

THE COMPANIES ACT 2006

WRITTEN RECORD OF RESOLUTION OF THE MEMBERS OF

SCOTIA OIL & GAS EXPLORATION LIMITED
("the Company")

REGISTERED NUMBER: SC432820

CIRCULATION DATE: 26 SEPTEMBER 2012

APPROVAL DATE: 26 SEPTEMBER 2012

I, Andrew Knott, being the sole director of the above Company hereby note that:


- a. the following resolution, such resolution to have effect as a special resolution, was placed before the members of the Company in the form of a written resolution on 26 September 2012 (the "**Circulation Date**");

and

- b. the requisite level of consent required to approve the resolution was obtained by the Company on 26 September 2012 (the "**Approval Date**") and therefore the resolution was duly passed by the members of the Company on that date.

SPECIAL RESOLUTION

THAT the document attached and marked "A" for identification purposes, be adopted as the new articles of association of the Company in place of and to the exclusion of all other articles of association.



Andrew Knott
Sole Director
Scotia Oil & Gas Exploration Limited



ARTICLES OF ASSOCIATION
of
SCOTIA OIL AND GAS EXPLORATION LIMITED

Adopted by special resolution passed on 26 September 2012

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THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
SCOTIA OIL AND GAS EXPLORATION LIMITED
(SC432820)

(Adopted by written resolution passed on 26 September 2012)

1. DEFINITION AND INTERPRETATION

- 1.1 In these Articles unless the context otherwise requires each of the following words and expressions shall have the following meanings:

"Act"	the Companies Act 2006;
"Acting in concert"	the meaning set out in the City Code on Takeovers and Mergers for the time being;
"AMC Option"	an option to acquire up to a maximum of 499 existing issued Ordinary Shares granted by Andrew Morton Collin to such person as he may nominate in his absolute discretion;
"Beneficial Shareholder"	the person beneficially entitled to Shares held by a nominee or bare trustee on his behalf;
"Board"	the Directors from time to time;
"Business Day"	any day (other than a Saturday or Sunday) on which banks are open in Edinburgh for normal banking business;
"Change of Control"	the obtaining of Control by any person who is not a shareholder of the Company or the relevant Member, as the case may be, at the date of adoption of these articles of association;
"Control"	(a) the ownership or control (directly or indirectly) of more than fifty per cent (50%) of the voting share capital of the relevant undertaking; or (b) the ability to direct the casting of more than fifty per cent (50%) of the votes exercisable by the partners, Members or shareholders of the relevant undertaking; or (c) the right to appoint or remove directors of the relevant undertaking holding a majority of the voting rights

	at meetings of the board on all, or substantially all, matters;
"Connected Person"	the meaning given to that expression in section 993 of the Income Tax Act 2007 and "connected with" shall be construed accordingly;
"Conversion Price"	means the price per Conversion Share to be paid to the Company by a holder of Convertible Preference Shares in terms of Article 3.4(d) at the time of any conversion of his/its Convertible Preference Shares, such price being that set out in the relevant Updated Conversion Information (as per Article 3.4(f)), being an amount equal to the subscription price per share paid in relation to each Fund Raise which corresponds to the Conversion Shares forming part of a holder(s) entitlement to Conversion Shares;
"Convertible Preference Shares"	means the 100,000 convertible preference shares of £1.00 each having the rights set out in these Articles to be issued on or around the date of adoption of these Articles;
"Deemed Transfer Notice"	has the meaning given at Article 10.2;
"Deferred Shares"	means the deferred shares in the capital of the Company of a nominal value to be determined by the Board prior to their creation on any conversion of Convertible Preference Shares;
"Director"	means a director of the Company from time to time;
"Equity Shares"	means Ordinary Shares and Convertible Preference Shares;
"Exit"	means an IPO or a Sale;
"Fair Value"	means the value determined by the Auditors in accordance with Article 11;
"Family Member"	means the wife, husband or civil partner (or widow, widower or surviving civil partner), children (including surviving children) and grandchildren (including step, adopted children and grandchildren and their issue) of the relevant shareholder;
"Family Trust"	means in relation to any individual Member or deceased individual Member a trust (whether arising under a settlement, declaration of trust or other instrument by whomsoever or under a testamentary disposition or on an intestacy) which does not permit any of the settled property or the income therefrom to be applied otherwise than for the benefit of that Member and/or a Privileged Relation of that Member and under which no power of

control is capable of being exercised over the votes of any shares which are the subject of the trust by any person other than the trustees of such trust as trustees or such Member or his Privileged Relation;

"Financial Year"	an accounting period in respect of which the Company prepares its accounts in accordance with the relevant provisions of the Statutes;
"Fund Raise"	an event which occurs at any time between the date of adoption of these Articles and 1 October 2017 whereby the Company completes a fundraising by way of the issue of fully paid ordinary shares in the capital of the Company (including in conjunction with an IPO and including Fund Raise Equivalents);
"Fund Equivalents"	Raise prior to 1 October 2017 any (i) issue by the Company of convertible securities, and/or (ii) transactions by the Company which are equivalent to cash fundraisings in terms of the issue by the Company of ordinary shares in the capital of the Company in lieu of cash payment;
"Group"	the Company, its subsidiary undertakings and any holding company (as both are defined in the Act) from time to time and references to "member of the Group" and "Group Company" shall be construed accordingly;
"IPO"	an initial public offering of the shares of the Company on a public stock exchange;
"Issue Price"	in respect of a Share, the aggregate of the amount paid up (or credited as paid up) in respect of the nominal value and any share premium;
"Liquidation"	the solvent liquidation or winding up of the Company;
"Member"	a Shareholder for the time being of the Company;
"Member Group"	a Member, its subsidiary undertakings and any holding company (as both are defined in the Act) from time to time and references to "member of the Member Group" and "Member Group Company" shall be construed accordingly;
"Model Articles"	the model articles for companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles;
"Ordinary Shares"	the ordinary shares of £0.001 each in the capital of the Company having the rights set out in these Articles;
"Permitted Transferee"	means those transferees referred to in Article 6 to whom transfers referred to in those Articles are permitted;

