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**THE COMPANIES ACT 1985  
PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**CONSORT EU LIMITED**

Registered in England No. 2907493 ("the Company")



**1 PRELIMINARY**

- 1.1 The articles hereinafter set forth and (subject to this article) the Regulations contained in Table A shall constitute the Articles of Association of the Company.
- 1.2 Regulations 6, 8, 18, 24, 35, 40, 41, 46, 47, 51, 52, 62, 64, 73 to 81 inclusive, 94 to 97 inclusive, 101, 105, 117 and 118 of Table A shall not apply to the Company.
- 1.3 Any other Regulations of Table A which are inconsistent with the articles hereinafter set forth shall not apply to the extent of such inconsistency.

**2 INTERPRETATION**

- 2.1 In these articles, unless the context otherwise requires:

"the Act"	means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force.
"Table A"	means Table A in The Companies (Tables A-F) Regulations 1985 as amended by Companies (Tables A-F) (Amendment) Regulations 1985 and as amended by The Companies Act 1985 (Electronic Communications) Order 2000 (S.I.2000 No. 3373).
"A Directors"	means the Directors appointed from time to time by the A Shareholders in accordance with Article 15.3.
"Affiliate"	means with respect to any Person, any other Person that (a) Controls or owns the first Person, (b) is owned or Controlled by the first Person, or (c) is under common ownership or Control with the first Person, where "own" means ownership of

50% or more of the equity interests or rights to distributions on account of equity of the Person, provided that the Affiliates of a Shareholder shall not include any member of the Caledonia Group AND for CSFB only shall include general partners, limited partners thereof.

"the Articles"	means the Articles of Association of the Company.
"A Shareholders"	means the registered holder(s) from time to time of A Shares.
"A Shares"	means the class A ordinary shares of £1.00 each in the capital of Caledonia Oil & Gas Limited.
"the Auditors"	<p>means:</p> <ul style="list-style-type: none"><li>(a) the auditors of the Company holding office at the time when the Transfer Notice is served; or</li><li>(b) in the event that no auditors hold office at the time when the Transfer Notice is served, the reporting accountants of the Company holding office at such time; or</li><li>(c) in the event that no auditors or reporting accountants hold office at the time when the Transfer Notice is served, or in the event that auditors or reporting accountants (as the case may be) hold office but decline to act, an expert nominated by agreement between the Directors and the Transferor or, in the absence of such agreement, an expert appointed by the president for the time being of the Institute of Chartered Accountants of Scotland on the application of either the Directors or the Transferor.</li></ul>
"B Directors"	means the Directors appointed from time to time by the Majority B Shareholders in accordance with Article 15.2.
"B Shareholders"	means the registered holder(s) from time to time of B Shares.

“B Shares”	means the class B ordinary shares of £1.00 each in the capital of Caledonia Oil & Gas Limited.
“Board”	means the board of Directors of the Company.
“Business Day”	means a day other than Saturday, Sunday or a public holiday, on which banks are open in London, Edinburgh and Houston, Texas for commercial banking business.
“Caledonia Group”	means Caledonia Oil & Gas Limited and each of its subsidiaries from time to time.
“Caledonia Oil & Gas Limited”	means Caledonia Oil & Gas Limited, a company incorporated under the Act (registered number SC240197) and having its registered office at Johnstone House, 52-54 Rose Street, Aberdeen AB10 1HA.
“Clear Days”	in relation to the period of a notice means that period excluding the day which the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
“Control”	means, in relation to a company, any one or more of (a) legal and/or beneficial ownership of shares carrying the right to exercise in excess of 50% of the votes entitled to be cast at general meetings of the Shareholders of the company, or any holding company of that company; or (b) the right to appoint Directors or other officers to the board or equivalent governing bodies of the company, or any holding company, who have the right to exercise in excess of 50% of the votes entitled to be cast at meetings of such Directors or other officers; or (c) the right (legal or de facto) to manage or direct the management of the company, or any holding company of that company.
“CSFB”	means collectively:  DLJMB Overseas Partners III, C.V. DLJ Offshore Partners III, C.V. DLJ Offshore Partners III-1, C.V. DLJ Offshore Partners III-2, C.V. DLJ MB PartnersIII GmbH & Co. KG. MBP III Plan Investors, L.P. Millenium Partners II, L.P. and their Permitted Transferees, as that term is defined in the Articles

of Association of Caledonia Oil & Gas Limited adopted on or about the same day as these Articles.

