islands relative to its expanded affiliated group’s worldwide activities. The remainder of this discussion assumes Frontera Cayman is respected as a U.S. corporation for U.S. federal income tax purposes after the Merger.

#### **Material U.S. Federal Income Tax Consequences to Shareholders**

If Frontera Delaware is treated as merging into Frontera Cayman in a “reorganization” described in Section 368(a)(1)(F) of the Code on the day before the effective date of the Merger, Shareholders should not be subject to U.S. federal income tax on the receipt of Frontera Cayman Shares in exchange for their Frontera Delaware Shares. The adjusted tax basis of the Frontera Cayman Shares received by a Shareholder should be equal to such holder’s adjusted tax basis in its Frontera Delaware Shares exchanged therefor. In addition, the holding period for any Frontera Cayman Shares received by a Shareholder should include the holding period of the stock exchanged therefor.

If a U.S. Shareholder receives the Cash Consideration in lieu of Frontera Cayman Shares in complete redemption of its Frontera Delaware Shares, such U.S. Shareholder will be subject to U.S. federal income tax upon the receipt of the Cash Consideration. A U.S. Shareholder will recognize gain or loss based upon the difference,

if any, between the amount of Cash Consideration received and the U.S. Shareholder's adjusted basis in its Frontera Delaware Shares. U.S. Shareholders may be eligible for reduced rates of taxation.

Subject to the discussion of backup withholding below, a Non-U.S. Shareholder generally will not be subject to U.S. federal income or withholding tax on any gain recognized upon the receipt of the Cash Consideration in complete redemption of its Frontera Delaware Shares, unless:

- such Non-U.S. Shareholder is an individual who is present in the U.S. for 183 days or more in the taxable year of such sale, exchange, redemption, retirement or other disposition and certain other conditions are met; or
- such gain is effectively connected with the conduct by the Non-U.S. Shareholder of a trade or business in the U.S., in which event such Non-U.S. Shareholder generally will be subject to U.S. federal income tax on a net income basis in substantially the same manner as a U.S. Shareholder (except as provided by an applicable tax treaty) and, if it is a corporation, may also be subject to a branch profits tax at the rate of 30% (or a lower rate if provided by an applicable tax treaty).

### **Information Reporting and Backup Withholding**

Payment of the Cash Consideration to or through a foreign office of a U.S. broker, or of a foreign broker with certain specified U.S. connections, generally will be subject to information reporting requirements, but not backup withholding, unless the broker has evidence in its records that the payee is not a U.S. person and has no knowledge or reason to know to the contrary. Payments of the Cash Consideration to or through the U.S. office of a broker will be subject to information reporting and backup withholding unless the payee certifies under penalties of perjury that it is not a U.S. person (generally by providing an IRS Form W-8BEN) or otherwise establishes an exemption. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against the Non-U.S. Shareholder's U.S. federal income tax liability provided the required information is furnished on a timely basis to the IRS.

**THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A SHAREHOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, SHAREHOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE MERGER, INCLUDING WITH RESPECT TO TAX REPORTING AND RECORD KEEPING REQUIREMENTS.**

### **Certain Material United Kingdom Tax Considerations For Shareholders**

The paragraphs set out below summarize certain UK tax considerations for Shareholders and, following the Merger, Frontera Cayman Shareholders (collectively "UK Shareholders") relating to the acquisition, holding and disposal of Frontera Cayman Shares. They are based on current UK legislation and an understanding of current HM Revenue & Customs ("HMRC") published practice as at the date of this document, all of which are subject to change, possibly with retroactive effect, or to different interpretation. The paragraphs are intended as a general guide and, except where express reference is made to the position of non-UK residents, apply only to UK Shareholders who are resident and, if individuals, ordinarily resident and domiciled in the UK for tax purposes. They relate only to such UK Shareholders who hold their Frontera Delaware Shares and, after the Merger, Frontera Cayman Shares (collectively, the "Frontera Shares") directly as an investment and who are absolute beneficial owners of those Frontera Shares. These paragraphs do not deal with certain types of shareholders, such as persons disposing, holding or acquiring Frontera Shares in the course of trade or by reason of their, or another's, employment, collective investment schemes and insurance companies. They may also not be applicable to investors that control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, a 10 per cent. or greater interest in Frontera Delaware or Frontera Cayman.

If you are in any doubt as to your taxation position or if you are resident, domiciled or otherwise subject to taxation in any jurisdiction other than the UK, you should consult an appropriate professional adviser immediately.

Shareholders are referred to the sections headed “United States” and “Cayman Islands” for a description of the tax consequences of holding Frontera Shares in such jurisdictions.

## **UK taxation — Acquisition of Frontera Cayman Shares by way of the Merger**

### **Taxation of income**

Subject to the “transactions in securities” legislation as described below, the acquisition of Frontera Cayman Shares in exchange for Frontera Delaware Shares pursuant to the Merger should not give rise to taxable income for UK tax purposes.

### **Taxation of chargeable gains**

The acquisition of Frontera Cayman Shares in exchange for Frontera Delaware Shares pursuant to the Merger should, subject to certain anti-avoidance provisions, meet the criteria necessary to be treated as a reorganization of share capital, under Section 135, Taxation of Chargeable Gains Act 1992 (“TCGA 1992”). In this event, the Frontera Cayman Shares issued to UK Shareholders are treated as the same asset as the Frontera Delaware Shares exchanged such that there is no disposal of the Frontera Delaware Shares for the purposes of the UK taxation of chargeable gains.

### **Transactions in securities**

UK tax legislation includes anti-avoidance provisions to prevent individual and corporate shareholders from deriving a tax advantage by means of certain transactions in securities. Broadly, these provisions apply where a transaction is not carried out for genuine commercial reasons, or where obtaining a tax advantage is one of the main objects of the transaction.

### **Stamp duty and Stamp Duty Reserve Tax**

No charge to UK stamp duty or Stamp Duty Reserve Tax should arise under the steps proposed to be carried out to effect the introduction of Frontera Cayman and the admission of its shares to trading on AIM. This is on the basis that:

- no physical instrument of transfer is effected to transfer any certificated shares in Frontera Delaware to Frontera Cayman and no agreement is entered into to effect a transfer of dematerialized DIs in Frontera Delaware to Frontera Cayman — the shares and DIs merely ceasing to exist; and
- no physical instrument of transfer is affected to transfer the assets belonging to Frontera Delaware to Frontera Cayman — the change in the registration of the assets formerly belonging to Frontera Delaware taking place by operation of law.

## **UK taxation — Disposal of Frontera Cayman Shares — tax on chargeable gains**

A disposal of Frontera Cayman Shares by a Frontera Cayman Shareholder who is resident or ordinarily resident in the UK may, depending on individual circumstances (including the availability of exemptions and reliefs), give rise to a chargeable gain or allowable loss for the purposes of the UK taxation of chargeable gains.

As described above, if the Merger meets the criteria necessary to be treated as a reorganization of share capital under Section 135 TCGA 1992, the Frontera Cayman Shares will be treated as the same asset as the Frontera Delaware Shares for which they were exchanged. This means that the allowable cost of the Frontera Cayman Shares for chargeable gains purposes will be taken to be the allowable cost originally incurred on the acquisition of the Frontera Delaware Shares.

### **Individuals**

A disposal of Frontera Cayman Shares by an individual who is liable to UK capital gains tax will, subject to the availability of any exemptions, reliefs and/or allowable losses, be subject to capital gains tax (at the rate of 18 per cent. for basic rate taxpayers, or 28 per cent. for individuals with total taxable income and gains above the upper limit of the basic rate income tax band) with no taper relief or indexation allowance being available. The annual exemption for individuals for the 2011-2012 tax year is £10,600.

Individuals who are temporarily non-UK resident may, in certain circumstances, be subject to tax in respect of gains realized whilst they are not resident in the UK. An individual holder who ceases to be resident or ordinarily resident in the UK for a period of less than five years and who disposes of his Frontera Cayman Shares during that period may also be liable on returning to the UK for UK taxation on capital gains despite the fact that such holder may not be resident or ordinarily resident in the UK for UK tax purposes at the time of the disposal.

### **Companies**

For a corporate Frontera Cayman Shareholder, any chargeable gain will be included in the company's profits chargeable to corporation tax and unless exempted, taxed at the appropriate rate of corporation tax (currently a maximum of 26 per cent.). In calculating a company's chargeable gain, indexation allowance is available on the original allowable cost of the shares. Broadly speaking, indexation allowance increases the acquisition cost of an asset for tax purposes in line with the rise in the Retail Prices Index. Indexation allowance cannot create or augment an allowable loss for the company and is therefore restricted to the point that no gain and no loss arises.

### **Disposal of Frontera Cayman Shares by non-UK resident Frontera Cayman Shareholders**

Frontera Cayman Shareholders who are not resident or, in the case of individuals, ordinarily resident for tax purposes in the UK may not be liable for UK tax on chargeable gains realized on a disposal of their Frontera Cayman Shares unless such Frontera Cayman Shares are acquired for use by or for the purposes of a branch, agency or, in the case of a corporate shareholder, a permanent establishment through which such person is carrying on a trade, profession or vocation in the UK. Such Frontera Cayman Shareholders may also be subject to foreign taxation on any gain under local law.

A Frontera Cayman Shareholder who is an individual and who is temporarily a non-UK resident at the time of the disposal may, under anti-avoidance legislation, still be liable to UK taxation on any chargeable gain realized (subject to the availability of exemptions or reliefs).

## **UK taxation — Tax on dividends paid by Frontera Cayman**

### **Individuals**

Subject to comments below regarding the availability of a UK tax credit, a UK resident individual shareholder will be subject to UK income tax at the appropriate rate on the cash dividend received. For the tax year 2011-2012, the appropriate rate for a shareholder who is liable to income tax at the basic rate will be 10 per cent.; for a shareholder liable to income tax at the higher rate it will be 32.5 per cent.; and for a shareholder liable to income tax at the additional rate it will be 42.5 per cent.

### **Individuals with not more than a 10 per cent. shareholding in Frontera Cayman**

An individual holder of Frontera Cayman Shares who is resident in the UK for tax purposes may be entitled to a UK tax credit which may be set off against his total income tax liability on the dividend. Such an individual shareholder's liability to income tax is calculated on the gross dividend, which will be regarded as the top slice of the individual's income i.e. taxed at the highest available rate. If available, such a tax credit will be equal to 10 per cent. of the gross dividend (i.e. the tax credit will be one-ninth of the amount of the dividend).

A UK resident individual holder of Frontera Cayman Shares who is not liable to income tax in respect of the gross dividend will not be entitled to reclaim any part of the tax credit referred to above. A UK resident shareholder who is liable to income tax at the basic rate will be subject to income tax on the dividend at the rate of 10 per cent. of the gross dividend so that the tax credit will satisfy in full such shareholder's liability to income tax on the dividend. A UK resident individual shareholder liable to income tax at the higher rate will generally be subject to income tax on the gross amount of the dividend at 32.5 per cent. but will be able to set the UK tax credit (if available) off against part of this liability. The effect of this set off is that such a holder will have to account for additional UK tax equal to one quarter of the net cash dividend received. A UK resident individual shareholder liable to income tax at the additional rate will generally be subject to income tax on the gross amount of the dividend at 42.5 per cent. but will be able to set the UK tax credit (if available) off against part of this liability. The effect of this set off is such that the holder will have to account for additional UK tax equal to 36.11 per cent. of the net cash dividend received.

## **Companies**

With effect from 1 July 2009, a company that is resident in the UK for tax purposes will generally be exempt from corporation tax on dividends received from companies resident outside the UK. There are various exceptions to this exemption, depending on the size of the corporate shareholder. In particular, for “small” recipient companies, where a “small company” is one which meets the definition of a small or micro enterprise as defined in the Annex to Commission Recommendation 2003/361/EC of 6 May 2003, dividends may be within the charge to UK corporation tax. Anti-avoidance provisions also exist. It is anticipated that the majority of UK-resident corporate holders of Frontera Cayman Shares will be exempt from corporation tax on dividends received, but they should confirm their tax position with a specialist tax adviser.