"Privileged Relation"	means in relation to an individual Member or deceased or former individual Member the grandparents, parents, spouse or widow or widower of the Member (but not the ex-spouse of any living individual Member) and all the lineal descendants of the Member and for such purposes a stepchild or adopted child or illegitimate child shall be deemed to be a lineal descendant of such person;
"Recognised Investment Exchange"	the meaning given to that expression in section 285(1) of the Financial Services and Markets Act 2000;
"Relevant Shares"	(so far as the same remain for the time being held by any Privileged Relation or the trustees of any Family Trust or by any Transferee Company or by any nominee or bare trustee) the Shares originally acquired by such Privileged Relation or trustees or Transferee Company or nominee or bare trustee and any additional Shares issued to such Privileged Relation or trustees or Transferee Company or nominee or bare trustee by way of capitalisation, subdivision or consolidation or acquired by such person in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them or the membership thereby conferred;
"Sale"	Change of Control of the Company;
"Seller"	a shareholder who wishes, or is required, to transfer Shares or any beneficial interest therein to a person to whom Article 6 (Permitted Transfers) does not apply;
"Shareholder"	a holder of Shares;
"Shares"	any share forming part of the share capital of the Company;
"the Statutes"	the Companies Act as defined in section 2 of the Act and every other statute, order, regulation, instrument or other subordinate legislation for the time being in force relating to companies and affecting the Company;
"Transfer Event"	has the meaning given to that term in Article 10;
"Transfer Price"	in relation to a Transfer Notice given under a voluntary transfer pursuant to Article 7.1, the price stated in the Transfer Notice or as otherwise determined in accordance with Article 11, or in the case of a Deemed Transfer Notice as determined in accordance with Article 10;
"Transferee Company"	"Transferee Company" means a company for the time being holding Shares in consequence, directly or indirectly, of a transfer or series of transfers of Shares between Members of the same Member Group;

"Transferor Company"

a company (other than a Transferee Company) which has transferred or proposes to transfer Shares to a Member of the same Member Group (and in the case of a series of transfers the relevant Transferor Company for the purposes of determining whether any company shall be or shall have ceased to be a Member of the same Member Group shall be the first transferor in such series); and

"Valuer"

means the Auditors, or (if the Auditors are unwilling or unable to act for any reason in relation to the matter in question) a chartered accountant (acting as expert and not as an arbiter) nominated by the parties concerned or, in the event of disagreement as to nomination, appointed at the request of any of the parties concerned by the President for the time being of the Institute of Chartered Accountants of Scotland.

- 1.2 references to any statute or statutory provision include, unless inconsistent with the context, a reference to that statute or statutory provision as modified, re-enacted or consolidated and in force from time to time, whether before or after the date of these Articles;
- 1.3 where the word "address" appears in these Articles it is deemed to include postal address and, where applicable, electronic address (being any address or number used for the purposes of sending or receiving documents or information by electronic means);
- 1.4 references to a person include any individual, firm, body corporate, unincorporated association or partnership;
- 1.5 references to the plural will include the singular and vice-versa;
- 1.6 headings are for convenience only and do not affect the construction or interpretation of these Articles;
- 1.7 the Model Articles shall apply to the Company, except insofar as they are modified or excluded by these Articles; and
- 1.8 save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meaning in these Articles subject to which and unless the context otherwise requires, words and expressions which have a particular meaning in the Act shall have the same meaning in the Articles.

2. SHARE CAPITAL

- 2.1 The issued share capital of the Company at midnight on the date and as at the time of adoption of these Articles is £12,483 divided into 12,483 Ordinary Shares and 100,000 Convertible Preference Shares.
- 2.2 The Ordinary Shares shall be treated *pari passu* in all respects.
- 2.3 Any Shares to be issued in the share capital of the Company shall be under the control of the directors who may (subject to (i) section 551 of the Act, (ii) these articles and (iii) any direction to the contrary that may be given by ordinary resolution of the Company) allot, consolidate, sub-divide, grant options or rights over or

otherwise dispose of the same to such persons, at such times, and on such terms as they think fit.

- 2.4 In substitution for and to the exclusion of any existing authority under section 551 of the Companies Act 2006, but without prejudice to any previous exercise of any such authority, the directors are authorised for the purposes of section 551 of the Act to exercise all powers of the Company to allot and grant rights to subscribe for or convert securities into equity securities (as defined by section 560 of the Act) in the Company in respect of up to a maximum of nominal amount of £100,009.344 comprising (i) 2,336 Ordinary Shares expiring at 11.59pm on the day following the date of adoption of these Articles and (ii)(A) 7,008 Ordinary Shares and (B) 100,000 Convertible Preference Shares (or such other amount as may from time to time be authorised by the Company by ordinary resolution) during the period of five years from the date of adoption of these Articles. The directors may after that period of five years, allot any relevant securities or grant such rights under this authority in pursuance of any offer or agreement so to do made by the Company within that period of five years.
- 2.5 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall be excluded from applying to the allotment of equity securities (as defined in section 560 of the Act).

3. CLASS RIGHTS

3.1 Variation of Class Rights

All or any of the special rights attached to any class of shares in the Company from time to time (which for the avoidance of doubt shall include the Convertible Preference Shares) may (unless otherwise provided by the terms of issue of the shares of that class) only be varied or abrogated, whether or not the Company is being wound up, with the unanimous consent in writing of all of the shareholders holding such class of shares, but not otherwise.

3.2 Income

- (a) The Convertible Preference Shares and the Deferred Shares shall not confer any right to participate by way of dividend in the profits of the Company.
- (b) Every dividend declared in accordance with the provisions of these Articles shall be distributed to the appropriate Shareholders pro-rata according to the amounts paid up or credited as paid up on the Ordinary Shares held by them.

3.3 Return of Capital

- (a) On a return of assets on a winding up or other return of capital or distribution (otherwise than on conversion of any of the Convertible Preference Shares pursuant to Article 3.4) the assets of the Company remaining after the payment of its liabilities shall be distributed amongst the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid up on the Ordinary Shares. Neither the holders of the Convertible Preference Shares nor the holders of the Deferred Shares shall be entitled to participate in the distribution of assets on a winding up or other return of capital.
- (b) Subject to article 3.3(c), if an order is made or a resolution is passed for winding up the Company, the holders of any Convertible Preference Shares will be treated as if, immediately before the date of such order or resolution, any conversion rights remaining unexercised in terms of their Convertible Preference

Shares at such date had been exercised in full and they will accordingly be entitled to receive out of the assets available in the liquidation equally with the holders of the Ordinary Shares such a sum as they would have received had they exercised their conversion rights in full and become the holder of the Ordinary Shares to which they would have become entitled by virtue of such conversion after deducting a sum equal to the Conversion Consideration that would otherwise have been due in accordance with article 3.4(d) had such Convertible Preference Shares been converted. Subject to the foregoing all conversion rights will lapse on liquidation of the Company.

