

ARTICLES OF ASSOCIATION

OF

CALLIDE ENERGY PTY LTD

ACN 082 468 746

(a company limited by shares)

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CORPORATIONS LAW
ARTICLES OF ASSOCIATION
OF
CALLIDE ENERGY PTY LTD
ACN 082 468 746
(a company limited by shares)

1. **PRELIMINARY**

1.1 **Definitions**

In these articles unless the context otherwise requires:

"Alternate Director" means a person appointed as an alternate director under article 17.2;

"Appointor" means in respect of an Alternate Director, the Director who appoints that Alternate Director under article 17.2;

"Auditor" means the auditor of the Company from time to time;

"Board" means the Directors acting collectively under these articles, or a sole Director exercising the powers of the Board under the Law and these articles;

"Business Day" means a day on which banking corporations in the State generally are open for the full range of banking business;

"Common Seal" means the common seal of the Company;

"Company" means the company named above whatever its name may be from time to time;

"Controlled Corporation" has the meaning given by article 1.3;

"Controlling Corporation" has the meaning given by article 1.4;

"Corporation" includes a body corporate established under the legislation of a State, Territory or the Commonwealth;

"Deemed Member" has the meaning given by article 1.2;

"Director" means a person appointed as a director for the time being of the Company (including, where appropriate, an Alternate Director);

"Dividend" means any distribution to Members in relation to Shares as a dividend or interim dividend of any property (including, without limitation, money and paid up shares or other marketable securities of the Company or of any other body corporate) and includes any bonus;

"Executive Director" means any Managing Director and any other Director who is an employee of the Company;

"Law" means the Corporations Law as it applies to the Company from time to time;

"Listed" means, in relation to a corporation, the corporation being and remaining admitted to the official list of Australian Stock Exchange Limited;

"Listing Rules" means the Official Listing Rules of Australian Stock Exchange Limited;

"Managing Director" means a person appointed as a managing director of the Company under article 18.1;

"Member" means a person whose name is entered in the Register as the holder of a Share;

"Members Liability" means, in respect of a Member:

- (a) all money due and payable by the Member to the Company; and
- (b) all money (whether payable or not) called or payable at a fixed time in respect of Shares held by that Member;

"Memorandum" means the memorandum of association of the Company;

"Money Due" means, where payment in respect of a call is not made on the day specified for its payment under article 5.4, subject to article 5.10, the amount of money payable in respect of that call plus:

- (a) interest on that amount at the Prescribed Rate from that day until payment is made; and
- (b) all costs and expenses incurred by the Company because payment was not made on that day;

"Official Seal" means the duplicate common seal referred to in article 22.7;

"Ordinary Resolution" means a resolution of a general meeting of Members other than a Special Resolution;

"Prescribed Rate" means in respect of each article in which that term is used 15 per cent per annum or any other rate prescribed by the Board from time to time in respect of that article;

"Register" means the register of members kept pursuant to the Law;

"Remuneration" means any emolument but does not include any payment by way of compensation for loss of office or in connection with the retirement of a person from office;

"Secretary" means a person appointed as a secretary of the Company from time to time (including any person appointed to perform the duties of a secretary temporarily);

"Share" means a share in the capital of the Company;

"Special Resolution" means a resolution of a general meeting of Members passed in accordance with section 253;

"State" means Queensland;

"Transaction" includes any contract, agreement, arrangement or dealing (whether formal or informal, whether in writing or oral and whether or not enforceable); and

"Voting Member" means a Member:

- (a) who is entitled to be present at a general meeting;
- (b) present at the meeting in any of the ways set out in article 12.1; and
- (c) in respect of whom there is at least one item of business to be considered at the meeting on which the Member is not disqualified from voting.

1.2 **Definition of "Deemed Member"**

For the purposes of article 1.3, where a person is a member or (by virtue of this article) a Deemed Member of a corporation, and that corporation is a member of another corporation, the person is a Deemed Member of the second mentioned corporation.

1.3 **Definition of "Controlled Corporation"**

The Company is a "Controlled Corporation" of a particular corporation where each Member and Deemed Member of the Company is a person who is:

- (a) the particular corporation;
- (b) a subsidiary of the particular corporation;
- (c) a nominee of the particular corporation or a subsidiary of the particular corporation; or

- (d) a Deemed Member of the Company who is:
 - (i) also a member or a Deemed Member of the particular corporation; and
 - (ii) only a Deemed Member of the Company by reason of being a member or Deemed Member of the particular corporation and for no other reason.