"Director or Directors"	means a Director or the Directors from time to time of the Company.
"Executed"	includes any mode of execution.
"Majority A Shareholders"	means the registered holders(s) from time to time of a majority of the A Shares in issue.
"Majority B Shareholders"	means the registered holder(s) from time to time of a majority of the B Shares in issue.
"Management"	means Keith Pringle, Jeffrey MacDonald, Alexander Hunter, Christopher Bate and Donald Ferguson and any other Person (other than the A Shareholders) who acquires B Shares (whether by transfer or subscription) and is or becomes an employee or consultant engaged by a member of the Caledonia Group and who enters into a deed of adherence in accordance with the terms of the Shareholders' Agreement as an Individual Shareholder.
"Person"	includes any individual, corporation, company, partnership (general or limited), business trust, or other governmental or non-governmental entity or association.
"Registered Office"	means the Registered Office of the Company.
"Remuneration Committee"	has the meaning specified in Article 16.8.
"Sale Shares"	means the shares in the Company which are detailed in or are deemed to be detailed in the Transfer Notice.
"Secretary"	means the Secretary of the Company or any other Person appointed to perform the duties of the Secretary of the Company, including a joint, assistant or deputy Secretary.
"Shareholder"	means a holder of shares of any class.

"Transferor" means a member who has or has been deemed to have served a Transfer Notice.

"Transfer Notice" means written notice served or deemed to have been served by the Transferor specifying the number and class of the Sale Shares which he wishes or is deemed to wish to transfer.

2.2 Unless the context otherwise requires, words or expressions contained in these articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force on the date of adoption of these articles.

2.3 Headings are inserted for convenience only and shall not affect the interpretation of these articles.

2.4 In these articles, unless the context otherwise requires:

- (a) the singular shall include the plural and vice versa;
- (b) the masculine shall include the feminine and neuter, the feminine shall include the masculine and neuter, and the neuter shall include the masculine and feminine;
- (c) a reference to a sub-article is to another sub-article of the same article in which the reference appears; and
- (d) a reference to a paragraph is to another paragraph of the same article or sub-article (as the case may be) in which the reference appears.

### **3 SHARE CAPITAL**

The share capital of the Company is £12,001,000 divided into 12,001,000 Ordinary Shares of £1 each.

### **4 SHARE CERTIFICATES**

Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares held by him (and, upon transferring a part of his holding of shares, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the Directors may determine. Every certificate shall specify the number and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several Persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

### **5 LIEN**

The Company shall have a first and paramount lien on every share for all monies (whether presently payable or not) payable at a fixed time or called in respect of that share. The Directors may at any time declare any share to be wholly or partly exempt from the provisions of this article. The Company's lien on a share shall extend to any amount payable in respect of it. The lien conferred by this article shall attach to all shares registered in the name of any Person indebted or under liability to the Company, whether such Person is the sole holder thereof or one of two or more joint holders thereof.

## **6 FORFEITURE OF SHARES**

If a call remains unpaid after it has become due and payable the Directors may give to the Person from whom it is due not less than fourteen Clear Days notice requiring payment of the amount unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

## **7 TRANSFERS OF SHARES**

### **7.1 REGISTRATION**

Subject to the provisions of sub-article 4(b), the Directors shall register any transfer made in accordance with this Article, provided always that the transfer:-

- (a) is lodged at the office or at such other place as the Directors may appoint and is accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the Transferor to make the transfer;
- (b) is in respect of only one class of shares; and
- (c) is in favour of not more than four transferees.