- (c) If the Conversion Consideration that would have been due by the holders of the Convertible Preference Shares had they converted in accordance with article 3.3(b) is equal to or greater than the amount that such holders of Convertible Preference Shares would be entitled to receive in accordance with the operation of article 3.3(b), then article 3.3(b) shall not operate.
- (d) The Company agrees, warrants and undertakes with the holders of the Convertible Preference Shares that until the Convertible Preference Shares have been converted it will procure that:
 - (i) the Company will not (except with the prior approval of the holders of the Convertible Preference Shares, acting reasonably) reduce its share capital or any uncalled or unpaid liability in respect of any of its share capital or any share premium account or capital redemption reserve unless in either case the reduction does not include the diminution of liability of unpaid share capital or the repayment to any shareholder of any paid up share capital;
 - (ii) if an offer or invitation is made by the Company to the holders of the Ordinary Shares for the purchase by the Company of any of its Ordinary Shares, the Company will, as soon as possible, give notice to the holders of the Convertible Preference Shares and the holders of the Convertible Preference Shares will be entitled, whilst such offer or invitation is open for acceptance, to convert their Convertible Preference Shares so as to take effect as if they had exercised their rights immediately prior to the date of such offer or invitation and the Company shall ensure that any such offer is extended to any Ordinary Shares arising from such conversion as if such shares had been in issue on the date (or record date) of such offer or invitation; and
 - (iii) the holders of the Convertible Preference Shares be provided with copies of all letters and documents sent to all Members, including for information purposes only a copy of each published annual report and accounts or summary financial statement of the Company.

3.4 Conversion of Convertible Preference Shares

- (a) Subject to the terms of this Article 3.4, all of the Convertible Preference Shares held by any Member shall be automatically consolidated, sub-divided and re-classified as Ordinary Shares and/or Deferred Shares (as required) in accordance with these Articles:-

3.4.a.1 within 15 Business Days of the date on which the Company shall have received written notice from any holder of Convertible Preference Shares as regards all of his/its holding of Convertible Preference Shares (a "**Conversion Notice**") and all applicable Updated Conversion Information has been agreed; or

3.4.a.2 in the event of an Exit; and

each of the aforementioned events in this Article 3.4(a) being a "**Conversion**" for the purposes of these Articles. In the event of a Sale, Conversion shall be effected either immediately prior to or simultaneously with the completion of such Sale. In the event of an IPO, the Convertible Preference Shares shall automatically convert at the most appropriate time during or shortly after the IPO process as shall be determined by the Company's investment bank engaged for the purposes of effecting the IPO, and so as to ensure that the number of Conversion Shares shall, subject to the terms of the remainder of this Article 3.4, be adjusted to take account in full of any Fund Raise that shall precede or accompany such IPO.

(b) Upon a Conversion, all of the Convertible Preference Shares shall be consolidated into a single Convertible Preference Share with a nominal value equal to the aggregate nominal value of the Convertible Preference Shares (the "**Consolidated CPS**"). The Consolidated CPS shall immediately be sub-divided into and reclassified as (i) the number of Ordinary Shares as shall be determined in accordance with Article 3.4(c) (the "**Conversion Shares**"), and (ii) a number of Deferred Shares to be determined by the Board with an aggregate nominal value equal to the nominal value of the Consolidated CPS less the aggregate nominal value of the Conversion Shares.

(c) The aggregate number of Conversion Shares to be obtained upon conversion of all of the Convertible Preference Shares shall be determined as follows:-

3.4.c.1 with effect from the date of issue of the Convertible Preference Shares and subject to any increase as may be determined from time to time in accordance with this Article 3.4(c), the aggregate number of Conversion Shares to be obtained upon conversion of all of the Convertible Preference Shares shall be 189, and the related Conversion Price shall be £1,000 such number and price having been determined as a consequence of the issue of 2,336 Ordinary Shares on the date of adoption of these Articles (such issue being the "**Initial Fund Raise**");

3.4.c.2 subject to Article 3.4.c.4 below, each Fund Raise by the Company which shall occur after the Initial Fund Raise shall increase the number of Conversion Shares capable of being obtained by such number as shall be calculated in accordance with the following formula:-

$$A = ((B/92.5) \times 100) - B$$

where:-

A = additional Conversion Share entitlement on conversion of all Convertible Preference Shares ("**Additional Conversion Shares**")

B = total number of new ordinary shares in the capital of the Company issued pursuant to the relevant Fund Raise;

- 3.4.c.3 the Conversion Price relative to any Additional Conversion Shares shall be an amount equal to the subscription price per ordinary share in the capital of the Company paid pursuant to the Fund Raise pursuant to which the right to such Additional Conversion Shares were determined; and
- 3.4.c.4 where as a consequence of a Fund Raise the aggregate cash (or cash equivalent in the case of Fund Raise Equivalents) sum raised by the Company between that Fund Raise (the "**Threshold Fund Raise**") and each prior Fund Raise (including the Initial Fund Raise) (the "**Prior Fund Raises**") shall exceed £45,871,560, then for the purposes of this Article (c), the Threshold Fund Raise shall be deemed to have been for such amount as shall be equal to £45,871,560 less the aggregate amount of cash (or cash equivalents in the case of Fund Raise Equivalents) raised by the Company pursuant to the Prior Fund Raises, with the number of new ordinary shares in the capital of the Company issued pursuant to the Threshold Fund Raise being scaled back proportionally.
- (d) Subject to Article 3.4(e), it shall be a condition of any Conversion that the holder of Convertible Preference Shares shall at the time of Conversion pay to the Company a sum equal to the Conversion Price multiplied by the number of Conversion Shares to be created upon such Conversion (the "**Conversion Consideration**"). The most recently issued Updated Conversion Information shall be used to determine the relevant Conversion Prices and consequently the Conversion Consideration due in terms of this Article 3.4(d). In the event of the most recently issued Updated Conversion Information having been issued by the Company, but not agreed in terms of Article 3.4(f) at the time of Conversion, the Company and the holder(s) of the Convertible Preference Shares shall use their respective reasonable endeavours to agree the Updated Conversion Information as quickly as is practicable.
- (e) In the event of Conversion occurring due to an Exit, the Company will use its reasonable endeavours to seek professional advice in relation to the options available to the holders of the Convertible Preference Shares for achieving Conversion without such holders being required to pay the Conversion Consideration, subject always to the Company not being obliged to fund or procure the funding of any aspect of such cashless Conversion arrangement or incur any costs in relation to the same, save for the a reasonable amount to meet the cost of any related professional advice. Notwithstanding the foregoing, a holder of Convertible Preference Shares shall be permitted to effect Conversion without being required to pay the Conversion Consideration due by him/it, provided always that the number of Conversion Shares to be created on such Conversion shall be reduced by such number of Conversion Shares as shall be equal to the number derived by dividing the Conversion Consideration due to the Company by such holder on such Conversion by the fair value of each Ordinary Share then in issue (not including any Conversion Shares that shall arise as a consequence of such Conversion) as shall be determined by either (i) the Exit in question, where Conversion is being effected in contemplation of such Exit, or (ii) in all other circumstances the Auditors on the same basis as is provided for in Article 11, provided always that the Valuer's costs in making any such determination shall be borne by holders of the Convertible Preference Shares.