If Frontera Cayman dividends are not exempt they will be included in the company’s profits chargeable to corporation tax and taxed at the appropriate rate of corporation tax (currently a maximum of 26 per cent.).

## **Foreign withholding taxes**

It is stated below that the Government of the Cayman Islands will not, under existing legislation, impose any withholding tax upon Frontera Cayman Shareholders.

Pursuant to the US Anti-Inversion Rules, however, Frontera Cayman should be treated as a US corporation for US federal income tax purposes.

For the duration that Frontera Cayman is treated as a US corporation for US federal income tax purposes, any dividends paid by Frontera Cayman to UK Shareholders will be subject to US withholding tax. Under current US domestic tax law, a dividend withholding tax rate of 30 per cent. applies. UK Shareholders may be able to access reduced withholding tax rates under the 2001 Income and Capital Gains Tax Convention between the UK and the US.

Under UK tax law, any US withholding tax suffered on dividends paid by Frontera Cayman should be creditable against any UK tax liability of the UK shareholder on that income. However, no repayment would be available for any US withholding tax suffered in excess of that UK tax liability.

## **Provision of information**

It should be noted that persons in the UK paying “foreign dividends” to, or receiving “foreign dividends” on behalf of, another person may be required to provide certain information to HMRC regarding the identity of the payee or the person entitled to the “foreign dividend” and, in certain circumstances, such information may be exchanged with tax authorities in other countries. Certain payments on or under the Frontera Cayman Shares may constitute “foreign dividends” for this purpose.

## **UK taxation — Stamp duty and stamp duty reserve tax (“SDRT”)**

No UK stamp duty or SDRT will generally be payable on the issue of Frontera Cayman Shares in certificated form or represented by dematerialized Depositary Interests (“DIs”).

UK stamp duty should generally not need to be paid on a transfer of Frontera Cayman Shares held in certificated form.

No UK SDRT will be payable in respect of any unconditional agreement to transfer Frontera Cayman Shares held in certificated form unless the Frontera Cayman Shares are registered in a register kept in the UK by or on behalf of Frontera Cayman or are paired with any UK shares. It is not intended that such a register will be kept in the UK or that the Frontera Cayman Shares will be paired with any UK shares.

UK stamp duty will not be payable on a transfer of DIs.

UK SDRT will generally be payable on an unconditional agreement to transfer DIs at a rate of 0.5 per cent. of the consideration paid. This is on the basis that the Frontera Cayman Shares will need to be represented by DIs issued by the Depositary in order to be held in CREST and that the conditions for exemption from charge set out in The Stamp Duty Reserve Tax (UK Depositary Interests in Foreign Securities) Regulations 1999 are not satisfied.

**THE STATEMENTS IN THIS PARAGRAPH SUMMARISE THE CURRENT POSITION ON STAMP DUTY AND SDRT AND ARE INTENDED AS A GENERAL GUIDE ONLY. SPECIAL RULES APPLY TO**

**AGREEMENTS MADE BY, AMONGST OTHERS, INTERMEDIARIES AND CERTAIN CATEGORIES OF PERSON MAY BE LIABLE TO STAMP DUTY OR SDRT AT HIGHER RATES OR MAY, ALTHOUGH NOT PRIMARILY LIABLE FOR THE TAX BE REQUIRED TO NOTIFY AND ACCOUNT FOR IT UNDER THE STAMP DUTY RESERVE TAX REGULATIONS 1986.**

**Cayman Islands Taxation**

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty.

There are no other taxes likely to be material to Frontera Cayman levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands.

There are no exchange control regulations or currency restrictions in the Cayman Islands.

Frontera Cayman has, pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, applied for and expects to obtain an undertaking from the Governor in Cabinet that:

- no law that is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to Frontera Cayman or its operations; and in addition
- no tax to be levied on profits or income or gains or appreciation or which is in the nature of estate duty or inheritance tax shall be payable on the shares, debentures or other obligations of Frontera Cayman, or by way of the withholding in whole or in part of any relevant payment.

These concessions shall be for a period of 20 years from the date of issue of the undertaking by the Governor in Cabinet.

This Page Intentionally Left Blank.

## EXHIBIT A

### AMENDED AGREEMENT AND PLAN OF MERGER MERGING FRONTERA RESOURCES CORPORATION, a Delaware (USA) corporation, with and into FRONTERA RESOURCES CORPORATION, a Cayman Islands exempted limited company

THIS AMENDED AGREEMENT AND Plan OF MERGER (this “Plan”), dated July 27, 2011, is entered into between Frontera Resources Corporation (“Frontera Delaware”), a Delaware (USA) corporation, and Frontera Resources Corporation (“Frontera Cayman”), a Cayman Islands exempted limited company.

#### WHEREAS

(A) The respective boards of directors of the Surviving Corporation (as defined herein) and of Frontera Delaware have approved the merger of the companies, with Frontera Cayman continuing as the “surviving corporation”, as defined in the Companies Law (as amended) (the “CICL”) of the Cayman Islands and the Delaware General Corporation Law (the “DGCL”) (the “Merger”), upon the terms and subject to the conditions of that certain Agreement and Plan of Merger dated June 28, 2011 (the “Original Plan”) pursuant to provisions of Part XVI of the CICL of the Cayman Islands. The parties now wish to amend the Original Plan pursuant to section 16 thereof on the further terms set out herein.

(B) The member of Frontera Cayman has approved and adopted this Plan on the terms and subject to the conditions set forth herein and otherwise in accordance with the CICL.

(C) Each of the Surviving Corporation and Frontera Delaware wishes to enter into this Plan pursuant to the provisions of Part XVI of the CICL and in accordance with the applicable provisions of the DGCL.

(D) In connection with and as a condition to the Merger, Frontera Cayman is offering to exchange (the “Exchange Offer”) the 10% convertible notes due 2012 and the 10% convertible notes due 2013 of Frontera Delaware for (i) Frontera Cayman Shares (defined below); or (ii) new 10% convertible notes due 2016 (the “New Notes”) of Frontera Resources Holdings LLC, a Delaware limited liability company and a wholly-owned subsidiary of Frontera Cayman to be formed before completion of the Merger; or (iii) a combination of Frontera Cayman Shares and New Notes.

(E) In connection with and as a condition to the Merger, Frontera Cayman has entered into (i) a placing agreement (the “Placing Agreement”) with Strand Hanson Limited in its capacity as nominated advisor (“Strand Hanson”), and Arbutnot Securities Limited and Old Park Lane Capital plc as placing agents (the “Placing Agents”), pursuant to which, the Placing Agents have procured Places for 115,678,351 Frontera Cayman Shares at 0.04 per share (the “Placing Price”), and (ii) subscription agreements (the “Subscription Agreements”) with an affiliate of one of its directors and with one of its shareholders (the “Participating Affiliates”) pursuant to which the Participating Affiliates have agreed to purchase 53,959,053 Frontera Cayman Shares at the Placing Price (the “Subscriptions”), for aggregate net proceeds to Frontera Cayman (before deduction of Placing Agent commissions, corporate finance fees and expenses) of \$US11,000,000.

(F) In connection with and as a condition to the Merger, Frontera Cayman has entered into a Standby Equity Distribution Agreement (the “SEDA”) with YA Global Master SPV Ltd. (“YAGM”) pursuant to which YAGM, subject to certain conditions and limitations, has agreed to subscribe for up to £21,529,060 of Frontera Cayman Shares over a period of 36 months.

(G) In connection with and as a condition to the Merger, Frontera Cayman has entered into note exchange agreements (the “Affiliate Note Exchange Agreements”) with the Participating Affiliates pursuant to which the Participating Affiliates have agreed to exchange the entire outstanding principal amount of certain notes of Frontera Delaware, plus accrued interest through the date of the completion of the Merger, for Frontera Cayman Shares at a conversion rate based on the Placing Price.

## 1. Declarations and Approvals.

1.1 Frontera Delaware has authorized 300,000,000 shares of common stock with a par value of US\$0.00004 per share (“Frontera Delaware Stock”), of which 135,318,282 shares are issued and outstanding as of the date hereof, and 10,000,000 shares of preferred stock with a par value of US\$0.00001 per share, of which no shares are issued and outstanding. The authorized share capital of Frontera Cayman is US\$120,000 divided into 3,000,000,000 shares of US\$0.00004 par value each (the “Frontera Cayman Shares”), of which 1 share is issued and outstanding and is held by Ed Limited.

1.2 The board of directors of Frontera Delaware has, in light of and subject to the terms and conditions set forth in this Plan, (i) determined that the Merger is fair and advisable to, and in the best interests of, the stockholders of Frontera Delaware; and (ii) adopted a resolution approving and adopting this Plan and the transactions contemplated hereby in accordance with the applicable provisions of the DGCL and the CICL.

1.3 The board of directors of Frontera Cayman has approved the Merger and adopted resolutions approving and adopting this Plan and the transactions contemplated hereby in accordance with the applicable provisions of the CICL.

1.4 The Plan has been approved by the member of Frontera Cayman in accordance with the applicable provisions of the CICL.

## 2. The Merger.

2.1 On the Effective Date (as hereinafter defined), Frontera Delaware shall be merged with and into Frontera Cayman, with Frontera Cayman being the surviving entity of the Merger (the “Surviving Corporation”), the Surviving Corporation shall be named “Frontera Resources Corporation” and shall continue as the Surviving Corporation within the meaning of the CICL. The Merger shall be effected pursuant to the provisions of and shall have the effect provided by the DGCL and the CICL.

2.2 Frontera Delaware shall file a certificate of merger with the Secretary of State of Delaware (USA) pursuant to and in accordance with the DGCL, and each of Frontera Delaware and Frontera Cayman shall file all necessary documents with the Registrar of Companies in the Cayman Islands (the “Registrar”) and pay such fees, as may be required, pursuant to and in accordance with the CICL in order to consummate the Merger, if as of the Effective Date:

- (a) at least 75% of the holders of Old Notes have tendered and not withdrawn their Old Notes for Frontera Cayman Shares in connection with the Exchange Offer and the Exchange Offer has not been terminated;
- (b) the adoption of certain amendments to the Old Note Purchase Agreements have not been terminated;
- (c) the Placing Agreement has not been terminated;
- (d) the Subscription Agreements have not been terminated;
- (e) the SEDA has not been terminated;
- (f) the Affiliate Note Exchange Agreements have not been terminated; and
- (g) Strand Hanson has confirmed that the London Stock Exchange will issue a stock notice with respect to the cessation of trading of the Frontera Delaware Shares on AIM.

## 3. Company Details.

3.1 Each of the Surviving Corporation and Frontera Delaware is a “constituent company” (as defined in the CICL) to this Plan.

3.2 The “surviving company” (as defined in the CICL) is the Surviving Corporation.

3.3 The registered office of the Surviving Corporation is Walkers Corporate Services Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands.

3.4 The registered office of Frontera Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware (USA) 19808.

3.5 Immediately before and as of the Effective Date, the authorized share capital of Frontera Cayman is US\$120,000 divided into 3,000,000,000 shares of \$0.00004 par value each.

3.6 Immediately before the Effective Date, the total number of shares of capital stock which Frontera Delaware is authorized to issue is 310,000,000 shares divided into 300,000,000 shares of common stock with a par value of US\$0.00004 per share, and 10,000,000 shares of preferred stock with a par value of US\$0.00001 per share.

4. Terms and Conditions. The terms and conditions of the Merger, including the manner and basis of converting shares in each constituent company into shares of the Surviving Corporation are set out below.

4.1 The rights and restrictions attaching to the shares of the Surviving Corporation are set out in the amended and restated memorandum and articles of association of Frontera Cayman immediately before the Effective Date, which shall apply to the Surviving Corporation with effect from the Effective Date in the form set out in Exhibit A hereto (the “Articles”).