The Directors shall refuse to register any transfer made in breach of this article.

### **7.2 TRANSFER NOTICE**

- (a) References in this sub-article to the transfer of any share shall be construed as including reference to the sale or other disposal of the beneficial ownership of such share.
- (b) If at any time a Transferor wishes to transfer any shares he shall serve upon the Directors a Transfer Notice in writing and such Transfer Notice shall appoint the Directors as the Transferor's agent to sell the Sale Shares at a price to be mutually agreed between the Transferor and the Directors or, failing agreement within twenty-eight days of the date of service of such Transfer Notice, at a price fixed pursuant to sub-article 6

on the application of either the Transferor or the Directors. The Directors shall provide all information required by the Auditors in connection with such valuation.

A Transfer Notice shall be irrevocable except with the consent of the Directors provided that in any case where the price has been fixed pursuant to sub-article 6 the Transferor may revoke the Transfer Notice within fourteen days of receiving notice of the price so fixed. The Auditors' fee shall be borne by the Company unless the Transferor shall revoke the Transfer Notice as aforesaid in which case the Transferor shall bear the cost.

Upon (1) the price being agreed as aforesaid or (2) the period within which the Transferor may revoke the Transfer Notice having elapsed or (3) the Transferor having indicated that he is satisfied with the price fixed as aforesaid, the Sale Shares shall be dealt with in the following manner:-

- (i) the Sale Shares shall be offered in the first instance to all the remaining members of the Company and so that in the case of competition the Sale Shares shall be sold to the members accepting the offer in proportion (as nearly as may be and without increasing the number sold to any member beyond the number applied for by him) to their existing shareholdings, and if and to the extent to which such members shall not accept such offer, the Sale Shares shall be dealt with as provided in sub-article 4;
- (ii) any offer under paragraph (i) shall be in writing (and shall intimate the price agreed or fixed as aforesaid) and if and insofar as accepted shall be accepted within twenty-eight days of its being served by notice in writing to the Directors stating the number of the Sale Shares the member making such acceptance wishes to take (and if not so accepted shall be deemed to have been refused);
- (iii) if and to the extent to which any offer is accepted, the Transferor shall be bound upon demand to transfer the Sale Shares accepted and the member accepting the offer shall be bound upon demand to pay for the Sale Shares accepted the price agreed or fixed as aforesaid.

### 7.3 TOTAL TRANSFER PROVISION

The Transfer Notice may contain a total transfer provision whereby unless all the Sale Shares comprised in the Transfer Notice are transferred pursuant to this article none shall be transferred. Any such total transfer provision shall be binding on the Company.

### 7.4 SURPLUS SALE SHARES FOLLOWING ORIGINAL OFFER

Where the Sale Shares have been offered pursuant to sub-article 2 (b)(i) and not all have been accepted then the remainder of the Sale Shares shall be offered in the proportions referred to in sub-article 2 (b) (i) to the Persons who had within the time prescribed by sub-article 2 (b) (ii) accepted all the Sale Shares offered to them. Such further offer shall be made in the same manner and limited by a like prescribed time as the original offer. Such further offer shall be repeated until such time as either (1) all the Sale Shares have been accepted or (2) each member has or is deemed to have declined to accept any further Sale Shares. If and to the extent to which such further offer or offers are accepted, the Transferor shall be bound upon demand to transfer the Sale Shares accepted and the member accepting such further offer or offers shall be bound upon demand to pay for the Sale Shares accepted the price agreed or fixed as aforesaid. If any of the Sale Shares have not been accepted following the final further offer then:

- (a) the Directors may direct that all or any of the Sale Shares be transferred to any Person willing to purchase the same whom in the opinion of the Directors it is desirable to admit to the membership of the Company and the Sale Shares shall be transferred accordingly. The Transferor shall be bound upon demand to transfer such Sale Shares and the Person to whom they are to be transferred shall be bound upon demand to pay for such Sale Shares the price agreed or fixed as aforesaid;
- (b) if within three months of the date on which the price is agreed or fixed in manner provided in sub-article 2 (b) no purchaser has been found for some or all of the Sale Shares the Directors shall forthwith so notify the Transferor and the Transferor shall at any time within three months of being so notified by the Directors be at liberty to sell and transfer the Sale Shares not purchased to any Person at a price not lower than the fair value determined as aforesaid provided that the Directors shall be able to refuse to register a transfer pursuant to this paragraph.