- (f) Within 15 Business Days following each Fund Raise, the Board shall advise in writing the holders of the Convertible Preference Shares of their respective total entitlement to Conversion Shares, together with the respective Conversion Prices for such Conversion Shares (being the **"Updated Conversion Information"**), which information shall become final and binding on the holders of the Convertible Preference Shares in the event they do not notify in writing to the Board within 15 Business Days of their receipt of such notice their disagreement with any aspect of the Updated Conversion Information. Where a holder of Convertible Preference Share notifies any disagreement with any aspect of the Updated Conversion Information, then the Board and such holder(s) undertake to exercise good faith in trying to agree the Updated Conversion Information within a further period of 10 Business Days, failing which the Auditors shall be appointed to determine the Updated Conversion Information within 10 Business Days of their said appointment as experts and not arbiters, with such determination being conclusive and binding on the Company and such holder(s) save in the case of fraud or manifest error. The Auditor's costs in making any such determination shall be borne by the Company and the relevant holder(s) of Convertible Preference Shares in equal proportions.
- (g) In the event of there being any dispute over whether an event shall constitute a Fund Raise Equivalent (or a dispute in relation to any aspect of a Fund Raise Equivalent, for example the price deemed to be subscribed per new ordinary share issued pursuant to such Fund Raise Equivalent), then the Auditors shall be appointed to determine the matter within 10 Business Days of their said appointment as experts and not arbiters, with such determination being conclusive and binding on the Company and such holder(s) save in the case of fraud or manifest error. The Auditor's costs in making any such determination shall be borne by the Company and the holders of Convertible Preference Shares in equal proportions.
- (h) All rights to convert the Convertible Preference Shares into Ordinary Shares shall automatically lapse to the extent not exercised at 11.59pm on 1 October 2017 unless the Company at that time: (i) remains a private limited company limited by shares (a **"Private Company"**), or (ii) is a public company which has its shares admitted to trading on a Recognised Investment Exchange and the holders of the Convertible Preference Shares are unable to effect Conversion due to any dealing restrictions applicable to the Company and its Members at that time (**"Dealing Restrictions"**). The extent to which any such dealing restrictions are applicable to the holders of the Convertible Preference Shares in such circumstances shall be determined by the then chairman of the Company, or in the case of any dispute concerning this matter an independent law firm appointed by the President of the Law Society of England and Wales. Where the Company continues to be a Private Company at 11.59pm on 1 October 2017, all rights to convert the Convertible Preference Shares shall continue until the occurrence of an Exit, following which they shall lapse in their entirety to the extent not then exercised. In the event of there being any Dealing Restrictions in existence at 11.59pm on 1 October 2017, all rights to convert the Convertible Preference Shares shall continue until the expiry of a one month period commencing on the date on which the Company notifies in writing the holders of the Convertible Preference Shares that there are no Dealing Restrictions applicable to the, following which all such rights shall lapse in their entirety to the extent not then exercised.

- (i) So far as legally permitted, the Company shall perform and/or execute all such proper and reasonable acts and documents necessary to give full effect to the Conversion as soon as reasonably practicable from the date on which the Company receives a Conversion Notice or in the event of an Exit.
- (j) In the event of an Exit occurring prior to the completion of Fund Raises (including the Initial Fund Raise) raising an aggregate sum of less than £12,232,416, the Company agrees to pay, or procure the payment, to the then holders of the Convertible Preference Shares at the time of completion of such Exit a cash amount equal to £611,621, to be paid to the then holders of the Convertible Preference Shares in proportion to their respective holdings of Convertible Preference Shares immediately prior to completion of such Exit (or immediately prior to the Conversion of all such Convertible Preference Shares in advance of such Exit, as the case may be).
- (k) Ordinary Shares arising as a consequence of Conversion shall rank *pari passu* with the Ordinary Shares then in issue and shall entitle the holders of the Ordinary Shares to all dividends and other distributions declared, made or paid on the Ordinary Shares by reference to any record date occurring after the date of such Conversion. Upon Conversion, the holder of the Convertible Preference Shares so converted shall deliver to the Company at its registered office the certificate(s) for his/its Convertible Preference Shares and upon such delivery there shall be issued to him/it a certificate for the number of Ordinary Shares resulting from the Conversion.
- (l) For so long as the Convertible Preference Shares remain capable of being converted into Ordinary Shares then, if any bonus or rights issue is made by or on behalf of the Company to the holders of Ordinary Shares, the number of Conversion Shares as per the most recently issued Updated Conversion Information shall be adjusted by the Board in a manner which the Board, in its reasonable opinion, considers to be fair and appropriate. Revised Updated Conversion Information shall then be provided to each holder of the Convertible Preference Shares within 15 Business Days of the completion of such bonus or rights issue, the terms of which shall be agreed as per the provisions of Article 3.4(f).
- (m) In the event of there being any dispute over how many Convertible Preference Shares should be issued in connection with any bonus or rights issue, then the Auditors shall be appointed to determine the matter within 10 Business Days of their said appointment as experts and not arbiters, with such determination being conclusive and binding on the Company and such holder(s) save in the case of fraud or manifest error. The Auditor's costs in making any such determination shall be borne by the Company and the holders of Convertible Preference Shares in equal proportions.

3.5 Voting

- (a) The holders of the Convertible Preference Shares shall at all times whilst there are Convertible Preference Shares in issue be entitled to cast such number of votes in the aggregate as shall be equal to five per cent of the total number of voting rights available from time to time (such total number being inclusive of the said voting rights attaching to the Convertible Preference Shares in issue).
- (b) The Ordinary Shares shall carry one vote per Ordinary Share on a poll and the voting rights and procedures relating thereto shall be as set out in the Model Articles.

- (c) Save as in accordance with Article 3.1, the Deferred Shares shall carry no right to vote, and neither holders of the Deferred Shares nor holders of the Convertible Preference Shares (subject to Article 3.4(k)) shall be entitled to participate in any dividend or distribution whatsoever nor will they carry any right to participate in the capital and/or assets of the Company on a winding up or other return of capital.

3.6 Transfer of Deferred Shares

The Company may at any time (and from time to time), without obtaining the sanction of the holder or holders of the Deferred Shares or any other Shareholder:

- (a) appoint any person to execute on behalf of any holder of Deferred Shares a transfer of all of the Deferred Shares or any part thereof (and/or an agreement to transfer the same) to the Company or to such person as the Directors may determine (whether or not an officer of the Company), in any case for a consideration of not more than 1 pence for all the Deferred Shares then being purchased from such holder, without such person having to account for such sum to the holder or holders of the Deferred Shares. The provisions of Article 7 shall not apply to any transfer of Deferred Shares pursuant to this Article 3.6; and
- (b) cancel all or any of the Deferred Shares so purchased by the Company in accordance with the Act.