4.2 From the Effective Date, the Articles shall be the memorandum and articles of association of the Surviving Corporation.

5. Directors’ Interests in the Merger. The names and addresses of the directors of the Surviving Corporation from the Effective Date will be:

<u>Name</u>	<u>Mailing Address</u>
Steve C. Nicandros (Chairman)	c/o FronteraResources Corporation 3040 Post Oak Boulevard, Suite 1100 Houston, Texas 77056 (USA)
Stephen E. McGregor	c/o FronteraResources Corporation 3040 Post Oak Boulevard, Suite 1100 Houston, Texas 77056 (USA)
Andrew J. Szescila	c/o FronteraResources Corporation 3040 Post Oak Boulevard, Suite 1100 Houston, Texas 77056 (USA)
Luis E. Giusti	c/o FronteraResources Corporation 3040 Post Oak Boulevard, Suite 1100 Houston, Texas 77056 (USA)

No director of either of the constituent companies to this Plan will be paid any amounts or receive any benefits consequent upon the Merger.

6. Secured Creditors.

6.1 The Surviving Corporation has granted no fixed or floating security interests that are outstanding as at the date of this Plan.

6.2 Frontera Delaware has granted no fixed or floating security interests that are outstanding as at the date of this Plan.

7. Effect of the Merger. On the Effective Date, Frontera Delaware shall, as provided in the DGCL and CICL, be merged with and into Frontera Cayman and the separate corporate existence of Frontera Delaware shall cease. Frontera Cayman shall be the Surviving Corporation in the Merger and shall continue its existence as a Cayman Islands exempted company limited by shares under the CICL.

7.1 At and after the Effective Date, the Merger shall have the effects set forth in Section 252 of the DGCL and Section 236 of the CICL. All corporate acts, plans, policies, contracts, approvals and authorizations of Frontera Delaware and Frontera Cayman and their respective shareholders, boards of directors, committees elected or appointed thereby, officers and agents, which were valid and effective immediately prior to the Effective Date, shall be taken for all purposes as the acts, plans, policies, contracts, approvals and authorizations of the Surviving Corporation and shall be as effective and binding thereon as the same were with respect to Frontera Delaware and Frontera Cayman, respectively, as of the Effective Date.

7.2 At the Effective Date, all rights, franchises and interests of Frontera Delaware and Frontera Cayman, respectively, in and to any type of property and choses in action shall be vested in the Surviving Corporation by virtue of the Merger without any deed or other transfer. The Surviving Corporation, without any order or other action

on the part of any court or otherwise, shall hold and enjoy all rights of property, franchises and interests in the same manner and to the same extent as such rights, franchises and interests were held or enjoyed by Frontera Delaware and the Surviving Corporation, respectively, as of the Effective Date.

7.3 On the Effective Date, the Surviving Corporation shall be liable for all liabilities of Frontera Delaware and Frontera Cayman, and all deposits, debts, liabilities, obligations and contracts of Frontera Delaware and Frontera Cayman, respectively, matured or unmatured, whether accrued, absolute, contingent or otherwise, whether or not reflected or reserved against on balance sheets, books of account or records of Frontera Delaware and Frontera Cayman, as the case may be, shall be those of the Surviving Corporation and shall not be released or impaired by the Merger; and all rights of creditors and other obligees and all liens on property of Frontera Delaware and Frontera Cayman shall be preserved unimpaired subsequent to the Merger.

8. Conversion of Shares. The manner and basis of converting the shares of Frontera Delaware Stock and Frontera Cayman Shares are as follows:

8.1 Treatment of Frontera Cayman Shares. On the Effective Date and simultaneously with the issuance of the Surviving Corporation Shares (as defined in Section 8.2(a) below), Frontera Cayman shall repurchase the one outstanding Frontera Cayman Share in accordance with the Articles, and such share shall be cancelled. Frontera Cayman covenants from the date hereof until the Effective Date not to issue any Frontera Cayman Shares, or any options warrants or other securities exercisable or exchangeable for any Frontera Cayman Shares.

8.2 Treatment of Frontera Delaware Stock.

(a) *Non-US Shareholders.* Except for Dissenting Shares (as defined below), each share of Frontera Delaware Stock outstanding on the Effective Date and held of record by a person or entity other than a US Shareholder (as defined below), and all rights in respect of each such share, without any action on the part of the holder thereof, shall be cancelled and converted by operation of law and this Plan into one ordinary share of a par value of US\$0.00004 per share of the Surviving Corporation (“Surviving Corporation Share”). The issue of one Surviving Corporation Share in exchange for one share of Frontera Delaware Stock to be reflected on the Frontera Cayman register of members on the Effective Date is hereinafter referred to as the “Stock Consideration”.

As soon as reasonably practicable after the Effective Date, the Surviving Corporation will send to holders of Frontera Delaware Stock outstanding on the Effective Date and held of record by a person or entity other than a US Shareholder the title to which before the Effective Date was evidenced by a certificate(s) (“Certificate”) a form of letter of transmittal (which shall specify that delivery shall be effected, and risk of loss of the Certificate(s) shall pass, only upon proper delivery of the Certificate(s) to the Surviving Corporation and shall be in such form and have such other provisions as the Surviving Corporation may reasonably specify). If such non-US Shareholder holds a Certificate(s) and desires to hold its Surviving Corporation Shares in certificated form, such non-US Shareholder shall include with its letter of transmittal its surrendered Certificate(s). Upon receipt by the Surviving Corporation of a properly completed and executed letter of transmittal and the surrendered Certificate(s) and acceptance thereof by the Surviving Corporation, the Surviving Corporation shall issue to such non-US Shareholder a certificate evidencing title to such non-US Shareholder’s Surviving Corporation Shares and such certificate shall not bear any restrictive legend. The Surviving Corporation shall accept such surrendered Certificate(s) upon compliance with such reasonable terms and conditions as the Surviving Corporation may impose to effect an orderly exchange thereof in accordance with normal exchange practices.

(b) *US Shareholders.* Except for Dissenting Shares, each share of Frontera Delaware Stock outstanding on the Effective Date and held of record by a person or entity whose address as it appears in the stock register of Frontera Delaware is an address located within the United States (each a “US Shareholder”), and all rights in respect of each such share, without any action on the part of the holder thereof, shall be cancelled and converted by operation of law and this Plan into one Surviving Corporation Share. All such Surviving Corporation Shares initially will be issued to a nominee of the Surviving Corporation and immediately thereafter surrendered by such nominee and held by the Surviving Corporation as treasury shares for transfer by the Surviving Corporation, on the assumption that 100 percent of the US Shareholders are entitled to receive such Surviving Corporation Shares, to such US Shareholders who have returned to the Surviving Corporation a properly completed and executed letter of transmittal described below that will permit the Surviving Corporation to determine the US Shareholders entitled to receive the Stock Consideration (defined below) or the Cash Consideration (defined below). Upon receipt from a US Shareholder of a properly completed and executed letter of transmittal, the Surviving Corporation will transfer

to such US Shareholder the Stock Consideration or pay the Cash Consideration to which such US Shareholder is entitled under the procedures set forth below.

As soon as reasonably practicable after the Effective Date, the Surviving Corporation will send to all US Shareholders a form of letter of transmittal (which shall specify that delivery shall be effected, and risk of loss of the Certificate(s) shall pass, only upon proper delivery of the Certificate(s) to the Surviving Corporation and shall be in such form and have such other provisions as the Surviving Corporation may reasonably specify), and which will be used to assist the Surviving Corporation in determining whether US Shareholders are Accredited Investors (defined below). A US Shareholder who (1) completes, executes and returns its letter of transmittal, the responses to which provide the Board of Directors of the Surviving Corporation with a reasonable basis for believing that such US Shareholder is an “accredited investor” (an “Accredited Investor”) as defined in Rule 501 of Regulation D promulgated under the U.S. Securities Act of 1933, as amended, as in effect on the Effective Date (the “Securities Act”) or (2) the Board of Directors of the Surviving Corporation, in its sole discretion, otherwise has a reasonable basis for believing is an Accredited Investor shall be transferred the Surviving Corporation Shares reserved for such US Shareholder on the Effective Date (the “Stock Consideration”); provided, that the following stop transfer order shall be in place in respect of such Surviving Corporation Shares:

“These shares have not been registered under the U.S. Securities Act of 1933, as amended, or any state securities laws (collectively, the “Acts”) and may not be offered, sold, transferred, pledged or otherwise disposed of unless made pursuant to a registration statement under the Acts or pursuant to any available exemption from the registration requirements thereof.”

If a US Shareholder that is an Accredited Investor holds a Certificate(s) and desires to hold its Surviving Corporation Shares in certificated form, such US Shareholder shall include with its letter of transmittal its surrendered Certificate(s). Upon receipt by the Surviving Corporation of a properly completed and executed letter of transmittal and the surrendered Certificate(s) and acceptance thereof by the Surviving Corporation, the Surviving Corporation shall issue to such US Shareholder a certificate evidencing such holder’s Surviving Corporation Shares bearing the following restrictive legend:

“The shares represented by this certificate have not been registered under the U.S. Securities Act of 1933, as amended, or any state securities laws (collectively, the “Acts”) and may not be offered, sold, transferred, pledged or otherwise disposed of unless made pursuant to a registration statement under the Acts or pursuant to any available exemption from the registration requirements thereof.”

The Surviving Corporation shall accept such surrendered Certificate(s) upon compliance with such reasonable terms and conditions as the Surviving Corporation may impose to effect an orderly exchange thereof in accordance with normal exchange practices.

A US Shareholder who (1) completes, executes and returns its letter of transmittal, the responses to which do not provide the Board of Directors of the Surviving Corporation with a reasonable basis for believing that such US Shareholder is an Accredited Investor or (2) fails to complete, execute and return its letter of transmittal and Investor Questionnaire at or before 12:00 pm (London time) on the date that is 120 days following the Effective Date shall have each Surviving Corporation Share that was reserved for such US Shareholder on the Effective Date cancelled and converted by operation of law and this Plan into the right to receive cash in U.S. Dollars in an amount equal to £0.04 (the “Cash Consideration”) and shall not be entitled to the Stock Consideration; provided, that for a US Shareholder receiving Cash Consideration that holds a Certificate(s), the Surviving Corporation’s obligation to deliver the Cash Consideration is conditioned on such US Shareholder’s surrender of such Certificate(s) to the Surviving Corporation and acceptance thereof by the Surviving Corporation. All Surviving Corporation Shares initially reserved for US Shareholders who receive the Cash Consideration shall be cancelled upon the payment of such Cash Consideration.

(c) *Status of Certificates.* On the Effective Date, each holder of a Certificate shall cease to have any rights with respect to such shares of Frontera Delaware Stock evidenced thereby, except the right to receive the Stock Consideration or the Cash Consideration, as the case may be, to be paid in consideration therefor as provided in this Plan, and such Certificate(s) shall be null and void and deemed cancelled.

(d) *Dissenting Shares.* As used in this Plan, the term “Dissenting Shares” means any shares of Frontera Delaware Stock held of record on the Effective Date by any holder who becomes entitled to payment of the fair value of such shares under the DGCL. Any holders of Dissenting Shares shall be entitled to payment for such shares only to the extent permitted by and in accordance with the provisions of the DGCL; provided, however, that if,

in accordance with the provisions of the DGCL any holder of Dissenting Shares shall forfeit such right to payment of the fair value of such shares, such shares shall thereupon be deemed to have been converted into and to have become exchangeable for, as of the Effective Date, the right to receive the consideration pursuant to the Merger and such shares shall no longer be Dissenting Shares. Each Dissenting Share owned by each holder thereof who has not exchanged such holder's shares for such holder's aggregate Stock Consideration or Cash Consideration, as applicable, or otherwise has not effectively withdrawn or lost such holder's dissenter's rights, shall not be converted into or represent the right to receive the Stock Consideration or the Cash Consideration, as applicable, and shall be entitled only to such rights as are available to such holder pursuant to the applicable provisions of the DGCL.