#### 7.5 POWER OF ATTORNEY

If the Transferor shall fail to transfer the Sale Shares pursuant to this article, the Directors shall appoint some other Person who by virtue of said appointment shall be deemed to have been appointed attorney of the Transferor with full power to execute, complete and deliver in the name and on behalf of the Transferor, transfers of the Sale Shares accepted to any Person pursuant to this article. On payment of the price to the Company any such Person shall be deemed to have obtained a good discharge for such payment and on execution and delivery of the transfer any such Person shall be entitled to insist upon his name being entered in the register of members as a holder by virtue of transfer of the Sale Shares so transferred. The Company shall forthwith pay the price into a separate bank account in the Company's name and shall hold such price in trust for the Transferor.

#### 7.6 VALUATION

Where the price is to be fixed pursuant to this sub-article, the price shall be fixed by the Auditors, acting as experts not arbiters, who shall determine the fair value of the Sale Shares as between a willing buyer and a willing seller dealing at arm's length valuing the Sale Shares as a rateable proportion of the value of the entire issued share capital of the Company and disregarding whether the Sale Shares constitute a minority or majority holding. The Directors shall endeavour to procure that the Auditors shall fix the price within six weeks of the application being made to them.

#### **7.7 OVERRIDING PROVISION**

Notwithstanding the provisions of this article, a member shall be entitled to transfer his shareholding or any part thereof to such Person, whether or not that Person is a member of the Company, and for such consideration as the whole members of the Company may agree in writing.

### **8 PURCHASE OF OWN SHARES**

Subject to the provisions of the Act, any shares of the Company may be purchased by the Company on such terms and conditions as the Company, before it enters into a contract or contingent contract for the purchase of such shares, may by special resolution determine. A payment in respect of such a purchase by the Company may, with the sanction of a special resolution, be made otherwise than out of the distributable profits of the Company (within the meaning of Section 152(1)(b) of the Act) or the proceeds of a fresh issue of shares made for the purpose of the purchase, notwithstanding that such payment may constitute a payment out of capital.

### **9 QUORUM AT GENERAL MEETINGS**

Subject as aftermentioned, no business shall be transacted at any general meeting unless a quorum is present. Two Persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a corporate representative of a member, shall be a quorum. If such a quorum is not present within half an hour from the time appointed for the meeting or if during a meeting such a quorum ceases to be present then the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Directors may determine. Notice of such adjourned meeting will be given by the Company as soon as reasonably practicable. At such adjourned meeting, those present will be a quorum.

### **10 POLLS**

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless, before or on the declaration of the result of the show of hands, a poll is demanded by at least one member (or by at least a proxy or corporate representative of one member). Unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against the

resolution. A poll demanded on the election of a chairman or on a question of adjournment or on any other question shall be taken forthwith.

## **11 PROXIES**

The instrument appointing a proxy or corporate representative and any authority under which it is Executed or a copy of such authority certified notarially or in some other way approved by the Directors may be deposited at the Registered Office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy or in any invitation to appoint a proxy sent out by the Company in relation to the meeting at which the Person named in the instrument proposes to vote.

## **12 POWERS OF DIRECTORS**

For the avoidance of doubt, the powers conferred on the Directors by Regulation 70 of Table A shall specifically include the power to cease trading and the power to present a petition in the name of the Company to have the Company wound up.