3.7 Notice of Dividend or Return of Capital

For so long as any Convertible Preference Shares remain in issue, in the event that the Company proposes to issue any dividend, dividend in specie or return any capital of any kind to any of its Shareholders (a "**Distribution**"), the Company shall first provide notice in writing to the holders for the time being of any Convertible Preference Shares of such Distribution, not less than 15 Business Days prior to the proposed implementation date of the relevant Distribution, which shall set out brief particulars of the relevant Distribution including in respect of any dividend the amount proposed to be declared, in respect of any dividend in specie the nature and the value of the assets to be distributed and in respect of any return of capital the amount of capital proposed to be returned, in each case in total and per Ordinary Share assuming both no conversion and full conversion of the Convertible Preference Shares. In the event that the holders of the Convertible Preference Shares opt to serve a Conversion Notice in accordance with Article 3.4.a.1 prior to the date on which such Distribution shall be effected in order for the resulting Conversion Shares to participate in such Distribution, such Conversion Shares shall be entitled to participate in such Distribution regardless of the record date relating to such Distribution.

4. NO RIGHT OF PRE-EMPTION

Pursuant to the Act, all statutory rights of pre-emption shall be excluded from applying to the Company.

5. TRANSFER OF SHARES: GENERAL

Subject to the provisions of Article 6, no transfer of any Share shall be made or registered unless such transfer:

- (a) complies with the provisions of these Articles; and
- (b) has been approved by the Directors.

6. PERMITTED TRANSFERS

Notwithstanding the provisions of any other Article, the transfers set out in this Article 6 shall be permitted without restriction and the provisions of Articles 7.1 (Voluntary Transfers) and 8 (Drag Along) shall have no application to such transfers.

6.1 Permitted Transfers

Any Shares may at any time be transferred without the giving of a Transfer Notice under Article 7 where the transfer is demonstrated to the reasonable satisfaction of the Directors, to be:-

- (a) by any individual Member (not being, in relation to the Shares concerned, a holder thereof as a trustee of any Family Trust or a nominee or bare trustee) to a Privileged Relation of such Member; or
- (b) by any individual Member (not being, in relation to the Shares concerned, a holder thereof as a trustee of any Family Trust or a nominee or bare trustee) to be held upon a Family Trust related to such individual Member; or
- (c) by any Member being a Company (not being in relation to the Shares concerned a holder thereof as a trustee of any Family Trust or a nominee or bare trustee) to a Member of the same Member Group as the Transferor Company; or
- (d) by a Beneficial Shareholder to a person as the nominee of, or bare trustee for, that Beneficial Shareholder and by any such nominee or bare trustee to such Beneficial Shareholder or to another nominee or bare trustee for such Beneficial Shareholder.

6.2 Family Trusts

Where Shares are held by trustees of a Family Trust, the trustee and their successors in office may (subject to the provisions of Article 6.1) transfer all or any of the Relevant Shares without the giving of a notice under Article 7 as follows:-

- (a) to the trustees for the time being of the Family Trust concerned on any change of trustees;
- (b) to the trustees for the time being of any other trust being a Family Trust in relation to the same individual Member or deceased or former Member; and
- (c) to the relevant Member or former Member who made the original transfer permitted pursuant to Article 6.1 or any Privileged Relation of such relevant Member or deceased or former Member.

6.3 Cessation of permitted transfer relationship

If following any transfer of Shares permitted pursuant to this Article 6:-

- (a) any person to whom Shares are transferred as a Privileged Relation ceases to be a Privileged Relation of the relevant Member or former or deceased Member;
- (b) any of the Relevant Shares come to be held otherwise than upon a Family Trust related to the relevant Member or former or deceased Member;
- (c) a Transferee Company ceases to be a Member of the same Member Group as the Transferor Company; or
- (d) any person to whom Shares are transferred as a nominee or bare trustee ceases to hold any of the Relevant Shares absolutely on behalf of the relevant Beneficial Shareholder,

in each case other than as permitted by or in accordance with the provisions of these Articles it shall be the duty of the relevant Member and the former holder of the Relevant Shares to notify the Directors in writing that such event has occurred. Within three months of service of such notice or the date on which the Directors otherwise become aware that such event has occurred (unless the Relevant Shares are transferred within six weeks of the occurrence of such event to the relevant Member or former holder of the Relevant Shares or to any person to whom a transfer of Shares by such relevant Member or former holder of the Relevant Shares would be permitted pursuant to this Article 6, any such transfer being deemed to be authorised under the foregoing provisions of this Article 6) the Directors shall be entitled to determine that the trustees of the former Family Trust, the former Privileged Relation, the Transferee Company or the former nominee or bare trustee (as the case may be) shall be deemed to have given a Transfer Notice in respect of the Relevant Shares.

7. VOLUNTARY TRANSFERS

- 7.1 Except as permitted under Article 6 or with the prior written consent of the holders of 51 per cent of or more of the then-issued Ordinary Shares, any Seller who wishes to transfer Shares (other than (i) Convertible Preference Shares, which shall not be capable of transfer other than in accordance with Article 6 or with the prior written consent of all Shareholders or (ii) any transfer of Shares pursuant to the exercise of any AMC Option, to which transfer the provision of this Article 7 shall not apply) shall give notice in writing (the "**Transfer Notice**") to the Company of his wish specifying:
- (a) the number of shares (the "**Sale Shares**") which he wishes to transfer;
 - (b) if he wishes to transfer the Sale Shares to a third party, the name of the third party;
 - (c) the price at which he wishes to transfer the Sale Shares (the "**Transfer Price**"); and
 - (d) whether the Transfer Notice is conditional on all, or a specific number, of the Sale Shares being sold in which case no Sale Shares can be sold unless offers are received for all or the minimum number (as applicable) of the Sale Shares.
- 7.2 Where any Transfer Notice is deemed to have been given in accordance with Article 10 all the Shares registered in the name of the Seller shall be included for transfer, and the provisions of Article 7.1(d) shall not apply.
- 7.3 Once given, a Transfer Notice or Deemed Transfer Notice may not be withdrawn unless it is permitted under Article 7.6 (in the case of Transfer Notices only). In the event of a Transfer Notice being withdrawn the Seller shall bear all costs relating to such Transfer Notice or Deemed Transfer Notice.
- 7.4 The Transfer Notice shall constitute the Directors the agents of the Seller for the sale of the Sale Shares at the Transfer Price. As soon as reasonably practicable following receipt by the Company of a Transfer Notice the Directors shall give notice to all of the holders of Ordinary Shares (other than the Seller) inviting them to notify the Company in writing within 15 Business Days from the date of such offer (the "**First Offer Period**") confirming: (i) if he/it requires the Sale Shares to be valued; and (ii) if he/it does not, the maximum number of Sale Shares they wish to purchase at the Transfer Price. Each holder of Ordinary Shares shall be entitled to purchase Sale Shares in proportion (as nearly as may be) to their existing holdings of such Ordinary Shares ("**Proportionate Entitlement**"). The Directors shall also provide the holders of the Convertible Preference Shares with copies of all Transfer Notices,

for information only, at the same time as such Transfer Notices are provided to the holders of Ordinary Shares.