1.4 **Definition of "Controlling Corporation"**

"Controlling Corporation", in relation to the Company, means the corporation (if any) which is:

- (a) where there is only one corporation which is the "particular corporation" for the purposes of article 1.3, that corporation; and
- (b) where there is more than one corporation which is a "particular corporation" for the purposes of article 1.3, that one of those corporations which is not a subsidiary of any of the others of those corporations.

1.5 **Interpretation**

In these articles, unless the context otherwise requires:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation or statutory instrument issued under, that legislation or legislative provision;
- (b) the singular includes the plural and vice versa;
- (c) a word denoting an individual or person includes a corporation, partnership, joint venture, association, authority, trust, state or government and vice versa;
- (d) a reference to a person is also to the legal personal representative of that person;
- (e) a word denoting a reference to any gender includes all genders;
- (f) a reference to an article or a schedule is to an article of or schedule to these articles;
- (g) a schedule is part of these articles;

- (h) a reference to any agreement or document (including these articles) is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;
- (i) an expression defined in, or given a meaning for the purposes of the Law (except where defined, or given a meaning, in these articles) has the same definition or meaning in these articles where it relates to the same matters as the matters for which it is defined or given a meaning in the Law;
- (j) a reference to a matter being written includes that matter being in any mode of representing or reproducing words, figures or symbols in written form;
- (k) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (l) a reference to power is also a reference to authority and discretion;
- (m) where an expression is defined anywhere in these articles it has the same meaning throughout; and
- (n) a reference to a particular Part, Division, section, sub-section, paragraph or sub-paragraph is a reference to a Part, Division, section, sub-section, paragraph or sub-paragraph of the Law.

1.6 **Headings**

In these articles headings are for convenience of reference only and do not affect interpretation.

1.7 **Exclusion of Table A**

The regulations contained in Table A in Schedule 1 to the Law (and in any legislative predecessor to the Law) do not apply to the Company (except to the extent that these articles contain them).

1.8 **Proprietary Company**

The Company is a proprietary company and so section 116 applies to it.

2. **SHARES**

2.1 **Control of Board**

All the unissued Shares are under the control of the Board which may, on behalf of the Company, allot, issue, grant options over or otherwise dispose of them to the persons, on

the terms and conditions, with the rights and privileges, and at the times that the Board determines.

2.2 Preference and redeemable preference Shares

The Company may issue any Shares as preference shares including (without limitation):

- (a) preference shares that are, or at the option of the Company are to be, liable to be redeemed;
- (b) preference shares including, without limitation, preference shares of the kind described in article 2.2(a) in accordance with the terms of schedule 1; and
- (c) preference shares that:
 - (i) are issued for \$1.00 per share;
 - (ii) are redeemable at any time at the option of the company for \$1.00 per share, but are not redeemable at the option of the shareholder;
 - (iii) in a winding up of the company and in a reduction of capital of the company, have the right to receive the amount of capital paid up on each share and any premium paid on the share in priority to the holders of all other shares issued in the capital of the company from time to time but have no other rights to participate in the assets or profits of the company;
 - (iv) confer no right to receive a dividend or other share in the income of the company;
 - (v) subject to article 2.2(c)(iii), confer no right in respect of the capital of the company; and
 - (vi) confer no right to vote at a general meeting of the company except with respect to a vote of only the holders of the shares issued under this article 2.2(c).

3. CERTIFICATES

3.1 Certificates of title

Subject to article 3.2, certificates of title to marketable securities of the Company which are issued by it must be issued in accordance with the Law.

3.2 Certificate for joint holders

Where two or more persons hold any marketable securities of the Company, the Company is only required to issue the same number of certificates as if those marketable securities were held by one person and delivery of a certificate so issued to any of those persons is sufficient delivery to all of them.

3.3 Replacement of lost certificates

Where a certificate is lost or destroyed, the Company may issue a duplicate certificate in accordance with the Law.

3.4 Replacement of worn out certificates

Where a certificate is defaced or worn out and is produced to the Company and the Company is paid an amount determined by the Board (which amount may not be more than the amount prescribed for purposes of section 1089), the Company may cancel their certificate and issue a new certificate in substitution.

4. REGISTER

4.1 Joint holders

If two or more persons are the holders of a Share, the person whose name first appears in the Register in respect of that Share is to be treated as the sole owner of the Share in relation to all matters concerning the Company (including the giving of notice) except in relation to the transfer of the Share, right to vote, receipt of Dividends, delivery of certificates and liability for installments or calls.

4.2 Recognition of trusts

Except as required by law or by these articles, the Company must treat the person whose name appears in the Register in respect of a Share as the absolute owner of that Share and, accordingly, the Company is not bound to recognise (whether or not it has notice):

- (a) that a person holds any Share on trust; or
- (b) any equitable, contingent, future or partial interest in, or unit of any Share.