## **13 DURATION OF DIRECTOR'S OFFICE**

Every Director shall be a permanent Director of the Company and not subject to retirement by rotation.

## **14 APPOINTMENT OF DIRECTORS**

14.1 The Board may consist of up to (but not more than) eleven Directors, two of whom shall be neither an A Director nor a B Director.

14.2 The Majority B Shareholders shall be entitled at any time and from time to time to appoint up to, but no more in aggregate than, five Persons as B Directors and to remove any such Directors from office and to appoint any other Person in place of any such Directors so removed or dying or otherwise vacating office. Provided always that all B Directors shall also be members of Management.

14.3 (a) In accordance with the provisions of this Article 15.3, and subject to paragraph (b) below the Majority A Shareholders shall be entitled at any time and from time to time to appoint up to, but no more in aggregate than, four Persons as A Directors and to remove any such Directors from office and to appoint any other Person in place of any such Directors so removed or dying or otherwise vacating office. Each A Director shall have four times the votes of each B Director. Any other Director shall have one vote.

(b) For so long as CSFB is the holder of at least 10,000,000 A Shares in Caledonia Oil & Gas Limited in issue it shall be entitled to appoint one of the four A Directors entitled to be appointed pursuant to Article 15.3(a) and to remove any such Director from office and to appoint any other Person in place of such Director so removed or otherwise vacating office.

- (c) Any A Director nominated by the Majority A Shareholders present at a meeting of the Board shall be entitled to cast as additional votes the votes of any other A Directors not present at such meeting.
- 14.4 Every appointment or removal made pursuant to this Article 15 shall be made by notice in writing to the Company signed by or on behalf of the Person or Persons entitled to make the same.
- 14.5 The position of chairperson of the Board shall be a nominee from time to time of the Board from among their number. The chairperson shall not have a second or casting vote.
- 14.6 If the employment of an employee of Caledonia Oil & Gas Limited who is also a Director terminates for whatever reason, that Person's appointment as a Director also terminates and that person may not be reappointed as a Director. If any consultancy agreement with an individual who acts as, or with an Affiliate of an individual who acts as, a Director, terminates for whatever reason, that individual's appointment as a Director also terminates and the Company may not re-appoint that individual as a Director.

## **15 MEETINGS OF DIRECTORS AND REMUNERATION COMMITTEE**

- 15.1 Notice of every meeting of the Directors shall be given to each Director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom. Any Director may waive notice of any meeting either prospectively or retrospectively in writing to the Company and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him.
- 15.2 The quorum for a meeting of the Board shall be one B Director (or his or her alternate) and two A Directors (or his or her alternate). If a quorum is not present at any meeting of the Board proposed with due notice, the meeting shall be reconvened on the 5<sup>th</sup> Business Day after (and excluding) the date of the original meeting, or on such other day as the Directors may agree.
- 15.3 Decisions of the Board shall require a majority affirmative vote of the Directors. Notwithstanding the foregoing:
  - (a) the B Directors shall have the sole and exclusive authority to exercise any right of the Company to appoint and remove "B" Directors of any subsidiary of the Company;
  - (b) the A Directors acting by majority shall have sole and exclusive authority to exercise any right of the Company to appoint and remove "A" Directors of any subsidiary of the Company;
  - (c) no decision of the Board to terminate the employment or a consultancy arrangement with a B Director or any member of Management can be made without the approval of at least two other B Directors unless the relevant individual is in breach of the terms under which he is engaged by the relevant member of the Caledonia Group; and