- 7.5 If before the expiry of the First Offer Period any holder of Ordinary Shares confirms in writing that he/it requires the Sale Shares to be valued in accordance with Article 7.4, the holder of Ordinary Shares and the directors shall instruct a Valuer to undertake a valuation in accordance with Article 11.
- 7.6 Within 5 Business Days of receipt of the Fair Value Certificate (as defined in Article 11) the Directors shall send a copy of such Certificate to the Seller and (other than in the case of a Deemed Transfer Notice) the Seller shall be entitled to revoke the Transfer Notice by notice in writing to the Directors within 7 Business Days of receipt.
- 7.7 If the Transfer Notice is not revoked by the Seller or, in the case of a Deemed Transfer Notice, once the Fair Value has been determined in accordance with Article 11, the Directors shall give notice to all of the holders of Ordinary Shares (other than the Seller) confirming the value of the Sale Shares as determined in accordance with Article 11 (which shall be the Transfer Price) inviting them to notify the Company in writing within 15 Business Days from the date of such notice (the "**Second Offer Period**") confirming the maximum number of Sale Shares they wish to purchase.
- 7.8 It shall be open to each holder of Ordinary Shares to specify if he/it is willing to purchase Sale Shares in excess of his Proportionate Entitlement ("**Excess Sale Shares**") and, if the holder of Ordinary Shares does so specify, he/it shall state the number of Excess Sale Shares.
- 7.9 Within 5 Business Days of the expiry of the First Offer Period or Second Offer Period (as appropriate) the Board shall allocate the Sale Shares in the following manner:
- (a) if the total number of Sale Shares applied for is equal to or less than the available number of Sale Shares the Company shall, subject to Article 7.1(d), allocate the number applied for in accordance with the applications; or
 - (b) if the total number of Sale Shares applied for is more than the available number of Sale Shares, each holder of Ordinary Shares shall be allocated his Proportionate Entitlement (or such lesser number of Sale Shares for which he may have applied) and applications for Excess Sale Shares shall be allocated in accordance with such applications or, in the event of competition, as nearly as may be to the proportion which Shares held by a holder of Ordinary Shares bear to the total number of Shares held by all holders of Ordinary Shares applying for Excess Sale Shares provided that any holder of Ordinary Shares shall not be allocated more Excess Sale Shares than he/it shall have stated himself willing to take;
 - (c) and in either case the Company shall forthwith give notice of each such allocation (an "**Allocation Notice**") to the Seller and each of the persons to whom Sale Shares have been allocated (a "**Member Applicant**") and shall specify in the Allocation Notice the place and time (being not later than 10 Business Days after the date of the Allocation Notice) at which the sale of the Sale Shares shall be completed.
- 7.10 Subject to Article 7.11 the Seller shall be bound, on payment of the Transfer Price, to transfer the Sale Shares comprised in the Allocation Notice to the Member Applicants free from any lien, charge or encumbrance. If the Seller makes default in so doing any Director shall forthwith be deemed to be the duly appointed attorney of the Seller with full power to execute, complete and deliver a transfer of the relevant Sale Shares and any Director may receive and give a good discharge for the purchase money on behalf of the Seller and (subject to the transfer being duly stamped) enter

the name of the Member Applicant in the register of Members. The Board shall forthwith pay the Transfer Price into a separate bank account in the Company's name and shall hold such money on trust (but without interest) for the Seller until he shall deliver up his certificate(s) for the relevant Shares (or an indemnity in respect of any lost certificate) to the Company when he shall thereupon be paid the Transfer Price.

- 7.11 If the provisions of Article 7.1(d) apply or where any Transfer Notice is deemed to have been given in accordance with these Articles and if the total number of Shares applied for by Member Applicants is less than the number of Sale Shares, the Directors may within 10 Business Days of the date of the Allocation Notice determine that the Company shall (if it is permitted to do so under the Act) purchase some or all of the Sale Shares. The Directors shall have a period of 60 days from the date of any such determination by the Directors to obtain any necessary consents and authorities for any such purchase by the Company and to complete the purchase by the Company of the Sale Shares.
- 7.12 In the event of all of the Sale Shares not being sold under the preceding paragraphs of this Article 7, the Seller may, at any time within 3 months after receiving confirmation from the Company that the provisions herein contained have been exhausted, transfer all the Sale Shares (if Article 7.1(d) does apply) or any Sale Shares which have not been sold (if Article 7.1(d) does not apply) to any person or persons at any price not less than the Transfer Price.
- 7.13 The holders of any Shares which are subject of a Deemed Transfer Notice (1) shall be entitled to receive notice of and attend general meetings of the Company but, (2) shall, until such time as the Deemed Transfer Notice has expired or been withdrawn, waived completed, expired or otherwise lapsed, have no right to:
- (a) vote in respect of the Sale Shares; or
 - (b) participate in any offer of Shares from any other Member in accordance with these Articles; and

Model Article 37 shall be modified accordingly.

8. DRAG ALONG

- 8.1 If the holders of 51 per cent. or more of the Ordinary Shares (in this Article 8 the "**Dragging Shareholders**") wish to transfer their Shares to a bona fide arms length purchaser (the "**Buyer**"), then the Dragging Shareholders can require all of the other shareholders (and any persons who would become shareholders upon exercise of any options or other rights to subscribe for shares which exist at the date of the Offer) (the "**Called Shareholders**") to sell and transfer all of their Shares in the Company to the Buyer (or as the Buyer directs) by giving notice to that effect (the "**Drag Along Notice**") to such Called Shareholders, such Drag Along Notice to be served not less than 15 Business Days prior to the proposed completion of the transfer of Shares to the Buyer.
- 8.2 The Drag Along Notice shall specify:
- (a) that the Called Shareholders are required to transfer all their Shares free from all liens, charges and encumbrances;
 - (b) the price (the "**Drag Along Price**") including the calculation of any element not payable in cash at which such shares of the Company are proposed to be transferred which shall be a price per Share equal to that offered by the Buyer to the Dragging Shareholders;
 - (c) the identity of the Buyer; and

- (d) the proposed date of the transfer.
- 8.3 Once issued, a Drag Along Notice shall be irrevocable. A Drag Along Notice shall lapse if, for any reason, the Dragging Shareholders have not sold their Shares to the Buyer within 40 Business Days of serving the Drag Along Notice. The Dragging Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 8.4 The Called Shareholders shall be bound, on payment of the Drag Along Price to transfer the Called Shares in accordance with the Drag Along Notice at the time and place therein specified free from any lien, charge or encumbrance.
- 8.5 If the Called Shareholders (or any of them) shall make default in transferring their Shares pursuant to Article 8.4 the provisions of Article 7.10 (references therein to the Seller, Sale Shares, Allocation Notice and Member Applicant being read as references to the shareholder making such default, the Shares in respect of which such default is made, the Drag Along Notice and the Buyer respectively) shall apply to the transfer of such Shares.
- 8.6 In the event of disagreement as to the calculation of the Drag Along Price such price shall be referred to a Valuer for determination applying the terms of Article 11 mutatis mutandis.