5. CALLS ON SHARES

5.1 Calls made by Board

The Board may in accordance with the terms of issue of a Share, make calls upon a Member in respect of any or all money unpaid on the Share held by that Member (whether in respect of the nominal value of the Share or by way of premium) unless and to the extent that the terms of issue of the Share make that money payable at fixed times.

5.2 Terms of call

The Board may do either or both of the following:

- (a) make a call payable by installments; and
- (b) revoke or postpone any call.

5.3 Time of call

Each call is treated as having been made at the time the Board resolves to make the call.

5.4 Payment of call

A Member subject to a call must pay the amount the subject of the call at the time and place specified in a notice given by the Company to the Member not less than 10 Business Days before the time specified for payment.

5.5 Remedies for unpaid call

In addition to all other remedies of the Company, for as long as the amount in respect of a call is due and payable and not paid, the Member, in respect of any Share held by the Member, has no right to:

- (a) receive any Dividend; or
- (b) be present at, be counted among the quorum for, or vote, whether in person or by proxy, attorney or representative, at a general meeting of the Company.

5.6 Joint holders' liability

The joint holders of a Share are liable jointly and severally to pay any calls made in respect of the Share.

5.7 Differences in terms of issue

The Board may, on the issue of Shares, make different arrangements with the holders of those Shares as to the amount, and times for payment of, calls- in respect of those Shares.

5.8 Fixed payments

If the terms of issue of a Share provide for any amount (whether in respect of nominal value or by way of premium and including, without limitation, any installment) to be payable at a fixed time:

- (a) that amount is payable at that time as if a call had been duly made in respect of it under articles 5.1 to 5.4 specifying that time as the time for payment of a call for that amount; and
- (b) all the other provisions of these articles in respect of calls apply (modified as necessary) on that basis and "call" in these articles is to be interpreted accordingly.

5.9 Payment of Money Due

If an amount payable in respect of a call is not paid on or before the day specified for its payment, the person from whom that amount is due must pay the Money Due in respect of that call.

5.10 Waiver of call

The Board may waive the payment of all or any part of the Money Due.

5.11 Proof of call

If on the trial or hearing of an action for the recovery of the Money Due for a call it is proved that:

- (a) the books of the Company duly record the resolution of the Board making the call;
- (b) the Member sued appears in the Register as a holder of the Share in respect of which the call was made; and
- (c) notice of the call was given to that Member in accordance with these articles,

proof of those matters is sufficient and conclusive proof of the debt without it being necessary to prove any other matter (including, without limitation, the appointment of the Directors).

5.12 Prepayment of calls

The Board may:

- (a) accept from a Member a sum representing all or a part of any amount unpaid in respect of a Share although no part of that amount is then the subject of a call;
- (b) authorise the payment by the Company of interest on any sum so accepted, until that sum becomes payable, at any rate not exceeding the Prescribed Rate agreed between the Board and the Member; and

- (c) except where otherwise agreed between the Member and the Company, repay the sum or any part of it,

but payment and acceptance of that sum does not confer any right to participate in profits and must not be considered in ascertaining the amounts of Dividend or surplus in a winding up or distribution attributable to that Share.

6. FORFEITURE OF SHARES

6.1 Forfeiture notice

If an amount payable in respect of a call is not paid on or before the day specified for its payment, the Board may at any time until the amount (including interest and other costs and expenses incurred by the Company by reason of the non-payment) is paid, give the relevant Member a notice which:

- (a) requires the Member to pay the Money Due;
- (b) specifies a date (which is at least 10 Business Days after the date of the notice) by which and a place at which payment of the Money Due must be made; and
- (c) states that if payment is not made on or before the date and at the place specified, the Share to which the call relates is liable to be forfeited.

6.2 Forfeiture

If the requirements of a notice served under article 6.1 are not satisfied, the Share in respect of which the notice was given may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

6.3 Forfeiture includes unpaid Dividends

Forfeiture of a Share under article 6.2 includes all Dividends declared in respect of the forfeited Share and not actually paid before the forfeiture.

6.4 Notice of forfeiture

Where a Share is forfeited under article 6.2, the Company must promptly give notice of the forfeiture to the Member holding the Share immediately before the resolution of the Board for its forfeiture was passed, and the Company must promptly enter the forfeiture (together with its date) in the Register.

6.5 Forfeited Shares are the property of the Company

A Share forfeited under article 6.2 immediately becomes the property of the Company and the Board may sell, re-allot or otherwise dispose of that Share on the terms and conditions it determines.