(e) *Unregistered Transfers.* In the event of a transfer of ownership of Frontera Delaware Stock that is not registered in the transfer records of Frontera Delaware, the transferee shall only be reflected on the Frontera Cayman register of members upon providing to the Surviving Corporation such documents as are necessary and proper to effect such a transfer under the Articles, the CIGL and the Securities Act, including the Certificate(s) evidencing such shares that is properly endorsed or otherwise in proper form for transfer and the Investor Questionnaire, if such transferee is a US Shareholder. In such event, the signature on the Certificate(s) or any related stock power must be properly guaranteed and the transferee must either pay to the Surviving Corporation any transfer or other taxes required by reason of the payment to a holder other than the registered holder of the Certificate(s) so surrendered or establish to the Surviving Corporation that such tax has been paid or is not applicable.

(f) In the event any Certificate(s) that a holder thereof desires to exchange for a certificate evidencing title to Surviving Corporation Shares ("Frontera Cayman Certificate") has been lost, stolen or destroyed, before the receipt of such Frontera Cayman Certificate, the holder of such lost, stolen or destroyed Certificate(s) shall execute an affidavit of that fact and execute and deliver an indemnity agreement in form and substance reasonably satisfactory to the Surviving Corporation or post a bond in such reasonable amount as the Surviving Corporation may require against any claim that may be made against Frontera Delaware or the Surviving Corporation with respect to the Certificate(s) alleged to have been lost, stolen or destroyed. The affidavit and any indemnity which may be required hereunder shall be delivered to the Surviving Corporation, who shall be responsible for issuing a Frontera Cayman Certificate for such lost, stolen or destroyed Certificates(s) pursuant to the terms hereof.

9. Board of Directors and Officers. The board of directors and officers of the Surviving Corporation following the Effective Date shall consist of all the persons who are directors or officers, as applicable, of the Surviving Corporation immediately before the Effective Date.

10. Consents; Further Assurances. Frontera Delaware and Frontera Cayman shall proceed expeditiously and cooperate fully in obtaining any other consents and approvals and the taking of any other action, including the giving of any notices, and the satisfaction of all other requirements prescribed by law or otherwise, necessary for consummation of the Merger on the terms herein provided and also as may be required to give effect to the cancellation of Frontera Delaware from admission to trading on AIM and for the admission to trading on AIM of the Surviving Corporation. The proper officers of Frontera Delaware and Frontera Cayman are hereby authorized, empowered and directed to do any and all lawful acts and things, and to make, execute, deliver, file and record any and all instruments, papers and documents, which shall be or become necessary, proper or convenient to carry out or put into effect any of the provisions of this Plan or the Merger.

11. Termination. This Plan may be terminated at any time before the Effective Date (a) by written notice by either Frontera Delaware or Frontera Cayman to the other, authorized or approved by resolutions adopted by the board of directors of the party giving such notice, if for any reason the consummation of the Merger is determined to be inadvisable in the joint and mutual opinions of the boards of directors of Frontera Delaware and Frontera Cayman, or (b) by written notice by either party if the Effective Date does not occur on or before 5:00 p.m., London Time, on August 31, 2011. Upon termination as provided in this Section 11, this Plan shall be void and of no further force or effect.

12. Notices. Any notice given hereunder shall be in writing and shall be delivered in person or mailed by first class mail, postage prepaid or sent by facsimile, courier or personal delivery to the parties at the addresses set forth on the signature page hereto, unless by notice a different address shall previously have been designated. All notices sent by mail as provided in the foregoing sentence shall be deemed delivered five (5) days after deposit in the mail. All notices sent by facsimile or courier as provided above shall be deemed delivered one day after being sent. All other notices shall be deemed delivered when actually received. Any party to this Plan may change its address for the giving of notice specified above by giving notice as herein provided.

13. Counterparts. For the convenience of the parties hereto, this Plan may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same agreement. Executed signature pages to this Plan may be delivered by facsimile and such facsimiles will be deemed as sufficient as if actual signature pages had been delivered.

14. Effective Date. In accordance with section 234 of the CIGL, the date and time on which it is intended that the Merger is to take effect shall be the date of the filing of this Plan with the Registrar; being the date on which the applicable merger documents are to be registered by the Registrar to consummate the Merger or on any such subsequent date as the parties may agree and specify to the Registrar in accordance with the CIGL upon the filing of this Plan with the Registrar (the "Effective Date").

15. Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflict of law principles thereof.

16. Amendment. The board of directors of Frontera Delaware and Frontera Cayman are authorized to amend this Plan at any time before the Effective Date to the extent permitted by the DGCL and the CIGL, provided that an amendment made after the adoption of this Plan by the stockholders of any constituent companies shall not (i) alter or change the amount or kind of the Stock Consideration or Cash Consideration, (ii) alter or change any term of the Articles, or (iii) alter or change any of the terms and conditions of this Plan if such alteration or change would adversely affect the holders of any class or series thereof of such constituent company.

*[Signature Page Immediately Follows]*

IN WITNESS WHEREOF, each of the parties hereto has caused this Plan to be executed on the date set forth above.

**FRONTERA DELAWARE:**

FRONTERA RESOURCES CORPORATION,  
a Delaware corporation

By: /s/ Steve C. Nicandros \_\_\_\_\_

Name: Steve C. Nicandros

Title: President

Notice Address:

3040 Post Oak Blvd., Suite 1100  
Houston, TX 77056

**FRONTERA CAYMAN:**

FRONTERA RESOURCES CORPORATION,  
a Cayman Islands exempted company

By: /s/ Steve C. Nicandros \_\_\_\_\_

Name: Steve C. Nicandros

Title: President

Notice Address:

3040 Post Oak Blvd., Suite 1100  
Houston, TX 77056

**EXHIBIT B**

**Form of Amended and Restated Memorandum and Articles of Association of Frontera  
Resources Corporation, a Cayman Islands exempted company**

**THE COMPANIES LAW (AS AMENDED)  
COMPANY LIMITED BY SHARES  
AMENDED AND RESTATED  
MEMORANDUM AND ARTICLES OF ASSOCIATION  
OF  
FRONTERA RESOURCES CORPORATION  
(ADOPTED BY SPECIAL RESOLUTION DATED 24 JUNE 2011)**



Walker House, 87 Mary Street, George Town  
Grand Cayman KY1-9001, Cayman Islands  
T 345 949 0100 F 345 949 7886 [www.walkersglobal.com](http://www.walkersglobal.com)

**REF: PH/SJ/F2689-105870**

## TABLE OF CONTENTS

TABLE A.....	B-6
INTERPRETATION.....	B-6
PRELIMINARY.....	B-8
SERVICE PROVIDERS.....	B-8
SHARES.....	B-9
VARIATION OF RIGHTS ATTACHING TO SHARES.....	B-9
CERTIFICATES.....	B-10
DEPOSITARY INTERESTS AND UNCERTIFICATED SHARES.....	B-10
COMPANY’S RIGHTS IN RESPECT OF UNCERTIFICATED SHARES.....	B-11
FRACTIONAL SHARES.....	B-11
LIEN.....	B-12
CALLS ON SHARES.....	B-12
FORFEITURE OF SHARES.....	B-13
TRANSFER OF SHARES.....	B-13
TRANSMISSION OF SHARES.....	B-14
DISCLOSURE OF INTERESTS IN SHARES.....	B-15
ALTERATION OF CAPITAL.....	B-15
REDEMPTION, PURCHASE AND SURRENDER OF OWN SHARES.....	B-15
TREASURY SHARES.....	B-16
COMPULSORY REDEMPTION.....	B-16
CLOSING REGISTER OR FIXING RECORD DATE.....	B-16
GENERAL MEETINGS.....	B-17
NOTICE OF GENERAL MEETINGS.....	B-17
PROCEEDINGS AT GENERAL MEETINGS.....	B-18
VOTES OF MEMBERS.....	B-19
CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS.....	B-19
DIRECTORS.....	B-19
ALTERNATE DIRECTOR.....	B-21
POWERS AND DUTIES OF DIRECTORS.....	B-21
OFFICERS AND AGENTS.....	B-22
BORROWING POWERS OF DIRECTORS.....	B-23
THE SEAL.....	B-23
DISQUALIFICATION OF DIRECTORS.....	B-24
PROCEEDINGS OF DIRECTORS.....	B-24
DIVIDENDS.....	B-26
ACCOUNTS AND AUDIT.....	B-26

CAPITALISATION OF PROFITS .....	B-27
SHARE PREMIUM ACCOUNT .....	B-27
NOTICES .....	B-28
INDEMNITY.....	B-28
NON-RECOGNITION OF TRUSTS .....	B-29
WINDING UP.....	B-29
AMENDMENT OF ARTICLES OF ASSOCIATION .....	B-29
REGISTRATION BY WAY OF CONTINUATION .....	B-29
MERGERS AND CONSOLIDATION .....	B-29
DISCLOSURE .....	B-29

**THE COMPANIES LAW (AS AMENDED)**

**COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED**

**MEMORANDUM OF ASSOCIATION**

**OF**

**FRONTERA RESOURCES CORPORATION**

**(ADOPTED BY SPECIAL RESOLUTION DATED 24 JUNE 2011)**

1. The name of the Company is **FRONTERA RESOURCES CORPORATION**.
2. The Registered Office of the Company will be situated at the offices of Walkers Corporate Services Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands or at such other location as the Directors may from time to time determine.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (as amended).
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by Section 27(2) of the Companies Law (as amended).
5. Nothing in the preceding sections shall be deemed to permit the Company to carry on the business of a Bank or Trust Company without being licensed in that behalf under the provisions of the Banks & Trust Companies Law (as amended), or to carry on Insurance Business from within the Cayman Islands or the business of an Insurance Manager, Agent, Sub-agent or Broker without being licensed in that behalf under the provisions of the Insurance Law (as amended), or to carry on the business of Company Management without being licensed in that behalf under the provisions of the Companies Management Law (as amended).
6. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of the members is limited to the amount, if any, unpaid on the shares respectively held by them.
8. The authorised share capital of the Company is **US\$120,000.00** divided into **3,000,000,000** shares of a nominal or par value of **US\$0.00004** each provided always that subject to the provisions of the Companies Law (as amended) and the Articles of Association the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
9. The Company may exercise the power contained in Section 206 of the Companies Law (as amended) to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.

**COMPANIES LAW (AS AMENDED)**  
**COMPANY LIMITED BY SHARES**  
**AMENDED AND RESTATED**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**FRONTERA RESOURCES CORPORATION**  
**(ADOPTED BY SPECIAL RESOLUTION DATED 24 JUNE 2011)**

**TABLE A**

The Regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Law (as amended) shall not apply to Frontera Resources Corporation and the following Articles shall comprise the Articles of Association of the Company.