- (d) for so long as there shall be only one Director of the Company, provided that individual is an A Director appointed by the Majority A Shareholders, such Director shall be entitled to exercise any and all rights of the Directors in relation to the Company.
- 15.4 The Board will meet not less than four times in each year, and on any other occasion requested by a Director. The Company shall give not less than 5 Business Days' prior written notice together, wherever practicable, with an agenda and supporting papers to the Directors of a meeting of the Board. Provided always that shorter notice may be given if at least two A Directors and two B Directors consider it necessary in the interests of the Company.
- 15.5 A resolution in writing signed by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors; but a resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by a Director who has appointed an alternate Director, it need not be signed by the alternate Director in that capacity.
- 15.6 Meetings of the Board may be held by conference telephone or similar equipment, so long as all the participants can hear and are able to speak to and be heard by each other. Such a meeting shall be deemed to take place where it is convened to be held or (if no Director is present in that place) where the largest group of those participating is assembled, or, if there is no such group, where the chairperson of the meeting is. The word "meeting" in these Articles shall be construed accordingly. Any A Director shall be entitled to require that his attendance at a meeting of the Directors be by way of telephone or (if available) similar means.
- 15.7 Any Director (other than an alternate Director) may appoint any other Person willing to act to be an alternate Director and may remove from office an alternate Director so appointed by him, provided that any alternate of a B Director must first be approved by resolution of the Directors. An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a Member, to attend and vote at any such meeting at which the Director appointing him is not personally present. An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director. Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Board. Save as otherwise provided in these Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him.
- 15.8 The Board may from time to time delegate its powers to decide upon the remuneration of employees of the Company to a committee (the "Remuneration Committee"). The Remuneration Committee shall consist of a B Director and an A Director appointed by the Majority A Shareholders. In respect of all matters put to a vote of the Remuneration Committee, the A Director shall have a second or casting vote.

## **16 DIRECTORS' CONFLICTS OF INTEREST**

**16.1** Subject to the provisions of the Act and provided that he has disclosed to the Directors the nature and extent of any interest of his, a Director notwithstanding his office:-

16.1.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;

16.1.2 may be a Director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;

16.1.3 may (and any firm or company of which he is a partner or member or Director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested;

16.1.4 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and

16.1.5 shall be entitled to vote and be counted in the quorum on any matter referred to in the foregoing paragraphs of this Article.

**16.2** For the purposes of this Article:-

16.2.1 a general notice to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified Person or class of Persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified;

16.2.2 an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

16.2.3 an interest of a Person who is for any purpose of the Act (excluding any statutory modification not in force when these Articles were adopted) connected with a Director shall be treated as an interest of the Director and in relation to an alternate Director an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise.

## **17 DIVIDENDS AND RESERVES**

Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or in part by the distribution of specific assets, and in particular of paid-up shares in the Company or in any other company. The Directors

shall give effect to such direction and where any difficulty arises in regard to the distribution they may settle the same as they think expedient, and in particular may

- (a) issue fractional certificates;
- (b) fix the value for distribution of such specific assets or any part thereof;
- (c) determine that cash payment shall be made to the members on the basis of the value so fixed in order to adjust the rights of all parties; and/or
- (d) vest any such specific assets in trustees upon such trusts for the Person or Persons entitled to the dividend or bonus as may seem expedient.

Where requisite a proper contract shall be filed in accordance with section 88 of the Act, and the Directors may appoint any Person to sign such contract on behalf of the Person entitled to the dividend or bonus.

## 18 WINDING UP

If the Company shall be wound up the liquidator shall divide amongst the members in specie or in kind the whole or any part of the surplus assets of the Company (whether they shall consist of property of the same kind or not) and shall, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

The liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the whole or any part of the members or different classes of members as he shall think fit but so that no member shall be compelled in any circumstances to accept any share or other securities upon which there is a liability.

## 19. INDEMNITY

- 19.1 Insofar as consistent with the Act, every Director, Secretary, auditor and other officer of the Company and their respective representatives and administrators shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of that office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether criminal or civil, in which he is acquitted or judgement is given in his favour, or in connection with any application made under section 727 of the Act in which he is granted relief by the court, and no Director or other officer of the Company shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of that office or in relation thereto.
- 19.2 The Company may purchase and maintain for any Director, Secretary, auditor or other officer of the Company insurance against any liability which by virtue of any rule of law would attach to him in respect of negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.