6.6 Cancellation of forfeiture

The Board may cancel the forfeiture of a Share under article 6.2 on any terms and conditions it determines at any time before it disposes of that Share under article 6.5.

6.7 Surrender as forfeiture

Where the Board is entitled to forfeit a Share under article 6.2, it may accept the surrender of that Share on any terms and conditions it determines and a Share so surrendered may be disposed of in the same way as a Share forfeited under article 6.2.

6.8 Effect of forfeiture

A person who held a Share which has been forfeited under article 6.2 ceases to be a Member in respect of the forfeited Share, but remains liable to pay to the Company the Money Due and this liability only ceases when the Company receives payment of all the Money Due.

6.9 Board may waive

The Board may elect not to enforce payment, in whole or in part, of an amount owing to the Company under article 6.8.

6.10 Evidence of forfeiture

As against all persons claiming to be entitled to a Share, a written statement declaring that the person making the statement is a Director or a Secretary and that the Share was forfeited on a date specified in the statement in accordance with these articles is sufficient evidence of the facts set out in the statement and of the right of the Company to dispose of the Share.

6.11 Transfer of forfeited Shares

The Company may execute a transfer in respect of a Share forfeited under article 6.2 in favour of the person to whom it is sold, re-allotted or otherwise disposed of and receive the consideration provided for that Share and register the transferee as the holder of the Share.

6.12 Application of proceeds

The Company must:

- (a) apply the net proceeds of any sale, re-allotment or disposal of a Share under article 6.5 or 6.7 (after payment of all costs and expenses incurred) in or towards payment or satisfaction of the Money Due; and
- (b) pay any residue to the person liable referred to in article 6.8 or as that person directs.

6.13 **Title of transferee**

On execution of a transfer under article 6.11, the title of the transferee is not affected by any irregularity or invalidity relating to the forfeiture or the sale, reallocation or disposal of the Share and the remedy of any person is solely in damages and only against the Company.

7. **LIEN**

7.1 **Lien for calls**

The Company has a first and paramount lien on each Share for all money (whether presently payable or not) called or payable at a fixed time in respect of that Share (including money payable by reason of article 7.3).

7.2 **Lien for Members' debts**

The Company has, in addition to the lien described in article 7.1, a first and paramount lien on each Share registered in a Member's name for all money owed to the Company by the Member.

7.3 **Lien on payments required to be made by the Company**

Where at any time the law of any jurisdiction imposes or purports to impose any immediate, future or possible liability on the Company, or empowers or purports to empower any person to require the Company to make any payment, on account of a Member or referable to a Share held by that Member (whether alone or jointly) or a Dividend declared in respect of a Share held by that Member, the Company:

- (a) is fully indemnified by that Member from that liability;
- (b) may recover as a debt due from the Member the amount of that liability together with interest at the Prescribed Rate from the date of payment by the Company (if the payment is made) to the date of repayment by the Member; and
- (c) may refuse to register a transfer of any Share by that Member until the amount of the Member's Liability has been paid to the Company,

and nothing in this article in any way prejudices or affects any right or remedy which the Company may have (including, without limitation, any right of set-off) and, as between the Company and the Member, any such right or remedy is enforceable by the Company.

7.4 **Extent of lien**

The liens described in articles 7.1 and 7.2 extend to all Dividends (if any) payable in respect of the Share and to the proceeds of sale of the Share.

7.5 Waiver by Board

The Board may, at any time, exempt a Share from the provisions of articles 7.1 and 7.2 to the extent and on any terms and conditions that it determines.

7.6 Sale under lien

Where:

- (a) the Company has a lien on a Share;
- (b) the sum in respect of which the lien exists is presently payable;
- (c) the Company has given notice to the Member registered in respect of the Share:
 - (i) requiring payment of the amount which is presently payable for which the lien exists; and
 - (ii) specifying a date (which is at least 10 Business Days after the date of the notice) by which and a place at which payment of the amount must be made; and
- (d) the requirements of the notice given under paragraph (c) are not fulfilled, the Company may sell the Share as if it had been forfeited under article 6.2 and the provisions of articles 6.5 to 6.13 apply as if the Member's Liability were the Money Due.

8. ALTERATION OF CAPITAL, SHARES AND RIGHTS

8.1 Alteration of capital

The Company may from time to time by Ordinary Resolution do any or all of the following:

- (a) increase its share capital by the creation of new Shares of such amount as it thinks expedient;
- (b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;
- (c) sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the Memorandum but so that, in the sub-division, the proportion between the amount paid and the amount (if any) unpaid on each Share of a smaller amount is the same as it was in the case of the Share from which the Share of a smaller amount is derived; and

- (d) cancel Shares that, at the date of passing the Ordinary Resolution to that effect, have not been taken or agreed to be taken by any person or that have been forfeited and reduce the amount of its share capital by the amount of the Shares so cancelled.