**INTERPRETATION**

1. In these Articles:

“**Admission**” means the admission of the shares of the Company to trading on AIM;

“**AIM**” means the AIM market operated by the London Stock Exchange;

“**Articles**” means the articles of association of the Company as amended from time to time;

“**Branch Register**” means any branch Register of such category or categories of Members as the Company may from time to time determine;

“**Business Day**” means any day on which AIM is open for business;

“**Code**” means the United States Internal Revenue Code of 1986 (as amended);

“**Company**” means Frontera Resources Corporation, an exempted company incorporated in the Cayman Islands;

“**CREST**” means the computerised settlement system to facilitate the transfer of title to shares in uncertificated form of which CRESTCo is the operator;

“**CRESTCo**” means Euroclear UK & Ireland Limited, a company incorporated in England and Wales being the operator of the CREST system;

“**Depository**” means any person who is a member in the Company by virtue of its holding shares in the Company as trustee for those individuals who have elected to hold shares in the Company in dematerialised or uncertificated form through depository interests;

“**Directors**” and “**Board of Directors**” means the Directors of the Company for the time being, or as the case may be, the Directors assembled as a Board or as a committee thereof;

“**Eligible Investor**” means a Person who is not a Restricted Person;

“**ERISA**” means the US Employee Retirement Income Security Act of 1974, as amended;

“**interest**” for the purpose of Articles 57 to 59 shall mean any interest as well as any right to subscribe or receive shares in the Company which if vested would create an interest;

“**Law**” means the Companies Law of the Cayman Islands (as amended);

“**London Stock Exchange**” means the London Stock Exchange plc or any successor body carrying on its functions;

“**Member**” means a person whose name is entered in the Register and includes each subscriber to the Memorandum of Association pending the issue to him of the subscriber share or shares;

“**Memorandum of Association**” means the Memorandum of Association of the Company, as amended from time to time;

“**Ordinary Resolution**” means a resolution:

- (a) passed by a simple majority of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or
- (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is executed;

“**paid up**” means paid up as to the par value and any premium payable in respect of the issue of any shares and includes credited as paid up;

“**Performance Fee**” means any performance based incentive fee paid or payable by the Company to the Investment Manager in accordance with the Management Agreement;

“**Person**” means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;

“**Principal Register**”, where the Company has established one or more Branch Registers pursuant to the Law and these Articles, means the Register maintained by the Company pursuant to the Law and these Articles that is not designated by the Directors as a Branch Register;

“**Recognised Person**” means a recognised clearing house acting in relation to a Recognised Investment Exchange or a nominee of a recognised clearing house or of a Recognised Investment Exchange;

“**Recognised Investment Exchange**” shall have the same meaning as set out in the Financial Services and Markets Act 2000, being a statute in force in the United Kingdom, as amended or re-enacted from time to time;

“**Register**” means the Register of the Company required to be kept pursuant to the Law and includes any Branch Register(s) established by the Company in accordance with Section 40 of the Law;

“**Registered Office**” means the Registered Office of the Company as required by the Law;

“**Relevant System**” shall have the meaning attributed to it in Article 46;

“**Restricted Person**” means (a) employee benefit plan or other plan or individual retirement account subject to Part 4 of Subtitle B of Title I of ERISA or Section 4975 of the Code (each, a “**Plan**”) or (b) entity whose underlying assets include “plan assets” by reason of any Plan’s investment in the entity; or as otherwise determined by the Directors in their sole discretion in any particular case or generally;

“**Seal**” means the Common Seal of the Company (if adopted) including any facsimile thereof;

“**share**” means any share in the capital of the Company, including a fraction of any share;

“**Share Premium Account**” means the share premium account established in accordance with these Articles and the Law;

“**signed**” includes a signature or representation of a signature affixed by mechanical means;

“**Special Resolution**” means a resolution passed in accordance with Section 60 of the Law, being a resolution:

- (c) passed by a majority of not less than two-thirds of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or

- (d) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the Special Resolution so adopted shall be the date on which the instrument or the last of such instruments if more than one, is executed.

**“uncertificated share”** means a share of a class in the capital of the Company which is recorded on the Register as being held in uncertificated form and title to which may, by virtue of the regulations governing the Relevant System, be transferred by means of a Relevant System and references to a share being held in **“uncertificated form”** shall be construed as a reference to that share being an uncertificated unit of security;

**“Valuation Day”** means the last calendar day of each calendar quarter or such other day as the Directors may designate from time to time or in any particular case as a Valuation Day;

**“Treasury Shares”** means shares that were previously issued but were purchased, redeemed, surrendered or otherwise acquired by the Company and not cancelled.

2. In these Articles, save where the context requires otherwise:
- (a) words importing the singular number shall include the plural number and vice versa;
  - (b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;
  - (c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
  - (d) reference to a dollar or dollars (or \$) and to a cent or cents is reference to dollars and cents of the United States of America;
  - (e) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
  - (f) reference to any determination by the Directors shall be construed as a determination by the Directors in their sole and absolute discretion and shall be applicable either generally or in any particular case; and
  - (g) reference to “in writing” shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing or partly one and partly another.
3. Subject to the last two preceding Articles, any words defined in the Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

#### **PRELIMINARY**

4. The business of the Company may be commenced as soon after incorporation as the Directors see fit.
5. The Registered Office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

#### **SERVICE PROVIDERS**

6. The Directors may appoint any one or more Persons to act as service providers to the Company (including, without limitation to act as manager, administrator, cash custodian, custodian, investment manager, investment adviser, sponsor depositary, and/or prime broker to the Company) and the Directors may entrust to and confer upon such Persons any of the powers exercisable by them as Directors upon such terms and conditions including the right to remuneration payable by, and indemnification from, the Company and with such restrictions and with such powers of delegation as they may determine and either collaterally with or to the exclusion of their own powers. The Company may agree with such service provider that any such fee may be rebated by the service provider to a Person as determined by the relevant service provider.
7. The Directors shall keep, or cause to be kept, the Register at such place or (subject to compliance with the Law and these Articles) places as the Directors may from time to time determine. In the absence of any

such determination, the Register shall be kept at the Registered Office. The Directors may keep, or cause to be kept, one or more Branch Registers as well as the Principal Register in accordance with the Law, provided always that a duplicate of such Branch Register(s) shall be maintained with the Principal Register in accordance with the Law.

## **SHARES**

8. The authorised share capital of the Company is as set out in the Company's Memorandum of Association having the rights and being subject to the restrictions set out in these Articles.
9. Subject as otherwise provided in these Articles, all shares for the time being and from time to time unissued shall be under the control of the Directors, and may be re-designated, allotted or disposed of in such manner, to such persons and on such terms as the Directors in their absolute discretion may think fit.
10. Subject to the provisions, if any, in the Memorandum of Association, these Articles and to any direction that may be given by the Company in general meeting and without prejudice to any special rights previously conferred on the holders of existing shares, the Directors may allot, issue, grant options over and issue warrants or similar instruments with respect to or otherwise dispose of shares (including fractions of a share) with or without preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper provided always that, notwithstanding any provision to the contrary contained in these Articles, the Company shall be precluded from issuing bearer shares.
11. The Company may insofar as may be permitted by law, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.
12. The rights and restrictions attaching the shares are as follows:-
  - (a) Subject to any rights or restrictions attached to any shares, on a show of hands every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorized representative, shall have one vote and on a poll every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorized representative, shall have one vote for every share of which he is the holder.
  - (b) Shares shall confer upon a Member rights in a winding-up or repayment in capital and the right to participate in the profits or assets of the Company in accordance with these Articles.
  - (c) In the event of liquidation the shares carry a right to the return of the nominal capital paid-up on them, and a right to the surplus of assets (if any) of the Company, *pari passu* among holders of shares.

## **VARIATION OF RIGHTS ATTACHING TO SHARES**

13. If at any time the share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or with the sanction of a resolution passed by at least a three-quarters majority of the holders of shares of the class present in person or by proxy at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.
14. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied or abrogated by the creation or issue of further shares ranking *pari passu* therewith or the redemption or purchase of shares of any class by the Company.

## **CERTIFICATES**

15. The Company shall maintain a Register. Every person (except a Recognised Person in respect of whom the Company is not required by law to complete and have ready for delivery a certificate) whose name is entered as a member in the Register shall, without payment, be entitled to a certificate in the form determined by the Directors within two months of allotment (or within such other period as the conditions of issue shall provide) or the lodgement of transfer. Such certificate may be under the Seal. All certificates shall specify the share or shares held by that person and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate unless payment of US\$0.50 or such lesser sum as the Directors may from time to time determine for every additional certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.
16. If a share certificate is defaced, lost or destroyed it may be renewed on such terms, if any, as to evidence and indemnity as the Directors think fit.
17. Any shares initially sold in the United States or to, or for the account or benefit of, U.S. Persons where the investor elects to receive shares in certificated form shall bear the legend set out below:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD, UNLESS IT HAS BEEN REGISTERED UNDER THE SECURITIES ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE (AND, IN SUCH CASE, AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY TO THE EFFECT THAT SUCH OFFER OR SALE IS NOT REQUIRED TO BE REGISTERED UNDER THE SECURITIES ACT HAS BEEN PROVIDED TO THE COMPANY).

## **DEPOSITARY INTERESTS AND UNCERTIFICATED SHARES**

18. The Directors shall, subject always to the Law and any other applicable laws and regulations and the facilities and requirements of any Relevant System (as defined in Article 46) concerned and these Articles, have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to (without limitation) the evidencing of title to and transfer of interests in shares in the Company in the form of depositary interests or similar interests, instruments or securities, and to the extent such arrangements are so implemented, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer thereof or the shares in the Company represented thereby. The Directors may from time to time take such actions and do such things as they may, in their absolute discretion, think fit in relation to the operation of any such arrangements.
19. Subject to the Law, the Board of Directors may permit shares (or interests in shares) to be held in uncertificated form and to be transferred by means of a Relevant System (as defined in Article 46) of holding and transferring shares (or interests in shares) in uncertificated form and may determine that any class of shares shall cease to be a participating security (as defined in Regulation 3 of the UK Uncertificated Securities Regulations 2001). Where the Board of Directors permits shares (or interests in such shares) to be held in uncertificated form, Articles 22 and 23 shall commence to have effect immediately prior to the time at which the operator of the Relevant System concerned permits the class of shares (or interests in such shares) to be a participating security.
20. Conversion of shares held in certificated form into shares (or any interest in such shares) held in uncertificated form, and vice versa, may be made in such manner as the Board of Directors may in its absolute discretion think fit (subject to the facilities and requirements of the Relevant System).
21. Shares in the Company that fall within a certain class shall not form a separate class of shares from other shares in that class because any share in that class is held in uncertificated form or is permitted in accordance with the regulations of the Relevant System to become a participating security.
22. In relation to any class of shares (or any interest in such shares) which is, for the time being, a participating security, and for so long as such class remains a participating security, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:
  - (a) the holding of shares (or any interest in such shares) of that class in uncertificated form;

- (b) the transfer of title to shares (or any interest in such shares) of that class by means of a Relevant System; or
- (c) the requirements of the Relevant System

and, without prejudice to the generality of this Article, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the maintenance, keeping or entering up by the operator of the Relevant System, so long as that is permitted or required by the regulations governing the Relevant System, of an operator register of securities in respect of shares of that class in uncertificated form.

23. Without prejudice to the generality of Article 20 and notwithstanding anything contained in these Articles, where any class of shares (or interest in such shares) is, for the time being, a participating security (such class being referred to hereinafter as the “**Relevant Class**”):
- (a) the register relating to the Relevant Class shall be maintained at all times in such place as may be determined by a Resolution of Directors; and
  - (b) unless the Directors otherwise determine, shares of the Relevant Class held by the same holder or joint holder in certificated form and uncertificated form shall be treated as separate holdings.