9. TAG ALONG

- 9.1 Except in the case of transfers pursuant to Article 10, and after going through the pre-emption procedure set out in Article 7, the provisions of Article 9.2 to Article 9.6 shall apply if one or more Shareholders (the "**Sellers**") propose to transfer any of their Shares ("**Proposed Transfer**") which would, if carried out, result in any person (the "**Buyer**"), and any person Acting in Concert (such expression to have the meaning given to it in the City Code on Takeovers and Mergers) with the Buyer, acquiring an interest in the Company resulting in a Change of Control (such an interest being a "**Controlling Interest**"), other than where such Controlling Interest is acquired following the application of the pre-emption procedure set out in Article 7 in relation to the Proposed Transfer and the Buyer, and any person Acting in Concert with the Buyer, has acquired such Controlling Interest as a consequence of the issuance of more than one Transfer Notice.
- 9.2 Before making a Proposed Transfer, a Seller shall procure that the Buyer makes an offer ("**Offer**") to:
 - (a) the other Shareholders to purchase all of the Shares held by them;
 - (b) the holders of any existing options to acquire Shares (granted by the Company or under any share option arrangements established by the Company) that are already capable of exercise or that are expected to become capable of exercise before the Proposed Transfer, to purchase any Shares acquired on the exercise of options at any time before the Proposed Transfer; and
 - (c) the holders of any Convertible Preference Shares, to purchase any Shares arising from the conversion of such Convertible Preference Shares at any time before the Proposed Transfer,

for a consideration in cash per Share that is at least equal to the highest price per Share offered or paid by the Buyer, or any person Acting in Concert with the Buyer, in the Proposed Transfer or in any related previous transaction in the 12 months preceding the date of the Proposed Transfer ("**Specified Price**").

9.3 The Offer shall be given by written notice ("**Offer Notice**"), at least 15 Business Days ("**Offer Period**") before the proposed sale date ("**Sale Date**"). To the extent not described in any accompanying documents, the Offer Notice shall set out:

- (a) the identity of the Buyer;
- (b) the purchase price and other terms and conditions of payment;
- (c) the Sale Date; and
- (d) the number of Shares proposed to be purchased by the Buyer ("**Offer Shares**").

9.4 If the Buyer fails to make the Offer to all of the holders of Shares in the Company in accordance with Article 9.2 and Article 9.3, the Seller shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares effected in accordance with the Proposed Transfer.

9.5 If the Offer is accepted by any Shareholder ("**Accepting Shareholder**") within the Offer Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.

9.6 The Proposed Transfer is subject to the pre-emption provisions of Article 7, but the purchase of Offer Shares from Accepting Shareholders shall not be subject to those provisions.

9.7 The Accepting Shareholders shall be bound, on payment of the Specified Price to transfer their Shares in accordance with the Offer Notice at the time and place therein specified free from any lien, charge or encumbrance.

9.8 If the Accepting Shareholders (or any of them) shall make default in transferring their Shares pursuant to Article 9.7 the provisions of Article 7.10 (references therein to the Seller, Sale Shares, Allocation Notice and Member Applicant being read as references to the Accepting Shareholder making such default, the Shares in respect of which such default is made, the Offer Notice and the Buyer respectively) shall apply to the transfer of such Shares.

10. **COMPULSORY TRANSFERS**

10.1 A "**Transfer Event**" means:

- (a) where the Shareholder is an individual, going into sequestration, entering into a trust deed for creditors or similar voluntary arrangement, or his death;
- (b) where the Shareholder is a body corporate a receiver, manager or administrative receiver being appointed over all or any part of its undertaking or assets or entering into liquidation (other than a voluntary liquidation for the purposes of a bona fide scheme of solvent amalgamation or reconstruction) or administration (including any provisional or interim appointment of an administrator or liquidator);
- (c) a Shareholder undergoing a Change of Control;

unless in any of the above events the Directors notify the Company that such event is not to be treated as a Transfer Event.

10.2 Upon the happening of any Transfer Event, the Shareholder in question or any Permitted Transferee of such Shareholder who has derived title to Shares from them

shall be deemed to have immediately given a Transfer Notice in respect of all the Shares then held by him/it (a "**Deemed Transfer Notice**"). A Deemed Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same Shares except for Shares which have then been validly transferred pursuant to that Transfer Notice. Any Shares subject to a Deemed Transfer Notice shall continue to enjoy all the rights available to the other Shares of the same class except that the said Shares shall cease to carry any voting rights until such Shares are sold or transferred on to any third party as part of a bona fide sale or transfer of shares. These voting restrictions shall have no effect on the value of such Shares, which Shares shall be deemed to be normal Shares for the purposes of any valuation or sale of shares and the shareholder in question shall still receive copies of all general meeting notices and written resolutions which are circulated by the Company from time to time.

- 10.3 The Shares the subject of any Deemed Transfer Notice shall be offered for sale in accordance with Article 7.1 as if they were Sale Shares in respect of which a Transfer Notice had been given save that:
- (a) a Deemed Transfer Notice shall be deemed to have been given on the date of the Transfer Event or, if later, the date upon which holders of 51 per cent of the Ordinary Shares agree that the relevant event is a Transfer Event and have notified the Company that the relevant event is a Transfer Event;
 - (b) the Sale Price shall be a price per Sale Share agreed between the Seller (or their executors or representatives), the Board and holders of not less than 51 per cent of the Ordinary Shares or, in default of agreement, within 10 Business Days after the date of the Transfer Event, the Fair Value;
 - (c) the provisions of Article 7.1(d) shall not apply to a Deemed Transfer Notice; and
 - (d) the Sale Shares shall be sold together with all rights attaching thereto as at the date of the Transfer Event.