8.2 Additional rights

Where the Company passes an Ordinary Resolution under article 8.1(b) or article 8.1(c), the Company may also by Special Resolution determine that, as between the Shares resulting from the consolidation, division or subdivision, one or more of those Shares has some preference or special advantage as regards Dividends, capital, voting or otherwise over or compared with one or more others.

8.3 Reduction of capital

Without limiting the Company's power to buy back Shares as permitted by the Law, the Company may by Special Resolution reduce its share capital, any capital redemption reserve or any share premium account in any way.

8.4 Variation of rights

If at any time the issued Shares are divided into different classes, the rights attached to any class of Shares (unless the terms of issue of that class otherwise provide) may only be varied or abrogated with either:

- (a) the consent in writing of the holders of 75 per cent of the issued Shares of that class; or
- (b) the sanction of a Special Resolution passed at a separate meeting of the holders of Shares of that class, and, for the purposes of this article, the following provisions apply:
- (c) in relation to any separate meeting of the holders of Shares in a class, the provisions of these articles which relate to general meetings apply as far as they are capable of application and changed as necessary except that any holder of Shares of that class present in person or by proxy, attorney or representative may demand a poll; and
- (d) the rights attached to a class of Shares are not to be considered as varied if further Shares of that class are issued on identical terms except if the terms of issue of that class of Shares otherwise provide.

8.5 Adjustments

The Board may do anything which it considers desirable to give effect to any resolution or other action authorising or effecting the alteration of the share capital of the Company

or the variation or abrogation of rights attaching to any class of Shares or to adjust the rights of all parties and, in particular, may (without limitation):

- (a) round or disregard any fraction of Shares or any fractional entitlement;
- (b) sell fractions of Shares or fractional entitlements and distribute the proceeds of sale;
- (c) issue any fractional certificate required; and
- (d) determine that as between the holders of Shares or other entitlements one or more of them has a preference or special advantage as regards dividend, capital, voting or otherwise.

9. TRANSFER OF SHARES

9.1 Instrument of transfer

Subject to these articles, a Member may transfer all or any of the Member's Shares by instrument in writing which is:

- (a) a sufficient instrument of transfer of marketable securities under section 1101;
- (b) in any other usual or common form; or
- (c) in any other form approved by the Board.

9.2 Proper instrument

The Company may only register a transfer of Shares where an instrument satisfying article 9.1 is delivered to the Company, together with any fee not exceeding one dollar that the Board may require, and the instrument:

- (a) is duly stamped, if necessary;
- (b) is executed by the transferor and (unless the Board otherwise determines in a particular case relating only to fully paid Shares) the transferee, except where execution by either transferor or transferee is by law not required or is deemed to be present;
- (c) except where otherwise permitted by law, is accompanied by the certificate for the Shares the subject of the transfer together with such other evidence as the Board may require to prove the title of the transferor or the transferor's right to transfer the Shares; and

(d) relates only to Shares of one class.

9.3 Transferor remains Member

The transferor of a Share remains the holder of that Share until the transfer is registered and the name of the transferee appears in the Register in respect of that Share.

9.4 Discretion to decline to register transfer

The Board may in its absolute discretion and without giving any reason decline to register a transfer of Shares to a person of whom it does not approve.

9.5 Retention of instruments

On an instrument of transfer or a purported instrument of transfer being delivered to the Company, property to and title in that instrument (but not the Shares the subject of it) pass to the Company which is entitled as against all persons to the possession of the instrument.

9.6 Powers of attorney

Where a power of attorney granted by a Member is lodged with, or produced or exhibited to, the Company and that power of attorney confers power on the attorney to transfer any or all of the Member's Shares, the Company is entitled to assume, as against the Member, that the power remains in full force and effect and may be relied on by the Company until the Company receives express notice in writing at its registered office of either:

- (a) the revocation of the power of attorney; or
- (b) the death of the Member.

10. TRANSMISSION OF SHARES

10.1 Transmission generally

Except to the extent provided in article 10.2, if a Member either dies or becomes bankrupt:

- (a) the only person which the Company may recognise as having any title to or interest in a Share held by that Member is the legal personal representative or assignee of the Member's estate in bankruptcy (in either case, the **"representative"**);
- (b) if the representative produces the evidence required from time to time by the Board, the representative may elect to be, or to have a person nominated by the representative, registered as the holder of the Share;