#### **COMPANY’S RIGHTS IN RESPECT OF UNCERTIFICATED SHARES**

24. Where any class of shares (or interest in such shares) is a participating security and the Company is entitled under the Law or these Articles to sell, transfer, dispose of, forfeit, re-allot, accept the surrender of or otherwise enforce a lien over a share (or interest in such share) held in uncertificated form, the Company shall be entitled, subject to the Law, these Articles and the facilities and requirements of the Relevant System:
- (a) to require the holder of that uncertificated share (or interest in such share) by notice to change that share (or interest in such shares) into certificated form within the period specified in the notice and to hold that share in certificated form so long as required by the Company;
  - (b) to require the holder of that uncertificated share (or interest in such share) by notice to give any instructions necessary to transfer title to that share by means of the Relevant System within the period specified in the notice;
  - (c) to require the holder of that uncertificated share (or interest in such share) by notice to appoint any person to take any steps, including without limitation the giving of any instructions by means of the Relevant System, necessary to transfer that share within the period specified in the notice;
  - (d) to take any action that the Board of Directors considers appropriate to achieve the sale, transfer, disposal of, forfeiture, re-allotment or surrender of that share (or interest in such share) or otherwise to enforce a lien in respect of it; and
  - (e) to assume that the entries on any record of securities maintained by it in accordance with the regulations governing the Relevant System and regularly reconciled with the relevant operator register of securities are a complete and accurate reproduction of the particulars entered in the operator register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance upon such assumption; in particular, any provision of these Articles which requires or envisages that action will be taken in reliance on information contained in the register shall be construed to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

#### **FRACTIONAL SHARES**

25. The Directors may issue fractions of a share of any class of shares, and, if so issued, a fraction of a share (calculated to three decimal points) shall be subject to and carry the corresponding fraction of liabilities (whether with respect to any unpaid amount thereon, contribution, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without limitation, voting and participation rights) and other attributes of a whole share of the same class of shares.

## **LIEN**

26. The Company shall have a first priority lien and charge on every partly paid share for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a first priority lien and charge on all partly paid shares standing registered in the name of a Member (whether held solely or jointly with another person) for all moneys presently payable by him or his estate to the Company, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all distributions payable thereon.
27. The Company may sell, in such manner as the Directors in their absolute discretion think fit, any shares on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the persons entitled thereto by reason of his death or bankruptcy.
28. For giving effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
29. The proceeds of the sale after deduction of expenses, fees and commission incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

## **CALLS ON SHARES**

30. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their partly paid shares, and each Member shall (subject to receiving at least 14 days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such shares.
31. The joint holders of a share shall be jointly and severally liable to pay calls in respect thereof.
32. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of eight per centum per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.
33. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.
34. The Directors may make arrangements on the issue of partly paid shares for a difference between the Members, or the particular shares, in the amount of calls to be paid and in the times of payment.
35. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight per cent. per annum) as may be agreed upon between the Member paying the sum in advance and the Directors.

## FORFEITURE OF SHARES

36. If a Member fails to pay any call or instalment of a call in respect of partly paid shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
37. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
38. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.
39. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
40. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the shares forfeited.
41. A statutory declaration in writing that the declarant is a Director, and that a share has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts in the declaration as against all persons claiming to be entitled to the share.
42. The Company may receive the consideration, if any, given for a share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and that person shall be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.
43. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes due and payable, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

## TRANSFER OF SHARES

44. Subject to the Law and these Articles, any Member may transfer all or any of its shares (or interest in such shares) by instrument of transfer in any usual form or in such other form as the directors may approve and the instrument must be signed by or on behalf of the transferor (but need not be under seal) and, in the case of a partly paid share, by or on behalf of the transferee. The transferor will be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect of it.
45. Transfers of shares (or interest in such shares) in uncertificated form shall be effected by means of the Relevant System in accordance with the rules of the Relevant System and these Articles.
46. For the purposes of these Articles, a “**Relevant System**” means, in relation to a share, a computer-based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters, including, without limitation, CREST.
47. Prior to Admission, no transfer of shares shall be effective unless the Directors have given their approval thereto and, for the avoidance of doubt, the Directors may, in their absolute discretion and without giving any reason, refuse to register any transfer of shares;
48. Following Admission, the Directors may, in their absolute discretion and without giving any reason therefor, refuse to register any transfer of shares unless:

- (a) it is in respect of a fully paid share;
  - (b) it is duly stamped (if required);
  - (c) save in the case of a transfer by a Recognised Person to whom no share certificate was issued, it is deposited at the Registered Office or such other place as the Directors may appoint and is accompanied by the certificate, for the shares to which it relates and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer;
  - (d) it is in respect of only one class of share;
  - (e) it is in favour of not more than four transferees except in the case of executors or trustees of a deceased Member; and
  - (f) it is in respect of a share on which the Company does not have a lien in respect of which the Company has served a notice pursuant to Article 25.
49. Following Admission, the Directors may, in exceptional circumstances approved by the London Stock Exchange and/or the rules and practices of the operator of the Relevant System, refuse to register any transfer of shares (or interest in such shares) to which the provisions of Article 48 would otherwise apply, provided that their refusal does not disturb the market in the shares.
50. If the Directors refuse to register a transfer of any shares, they must, within two months after the date on which the transfer was lodged with the Company or the instruction was received by the operator of the Relevant System (as the case may be), send to the transferor and the transferee notice of the refusal.
51. The registration of transfers of shares may be suspended at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that (i) such registration shall not be suspended for more than 45 days in any year, and (ii) the Directors may not suspend the registration of transfers of any participating security without the consent of the operator of the Relevant System or without having given prior written notice to any such depositary as may be appointed by the Company from time to time.
52. All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors decline to register shall (except in any case of fraud) be returned to the person depositing the same.
53. Nothing in these Articles precludes the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

#### **TRANSMISSION OF SHARES**

54. The legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only person recognised by the Company as having any title to the share.
55. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.
56. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

## **DISCLOSURE OF INTERESTS IN SHARES**

57. Notwithstanding the provisions of the Law, where a person acquires an interest in the Company's shares or becomes aware of acquiring such an interest or where a Member ceases to have such an interest in any of the shares previously held by him, then, subject to the provisions below, such change in interest must be disclosed to the Company.
58. An interest needs to be disclosed when one of the following conditions has been met:
- (a) where a person or Member's interest equals or is more than three per cent. of the total number of shares currently in issue (exclusive of any shares held as Treasury Shares) of the Company; or
  - (b) where a person or Member's interest is already three per cent. or more of the total number of shares currently in issue (exclusive of any shares held as Treasury Shares) of the Company and such interest is either raised or lowered by one per cent. of the total number of shares currently in issue of the Company.
59. An obligation for disclosure arises where any of the conditions set out in Article 58 occur. When an obligation occurs the person or Member affected shall notify the Company in writing within two days of such an obligation having occurred.

## **ALTERATION OF CAPITAL**

60. The Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe.
61. The Company may by Ordinary Resolution:
- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
  - (b) convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination;
  - (c) subdivide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived;
  - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
62. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by law.

## **REDEMPTION, PURCHASE AND SURRENDER OF OWN SHARES**

63. Subject to the provisions of the Law and the Memorandum of Association, the Company may:
- (a) issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as the Company may, before the issue of such shares, by Special Resolution determine;
  - (b) purchase its own shares (including any redeemable shares) has provided that the manner of purchase has first been authorised by the Company in general meeting and may make payment therefor in any manner authorised by the Law, including out of capital;
  - (c) make a payment in respect of the redemption or purchase of its own shares otherwise than out of profits or the proceeds of a fresh issue of shares; and
  - (d) accept the surrender for no consideration of any paid up share (including any redeemable share) on such terms and in such manner as the Directors may determine.

64. Any share in respect of which notice of redemption has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption.
65. The redemption, purchase or surrender of any share shall not be deemed to give rise to the redemption or purchase of any other share.
66. The Directors may when making payments in respect of the redemption, purchase or surrender of shares, if authorised by the terms of issue of the shares being redeemed or purchased or with the agreement of the holder of such shares, make such payment either in cash or in specie.

#### **TREASURY SHARES**

67. Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) may, at the option of the Company, be cancelled immediately or held as Treasury Shares in accordance with the Law. In the event that the Directors do not specify that the relevant shares are to be held as Treasury Shares, such shares shall be cancelled.
68. No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be declared or paid in respect of a Treasury Share.
69. The Company shall be entered in the Register as the holder of the Treasury Shares provided that:
  - (a) the Company shall not be treated as a member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void; and
  - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Law, save that an allotment of shares as fully paid bonus shares in respect of a Treasury Share is permitted and shares allotted as fully paid bonus shares in respect of a treasury share shall be treated as Treasury Shares.
70. Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

#### **COMPULSORY REDEMPTION**

71. Where, in the opinion of the Directors, shares are being held, directly or indirectly, by any Member (a "**Non-Qualifying Person**"): (i) whose ownership of shares may cause the Company's assets to be deemed "plan assets" for the purposes of ERISA or the Code, or (ii) whose ownership of shares may cause the Company to be required to register as an "investment company" under the Investment Company Act of 1940 (as amended), the Company may at its option direct the Non-Qualifying Person to transfer his shares to a person who is qualified to hold them and would not by reason of a transfer become a Non-Qualifying Person. Notwithstanding any provisions to the contrary in these Articles, until such transfer is effected, the holder of such shares will not be entitled to any rights or privileges attaching to such shares. If the required transfer is not effected within 30 days after service of a notice to do so and the said Member directed to transfer his shares has not established to the reasonable satisfaction of the Board of Directors (whose judgement shall be final and binding) that he is not a Non-Qualifying Person, any or all of the shares concerned may be redeemed or sold by the Company on behalf of the said Member. The said Member shall be entitled to receive the redemption proceeds in respect of his shares so redeemed and such redemption proceeds to be paid to such Member in the manner described and subject as provided in these Articles. The consent of such Member for the redemption of his shares by the Company is not required. To give effect to any such sale the Board of Directors may authorise any person to transfer the shares to be sold.

#### **CLOSING REGISTER OR FIXING RECORD DATE**

72. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period which shall not exceed

in any case 40 days. If the Register shall be so closed for the purpose of determining those Members that are entitled to receive notice of, attend or vote at a meeting of Members the register shall be so closed for at least 10 days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register.

73. In lieu of or apart from closing the Register, the Directors may fix in advance a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members and for the purpose of determining those Members that are entitled to receive payment of any dividend the Directors may, at or within 90 days prior to the date of declaration of such dividend fix a subsequent date as the record date for such determination.
74. If the Register is not so closed and no record date is fixed for the determination of those Members entitled to receive notice of, attend or vote at a meeting of Members or those Members that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

### **GENERAL MEETINGS**

75. The Company shall, within one year of its incorporation and in each year of its existence thereafter hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the principal office on the second Thursday in April of each year at 10 a.m. At these meetings, the report of the Directors (if any) shall be presented.
76. The Directors, or a committee designated by the Board of Directors whose powers and authorities include the power and authority to call meetings of the Company, may whenever they think fit, proceed to convene an extraordinary or special general meeting of the Company.
77. Members shall not have the power to convene meetings of the Company, whether being a special general meetings or the annual general meeting, of the Company, save only at any time when the Board of Directors of the Company is vacant and then only in accordance with the Law.

### **NOTICE OF GENERAL MEETINGS**

78. Notice of any general meeting of the Company, stating the place, day and hour of the meeting, and in case of a special general meeting the purpose or purposes for which the special general meeting is called, shall be given in writing to each Member entitled to vote at the meeting at least ten but not more than 50 days before the date of the meeting. Notice shall be given either personally or by mail or other means of written communication, addressed to the Member at the address appearing on the books of the corporation or given by the Member to the Company for the purpose of notice. Notice of adjourned meetings is not necessary unless the meeting is adjourned for 30 days or more, in which case notice of the adjourned meeting shall be given as in the case of any special general meeting.
79. A general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not these Articles regarding general meetings of the Company have been complied with, be deemed to have been duly convened if it is so agreed:
  - (a) in the case of an annual general meeting, by all the Members (or their proxies) entitled to attend and vote thereat; and
  - (b) in the case of any other special general meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 75% in par value of the shares giving that right, or their proxies.
80. The accidental omission to give notice of a general meeting of the Company to or the non-receipt of a notice of a general meeting of the Company by any Member shall not invalidate the proceedings at such meeting.