11. **FAIR VALUE**

- 11.1 If a Valuer is required to determine the price at which Shares are to be transferred pursuant to these Articles, such price shall be the amount the Valuer shall, on the application of the Board (which application shall be made as soon as practicable following the time it becomes apparent that a valuation is required), give their written opinion as to the price which represents a fair value for such Shares as between a willing seller and a willing buyer as at the date the Transfer Notice or Deemed Transfer Notice is given. The Directors shall instruct the Valuer to produce a certificate stating such value ("**Fair Value Certificate**") within 20 Business Days of being requested or required to do so (or as soon as practicable thereafter).
- 11.2 In making such determination, the Valuer shall not take any account of whether the Sale Shares comprise a majority or a minority interest in the Company nor the fact that transferability is restricted by these Articles.
- 11.3 The Valuer shall act as experts and not as arbiters and their decision shall be conclusive and binding on the Company and all shareholders (in the absence of fraud or manifest error).
- 11.4 In the event that the Valuer declines to accept an instruction to provide a valuation, then the price will be determined by a firm of independent chartered accountants, such accountants to be appointed by the President for the time being of the Institute of Chartered Accountants of Scotland at the request of the Directors or any affected Shareholder.

- 11.5 The Valuer's costs in making any determination referred to them under this Article 11 shall (other than as specifically prescribed in these Articles) be borne by the Company unless the Valuer shall otherwise determine; provided always that if a Seller revokes a Transfer Notice in accordance with Article 7.6 such costs shall be borne by the Seller.

12. GENERAL MEETINGS

- 12.1 No business shall be transacted at any general meeting unless a quorum of Shareholders is present. Two Shareholders holding a minimum of 51 per cent of the Ordinary Shares present in person, by proxy or by duly authorised representative (if a corporation), shall be the quorum at any general meeting.
- 12.2 The Company shall not be required to hold an annual general meeting in each calendar year.
- 12.3 A notice convening a general meeting (other than an adjourned meeting) must be called by at least 14 days' notice, but a general meeting can be called by shorter notice if it is so agreed by the Shareholders in accordance with the Act. The notice must state the time, date and place of the meeting and the general nature of the business to be dealt with at the meeting and shall be given in accordance with the Act.
- 12.4 The Company may send a notice of meeting by making it available on a website or by sending it in electronic form and if notice is sent in either way it will be valid provided it complies with the relevant provision of the Act.

13. APPOINTMENT AND REMOVAL OF DIRECTORS

- 13.1 The office of any Director shall be vacated in any of the circumstances listed in Model Article 18.
- 13.2 Andrew Morton Collin shall be entitled at any time for as long as he has an interest in Shares to appoint one person as a Director (and in his absolute discretion as a director of any other Member of the Group and/or as Members of each and any board committee of the Company or any other Member of the Group). The removal of any Director appointed in accordance with this Article 13.2 may only be effected with the prior written agreement of Andrew Morton Collin.
- 13.3 In addition and without prejudice to the provisions of section 168 of the Act, but subject to Article 13.2, the Company may by special resolution remove any director before the expiration of his period of office and may by ordinary resolution appoint another director in his place.

14. ALTERNATE DIRECTORS

- 14.1 An alternate Director shall not be entitled to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may, by notice in writing to the Company from time to time, direct.
- 14.2 A Director, or alternate Director, may act as an alternate Director for and represent more than one Director, and an alternate Director shall be entitled at any meeting of the Board (or of any committee of the Board) to one vote for every Director whom he represents (in addition to his own vote (if any) as a Director), but he shall count as only one for the purpose of determining whether a quorum is present at any such meeting.

15. PROCEEDINGS OF DIRECTORS

- 15.1 The quorum for meetings of the Board shall be one Directors; provided that in the event that there are two or more Directors, the quorum for meetings of the Board shall be two Directors, of whom one Director must be the Director appointed in accordance with Article 13.2, if such Director has been appointed in accordance therewith. Model Article 11.2 shall be modified accordingly.
- 15.2 Meetings of the Board shall take place a minimum of two times per year.
- 15.3 The Board shall be entitled from time to time to appoint one Director as the Chairman of the Board (and any committee of the Board) and remove from office any such person so appointed and to appoint another one of the Directors in his place. The Chairman shall have a casting vote. Model Articles 12.1 to 12.3 and 13 shall be modified accordingly. The Chairman's casting vote shall operate where there is deadlock in the Board on operational matters.

16. CONFLICTS OF INTEREST

- 16.1 The Directors may, in accordance with the requirements set out in this Article, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under section 175 of the Act to avoid conflicts of interest which shall include, without limitation, conflicts of interest and duty and conflicts of duty ("**Conflict**").
- 16.2 Any authorisation under this article will be effective only if:
- (a) the matter in question shall have been proposed by any Director for consideration at a meeting of Directors in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
 - (b) any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question; and
 - (c) the matter was agreed to without his voting or would have been agreed to if his vote had not been counted.
- 16.3 Any authorisation of a Conflict under this article may (whether at the time of giving the authorisation or subsequently):
- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;
 - (b) be subject to such terms and for such duration, or impose such limits or conditions as the Directors may determine; and
 - (c) be terminated or varied by the Directors at any time.
- This will not affect anything done by the Director prior to such termination or variation in accordance with the terms of the authorisation.
- 16.4 In authorising a Conflict the Directors may decide (whether at the time of giving the authorisation or subsequently) that if a Director has obtained any information through his involvement in the Conflict otherwise than as a Director of the Company and in respect of which he owes a duty of confidentiality to another person, the Director is under no obligation to:
- (a) disclose such information to the Directors or to any Director or other officer or employee of the Company; or
 - (b) use or apply any such information in performing his duties as a Director;

where to do so would amount to a breach of that confidence.

16.5 Where the Directors authorise a Conflict they may (whether at the time of giving the authorisation or subsequently) provide, without limitation, that the Director:

- (a) is excluded from discussions (whether at meetings of Directors or otherwise) related to the Conflict;
- (b) is not given any documents or other information relating to the Conflict; and
- (c) may or may not vote (or may or may not be counted in the quorum) at any future meeting of Directors in relation to any resolution relating to the Conflict.

16.6 Where the Directors authorise a Conflict:

- (a) the Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict; and
- (b) the Director will not, by virtue of the Conflict, infringe any duty he owes to the Company pursuant to sections 171 to 177 of the Act provided he acts in accordance with such terms, limits and conditions (if any) as the Directors impose in respect of its authorisation.

16.7 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

17. NOTICES

17.1 Any notice or other communication in connection with these Articles shall be in writing and may be delivered by hand, pre-paid first class post (or airmail if overseas) or (subject to the provisions below) by fax, to the address or fax number of such party which the recipient has notified in writing to the sender, (to be received by the sender not less than 5 Business Days before the notice is despatched) in accordance with this Article 17 marked for the attention of the recipient.

17.2 The notice or communication will be deemed to have been duly served if delivered by hand, at the time of delivery and if delivered by first class post, 2 Business Days after being posted or, in the case of airmail, 6 Business Days after being posted; if delivered by fax, when confirmation on completion of its transmission has been recorded by the sender's fax machine provided that, where in the case of delivery by hand or transmission by fax, such delivery or transmission occurs either after 4.00 pm on a Business Day, or on a day other than a Business Day, service will be deemed to occur at 9.00 am on the next following Business Day.