## PROCEEDINGS AT GENERAL MEETINGS

81. All business carried out at a general meeting of the Company shall be deemed special with the exception of sanctioning a dividend, the consideration of the accounts, balance sheets, and any report of the Directors or of the Company's auditors, the appointment and removal of Directors and the fixing of the remuneration of the Company's auditors. No special business shall be transacted at any special general meeting of the Company without the consent of all Members entitled to receive notice of that meeting unless notice of such special business has been given in the notice convening that meeting.
82. The holders of a majority of the shares entitled to vote at the meeting and present in person or represented by proxy shall constitute a quorum at all meetings of the Company for the transaction of business, except as otherwise provided by the Law, or by these Articles. If a quorum shall not be present or represented at any general meeting of the Company, the Members entitled to vote at the meeting and present in person or represented by proxy shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present or represented. At an adjourned meeting at which a quorum shall be present or represented by proxy business may be transacted which might have been transacted at the meeting as originally notified. The Members present at a duly constituted meeting may continue to transact business until adjournment, despite the withdrawal of enough shareholders to leave less than a quorum.
83. If the Directors wish to make this facility available to Members for a specific or all general meetings of the Company, a Member may participate in any general meeting of the Company, by means of a telephone or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.
84. The chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company.
85. If there is no such chairman, or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, any officer of the Company present shall chair such meeting. In the absence of all officers of the Company the Members present shall choose one of their number to be chairman of that meeting.
86. The chairman may, with the consent of any general meeting at which a quorum is present (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
87. The secretary, if any, of the Company shall act as secretary at all general meetings of the Company. If there is no such secretary, or if at any general meeting the secretary is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as secretary, any officer of the Company present shall act as secretary and in the absence of all of these officers the chairman of the meeting may appoint any person to act as secretary of the meeting.
88. At any general meeting of the Company a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by one or more Members collectively present in person or by proxy representing not less than one-tenth of the total sum paid up on all shares conferring that right, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.
89. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
90. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

91. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

### **VOTES OF MEMBERS**

92. Subject to any rights and restrictions for the time being attached to any class or classes of shares, on a show of hands every Member present in person and every person representing a Member by proxy shall at a general meeting of the Company have one vote and on a poll every Member and every person representing a Member by proxy shall have one vote for each share of which he or the person represented by proxy is the holder.
93. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register.
94. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person may vote by proxy.
95. No Member shall be entitled to vote at any general meeting of the Company unless all calls or other sums presently payable by him in respect of shares carrying the right to vote held by him have been paid.
96. On a poll votes may be given either personally or by proxy.
97. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member.
98. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.
99. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable or unless otherwise made irrevocable by law.
100. Each proxy shall be filed with the secretary of the Company prior to or at the time of the general meeting.
101. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
102. A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

### **CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS**

103. Any corporation which is a Member or a Director may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members or of the Board of Directors or of a committee of Directors, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member or Director.

### **DIRECTORS**

104. The name of the first Director(s) shall either be determined in writing by a majority (or in the case of a sole subscriber that subscriber) of, or elected at a meeting of, the subscribers of the Memorandum of Association.
105. The Board of Directors shall consist of not less than one and not more than fifteen Directors (exclusive of any Director appointed by the holder of a preference Share in the Company conferring rights upon such holder to appoint Directors contrary to these provisions), as shall be provided from time to time by resolution of the Board of Directors, provided that no decrease in the number of Directors shall have the effect of

shortening the term of any incumbent Director, and provided further that no action shall be taken to decrease or increase the number of Directors from time to time unless at least two-thirds of the Directors then in office shall concur in said action.

106. The number of Directors may be changed by resolution of the Board of Directors, subject to the limitation on number stated in Article 105, above, and subject to the approval and concurrence of two-thirds of the Directors then in office.
107. Directors shall, where a vacancy exists on the Board of Directors, be elected at each the annual meeting of the Company, except as otherwise expressly provided in these Articles.
108. Directors shall be elected by plurality vote. Cumulative voting shall not be permitted. There shall be no shareholding qualification for Directors.
109. A Director shall hold office until such time as he is removed from office in accordance with these Articles.
110. The Company may by resolution of at least 75% of those Members for the time being entitled to receive notice of and to attend and vote at general meetings remove any person appointed as a Director, or all Directors of a single class, but not the entire Board of Directors.
111. The Board of Directors of the Company shall be divided into three classes of Directors (other than Directors which may be elected by the holders of preference Shares of the Company conferring rights upon such holder to appoint Directors contrary to these provisions) which shall be designated Class I, Class II and Class III. The members of each class shall be elected for a term of three years and until their successors are elected. Such classes shall be as nearly equal in number as the then total number of Directors constituting the entire Board of Directors shall permit, exclusive of any Director elected by the holders of preference Shares of the Company conferring rights upon such holder to appoint Directors contrary to these provisions, if any, with the terms of office of all members of one class expiring each year. Should the number of Directors not be equally divisible by three, the excess Director or Directors shall be assigned to Classes I or II as follows: (i) if there shall be an excess of one directorship over the number equally divisible by three, such extra directorship shall be classified in Class I; and (2) ) if there shall be an excess of two directorship over a number equally divisible by three, one directorship shall be classified in Class I and the other directorship shall be classified in Class II. Those Directors classified as Class I Directors on the date of adoption of these Articles shall be elected to hold office for a term expiring at the next annual general meeting of the Company. Directors classified as Class II Directors shall hold office for a term expiring at the second annual general meeting of the Company following the date of adoption of these Articles and Directors classified as Class III Directors shall hold office for a term expiring at the third annual general meeting of the Company following the date of adoption of these Articles. Notwithstanding the foregoing, a Director whose term shall expire at any annual general meeting of the Company shall continue to serve until such time as his successor shall have been duly elected unless his position on the Board of Directors shall have been abolished by action take to reduce the size of the Board of Directors prior to said meeting.
112. Should the number of Directors of the Company be reduced, the directorship(s) shall be allocated among classes as appropriate so that the number of Directors in each class is as specified in the position(s) to be abolished. Notwithstanding the foregoing, no decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director. Should the number of Directors of the Company be increased, other than Directors which may be elected by the holders of preferred Shares of the Company conferring rights upon such holder to appoint Directors contrary to these provisions, the additional directorships shall be allocated among classes as appropriate so that the number of Directors in each class is as specified in the immediately preceding paragraph of this Article.
113. Any vacancy occurring in the Board of Directors (by death, resignation, removal, increase in the number of Directors or otherwise) may be filled by an affirmative vote of two-thirds of the remaining (or then-serving) Directors, even if the remaining (or then-serving) Directors are less than a quorum of the Board of Directors. A Director elected to fill a vacancy or a new seat on the Board of Directors shall be elected for a term expiring at the next annual meeting of the Company at which the term of the class to which the Director has been chosen expires and when the Director's successor is elected. If the entire Board of Directors is vacant, the vacancies shall be filled at any special general meeting or annual general meeting of the Company, by the affirmative vote of a majority in number of shares of the Members present, in person

or by proxy, at the meeting and for the time being entitled to receive notice of and to attend and vote at general meetings of the Company.

114. The remuneration of the Directors may be determined by the Board of Directors or by the Company by Ordinary Resolution at each annual general meeting of the Company.

#### **ALTERNATE DIRECTOR**

115. Any Director may in writing appoint another person to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present. Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director when the person appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall not be an officer of the Company and shall be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.
116. Any Director may, subject to obtaining the prior approval of the Board of Directors, appoint any person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

#### **POWERS AND DUTIES OF DIRECTORS**

117. Subject to the provisions of the Law, these Articles and to any resolutions made in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that resolution had not been made.
118. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
119. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.
120. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.
121. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such persons.
122. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms

and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

123. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

#### **OFFICERS AND AGENTS**

124. The Company shall have a president, one or more vice presidents, a secretary, a treasurer, and such other officers (including a chairman of the Board of Directors, chief executive officer, or chief financial officer) and assistant officers and agents as the Directors may determine from time to time. No officer or agent need be a shareholder, a Director of the Company.
125. Officers shall be elected by the Directors on the expiration of an officer's term or whenever a vacancy exists. Officers and agents may be elected or removed by resolution of the Director's. Unless otherwise specified by the resolution of the Director's appointing the officer, or in an employment contract approved by the Directors, or unless earlier removed, each officer's and agent's term shall last until the first meeting of Directors after the next annual meeting of the Company and thereafter, as to officers but not as to agents, until the officer's resignation, removal or termination of employment. An officer shall be automatically removed, without action by the Directors, upon the termination of such officer's employment, whether voluntary or involuntary. Any two or more offices may be held by the same person.
126. Any officer or agent elected or appointed by the Directors may be removed by resolution of the Directors whenever in the Director's judgment the best interest of the Company will be served thereby. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights, and no contract rights of officers or agents shall bind the Company unless established in a writing executed by an officer who has been so authorized by a resolution of the Directors. Every officer and agent of the Company shall serve at will unless expressly stated to the contrary in a written employment or agency agreement executed on behalf of the Company.
127. Any vacancy occurring in any office of the Company (by death, resignation, removal or otherwise) may be filled by the Directors for the unexpired portion of the term.
128. Officers and agents shall have such authority and perform such duties in the management of the Company as determined by the Directors from time to time, not being inconsistent with these Articles.
129. The compensation of officers and agents shall be fixed from time to time by the Directors.
130. Without prejudice to the generality of the foregoing Articles or the determination of the Director's to specify the powers and authority of any officer or agent upon appointment, the office of president shall have authority with respect to the general and active management of the business and affairs of the Company, and shall see that all orders and resolutions of the Directors are carried into effect. The president shall supervise all other officers and employees of the Company and be authorised to: exercise the authority delegated to him or her in the Company's management handbook, if any, approved by the Directors; manage the properties and business of the Company; hire employees; discharge employees, including officers elected by the Directors; sign all notes, trust deeds, assignments, pledges, chattel mortgages and documents required by a lender in connection with debt authorized by resolution of the Directors, including debt authorized by the consent of the Directors in lieu of a first meeting; purchase or authorize the purchase of all goods, wares, merchandise, equipment, supplies and machinery required in the transaction of the business of the Company; sue on behalf of the Company; employ attorneys on behalf of the Company; and determine the purchase and sales price of all goods, wares, merchandise and commodities purchased or sold from the resources of the Company. The president shall perform such other duties and have such other authority and powers as the Directors may from time to time prescribe.
131. The office of vice president shall, in the order of seniority, unless otherwise determined by the Directors, in the absence or disability of the president, perform the duties and have the authority and exercise the powers of the president. A vice president shall perform such other duties and have such other authority and powers as the Directors may from time to time prescribe in the management handbook, if any, approved by the Directors or as otherwise prescribed by the Directors, or as the president may from time to time delegate.

132. The office of secretary shall attend all meetings of the Directors and all meetings of the Company and record all votes, actions and the minutes of all proceedings and or resolutions passed in a book to be kept for that purpose and shall perform like duties for the executive and other committees when required. The secretary shall give, or cause to be given, notice of all meetings of the Company and special meetings of the Directors. The secretary shall keep in safe custody the seal, if any, of the Company and affix it to any instrument requiring it. When so affixed, the seal may be attested by the signature of the secretary or by the signature of an assistant secretary. The secretary shall perform such other duties and have such other authority and powers as the Directors may from time to time prescribe in the management handbook, if any, approved by the Directors or as otherwise prescribed by the Directors or as the president may from time to time delegate.
133. The office of treasurer shall have responsibility for the custody of the corporate funds and securities, shall keep full and accurate accounts of receipts and disbursements of the Company, and shall deposit all funds and other valuables in the name and to the credit of the Company in depositories designated by the Directors. The treasurer shall disburse the funds of the Company as ordered or authorized by the Directors, and prepare financial statements as they direct. The treasurer shall perform such other duties and have such other authority and powers as the Directors may from time to time prescribe in the management handbook, if any, approved by the Directors or as otherwise prescribed by the Directors or as the president may from time to time delegate.
134. All officers of the Company shall have such authority and responsibility as prescribed in the Company's management handbook, if any, approved by the Directors.

#### **BORROWING POWERS OF DIRECTORS**

135. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

#### **THE SEAL**

136. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an Assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose and every person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.
137. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such person or persons as the Directors shall for this purpose appoint and such person or persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an Assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose.
138. Notwithstanding the foregoing, a Secretary or any Assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

## **DISQUALIFICATION OF DIRECTORS**

139. The office of Director shall be vacated, if the Director:
- (a) becomes bankrupt or makes any arrangement or composition with his creditors;
  - (b) is found to be or becomes of unsound mind;
  - (c) resigns his office by notice in writing to the Company;
  - (d) is removed or retires from office in accordance with these Articles; or
  - (e) is removed from office by notice addressed to him at his last known address and signed by all his co-Directors (not being less than two in number).

## **PROCEEDINGS OF DIRECTORS**

140. The first meeting of a newly elected Board shall be held without further notice immediately following the annual meeting of the Company, and at the same place, unless by unanimous consent of the Directors then elected and serving the time or place is changed.
141. The Directors may meet together (either within or without the Cayman Islands) without notice for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote. A Director may, and a Secretary or Assistant Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
142. Director or Directors may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director or Directors are members, by means of conference telephone or similar communications equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.
143. At meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise specifically provided by the Law, or these Articles. If a quorum is not present at a meeting of the Board of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.
144. A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.
145. By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any Director from serving the Company in any other capacity and receiving compensation therefor. Members of the executive committee or of special or standing committees may, by resolution of the Board of Directors, be allowed like compensation for attending committee meetings.
146. A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
147. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or

place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. If a director is so interested, such Director shall not vote in respect of any contract or transaction nor shall he be counted in the quorum present at that meeting of Directors.

148. Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
149. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Board of Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. However, a Director shall not vote in respect of any contract or proposed contract or arrangement nor shall he be counted in the quorum at any meeting of Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.
150. The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:
  - (a) all appointments of officers made by the Directors;
  - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
  - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
151. When the chairman of a meeting of the Directors signs the minutes of such meeting those minutes shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
152. A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee of Directors (as the case may be) duly called and constituted. When signed a resolution may consist of several documents each signed by one or more of the Directors.
153. The Directors may elect a chairman of their meetings and determine the period for which he is to hold office but if no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.
154. A committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairman of the meeting.
155. A committee appointed by the Directors may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.
156. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

## **DIVIDENDS**

157. Subject to the Law and this Article, the Directors may declare dividends and distributions on shares in issue and authorize payment of the dividends (including interim dividends) or distributions out of the funds of the Company lawfully available therefore. No dividend or distribution shall be paid except out of the realized or unrealized profits of the Company, or as otherwise permitted by the Law. There are no fixed dates on which the entitlement to dividends arises. All dividend payments shall be non-cumulative.
158. Except as otherwise provided by the rights attached to shares with special rights as to dividends or distributions, if dividends or distributions are to be declared on a class of shares they shall be declared and paid according to the amounts paid or credited as paid on the shares of such class outstanding on the record date for such dividend or distribution as determined in accordance with these Articles but no amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of these Articles as paid on the share.
159. The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.
160. The Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional shares and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.
161. Any dividend, distribution, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by check or warrant sent through by post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register or to such person and to such address as such holder or joint holders may in writing direct. Every such check or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the share held by them as joint holders.
162. No dividend or distribution shall bear interest against the Company.
163. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments (other than shares) as the Directors may from time to time think fit.
164. Any dividend which cannot be paid to a Member and/or which remains unclaimed after six months from the date of declaration of such dividend may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the dividend shall remain as a debt due to the Member. Any dividend which remains unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the Company

## **ACCOUNTS AND AUDIT**

165. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
166. The books of account shall be kept at the Registered Office of the Company, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
167. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have

any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by the Company by Ordinary Resolution.

168. The accounts relating to the Company's affairs shall only be audited if the Directors so determine, in which case the financial year end and the accounting principles will be determined by the Directors.
169. A printed or electronic copy of the audited annual financial statements of the Company shall be made available to Members, if so determined by the Directors in their discretion.
170. The Directors in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies.

### **CAPITALISATION OF PROFITS**

171. Subject to the Law, the Directors may, with the authority of an Ordinary Resolution:
  - (a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;
  - (b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
    - (i) paying up the amounts (if any) for the time being unpaid on shares held by them respectively, or
    - (ii) paying up in full unissued shares or debentures of a nominal amount equal to that sum, and allot the shares or debentures, credited as fully paid, to the Members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to Members credited as fully paid;
  - (c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;
  - (d) authorise a person to enter (on behalf of all the Members concerned) into an agreement with the Company providing for either:
    - (i) the allotment to the Members respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalisation, or
    - (ii) the payment by the Company on behalf of the Members (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing shares,and any such agreement made under this authority being effective and binding on all those Members; and
  - (e) generally do all acts and things required to give effect to the resolution.

### **SHARE PREMIUM ACCOUNT**

172. The Directors shall in accordance with Section 34 of the Law establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share.
173. There shall be debited to any Share Premium Account on the redemption or purchase of a share the difference between the nominal value of such share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by Section 37 of the Law, out of capital.

## NOTICES

174. Any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to the Member at his address as appearing in the Register. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
175. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
176. Any notice or other document, if served by (a) post, shall be deemed to have been served five days after the time when the letter containing the same is posted, or, (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient or (c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service. In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.
177. Any notice or document delivered or sent by post to or left at the registered address of any Member in accordance with the terms of these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
178. Notice of every general meeting of the Company shall be given to:
- (a) all Members holding shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and
  - (b) every person entitled to a share in consequence of the death or bankruptcy of a Member, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other person shall be entitled to receive notices of general meetings.

## INDEMNITY

179. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), secretary, assistant secretary, or other officer for the time being and from time to time of the Company and the personal representatives of the same shall be indemnified out of the assets of the Company against any liability incurred by him or her as a result of any act or failure to act in carrying out his or her functions other than such liability (if any) that he or she may incur by his or her own actual fraud or wilful default or misconduct. No such Director or officer shall be liable to the Company for any loss or damage in carrying out his or her functions unless that liability arises through the actual fraud or wilful default or misconduct of such Director or officer. References in this Article to actual fraud or wilful default and or misconduct mean a finding to such effect by a competent court in relation to the conduct of the relevant party.
180. Without limiting the provisions of the foregoing Article, no such Director, alternate Director, secretary, assistant secretary or other officer of the Company (but not including the Company's auditors) shall be liable (a) for the acts, receipts, neglects, defaults or omissions of any other such Director or officer or agent of the Company or (b) for any loss on account of defect of title to any property of the Company or (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested or (d) for any loss incurred through any bank, broker or other similar person or (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on his or her part or (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or

discharge of the duties, powers authorities, or discretions of his or her office or in relation thereto, unless that liability arises through the actual fraud or wilful default or misconduct of such Director or officer.

#### **NON-RECOGNITION OF TRUSTS**

181. Subject as provided to the contrary in these Articles, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent or future interest in any of its shares or any other rights in respect thereof except an absolute right to the entirety thereof in each Member registered in the Register.

#### **WINDING UP**

182. If the Company shall be wound up, and the assets available for distribution among the Members shall be insufficient to repay the, whole of the share capital, such assets shall be distributed so that, as nearly as possible, the losses shall be borne by the Members in proportion to the par value of the shares held by them. If in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed among the Members in proportion to the par value of the shares held by them at the commencement of the winding up subject to a deduction from those shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of shares issued upon special terms and conditions.
183. If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company, divide among the Shareholders in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

#### **AMENDMENT OF ARTICLES OF ASSOCIATION**

184. Subject to the Law and the rights attaching to the various classes of shares, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

#### **REGISTRATION BY WAY OF CONTINUATION**

185. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

#### **MERGERS AND CONSOLIDATION**

186. The Company may by Special Resolution resolve to merge or consolidate the Company in accordance with the Law.

#### **DISCLOSURE**

187. The Directors, or any authorised service providers (including the officers, the Secretary and the Registered Office agent of the Company), shall be entitled to disclose to any regulatory or judicial authority, or to any stock exchange on which the Shares may from time to time be listed, any information regarding the affairs of the Company including, without limitation, information contained in the Register and books of the Company.

This Page Intentionally Left Blank.

## EXHIBIT C

### Section 262 of the Delaware General Corporation Law

#### Appraisal rights

(a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to § 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of the stockholder's shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word "stockholder" means a holder of record of stock in a corporation; the words "stock" and "share" mean and include what is ordinarily meant by those words; and the words "depository receipt" mean a receipt or other instrument issued by a depository representing an interest in 1 or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to § 251 (other than a merger effected pursuant to § 251(g) of this title), § 252, § 254, § 255, § 256, § 257, § 258, § 263 or § 264 of this title:

(1) Provided, however, that no appraisal rights under this section shall be available for the shares of any class or series of stock, which stock, or depository receipts in respect thereof, at the record date fixed to determine the stockholders entitled to receive notice of the meeting of stockholders to act upon the agreement of merger or consolidation, were either (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in § 251(f) of this title.

(2) Notwithstanding paragraph (1) of this subsection, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to §§ 251, 252, 254, 255, 256, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof;

b. Shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 holders;

c. Cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a. and b. of this paragraph; or

d. Any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a., b. and c. of this paragraph.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under § 253 or § 267 of this title is not owned by the parent immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting,

shall notify each of its stockholders who was such on the record date for notice of such meeting (or such members who received notice in accordance with § 255(c) of this title) with respect to shares for which appraisal rights are available pursuant to subsection (b) or (c) of this section that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Each stockholder electing to demand the appraisal of such stockholder's shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of such stockholder's shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such stockholder's shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to § 228, § 253, or § 267 of this title, then either a constituent corporation before the effective date of the merger or consolidation or the surviving or resulting corporation within 10 days thereafter shall notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Such notice may, and, if given on or after the effective date of the merger or consolidation, shall, also notify such stockholders of the effective date of the merger or consolidation. Any stockholder entitled to appraisal rights may, within 20 days after the date of mailing of such notice, demand in writing from the surviving or resulting corporation the appraisal of such holder's shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such holder's shares. If such notice did not notify stockholders of the effective date of the merger or consolidation, either (i) each such constituent corporation shall send a second notice before the effective date of the merger or consolidation notifying each of the holders of any class or series of stock of such constituent corporation that are entitled to appraisal rights of the effective date of the merger or consolidation or (ii) the surviving or resulting corporation shall send such a second notice to all such holders on or within 10 days after such effective date; provided, however, that if such second notice is sent more than 20 days following the sending of the first notice, such second notice need only be sent to each stockholder who is entitled to appraisal rights and who has demanded appraisal of such holder's shares in accordance with this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation that is required to give either notice that such notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the stockholders entitled to receive either notice, each constituent corporation may fix, in advance, a record date that shall be not more than 10 days prior to the date the notice is given, provided, that if the notice is given on or after the effective date of the merger or consolidation, the record date shall be such effective date. If no record date is fixed and the notice is given prior to the effective date, the record date shall be the close of business on the day next preceding the day on which the notice is given.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) of this section hereof and who is otherwise entitled to appraisal rights, may commence an appraisal proceeding by filing a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party shall have the right to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) of this section hereof, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such written statement shall be mailed to the stockholder within 10 days after such stockholder's written request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) of this section hereof, whichever is later. Notwithstanding subsection (a) of this

section, a person who is the beneficial owner of shares of such stock held either in a voting trust or by a nominee on behalf of such person may, in such person's own name, file a petition or request from the corporation the statement described in this subsection.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder.

(h) After the Court determines the stockholders entitled to an appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding the Court shall determine the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. Unless the Court in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. Upon application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, proceed to trial upon the appraisal prior to the final determination of the stockholders entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted such stockholder's certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court's decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of such stockholder's demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after

the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just; provided, however that this provision shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger or consolidation within 60 days after the effective date of the merger or consolidation, as set forth in subsection (e) of this section.

(l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.