NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 31, 2016

AND

MANAGEMENT INFORMATION CIRCULAR

DATED MAY 2, 2016

TETHYS PETROLEUM LIMITED
89 NEXUS WAY, CAMANA BAY,
GRAND CAYMAN, KY1-9007, CAYMAN ISLANDS

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general and special meeting (the "**Meeting**") of the holders of ordinary shares of Tethys Petroleum Limited (the "**Company**") will be held at Intercontinental Paris – Le Grand, 2 Rue Scribe, Paris, 75009, France on May 31, 2016 at 11:30 a.m. (Central European Summer Time - local time in Paris, France) for the following purposes as well as to transact such other business as may properly be brought before the Meeting or any adjournment thereof:

Special Business

1. **Resolution 1 – Approval to Reduce the Par Value of Ordinary Shares and Preferred Shares, Reduce Authorised Share Capital and Amend the Company's Articles of Association**

   To propose the following resolution as a special resolution of the Company:

   That:

   a) subject to confirmation from the Grand Court of the Cayman Islands, the Company's authorised share capital be reduced from US$75,000,000 to US$15,000,000 by (i) reducing the par value of the Company's ordinary shares and preferred shares (the "**Shares**") from US$0.10 to US$0.01 thereby reducing the authorized share capital from US$75,000,000 to US$7,500,000 and (ii) increasing the number of authorized shares to 1,450,000,000 ordinary shares each with a par value of US$0.01 and 50,000,000 preferred shares each with a par value of US$0.01 with an increase in the authorized share capital of the company from US$7,500,000 to US$15,000,000 and amending the Company's memorandum of association accordingly; and

   b) the Articles of Association of the Company adopted on July 17, 2008 as amended by special resolutions passed on February 10, 2011, June 13, 2012 and June 11, 2015 (as amended, the "**Articles**") be amended with immediate effect to, subject to confirmation from the Grand Court of the Cayman Islands, reflect the reduction in the par value of the Shares and the authorised share capital and that the form of articles attached as Schedule A to the management information circular dated May 2, 2016 (the "**Circular**") be adopted as the Company's articles of association in substitution for and to the exclusion of the Articles.

2. **Resolution 2 – Approval to Issue Ordinary Shares to Annuity and Life Reassurance Ltd upon exercise of ALR Warrants (up to 23,333,333 shares) and/or Conversion of ALR Debentures (up to 18,402,220 shares, of which 17,609,780 relating to conversion of principal and up to 792,440 relating to accrued, but unpaid interest at the time of conversion)**

   To propose the following resolution as an ordinary resolution of the Company in accordance with applicable Toronto Stock Exchange ("**TSX**") rules, excluding any votes attaching to Ordinary Shares beneficially owned by PAM (as defined below):

   That the Company be authorised to issue: (A)(i) up to 23,333,333 Ordinary Shares to Annuity and Life Reassurance Ltd ("**ALR**"), an affiliate of Pope Asset Management, LLC (together with its affiliates, including ALR, "**PAM**") upon the exercise of 23,333,333 warrants issued to ALR on March 10, 2015 (the "**ALR Warrants**"), and (ii) up to 18,402,220 Ordinary Shares to ALR upon the conversion of convertible debentures issued to ALR on June 1, 2015 (the "**ALR Debentures**") (17,609,780 relating to principal and up to 792,440 relating to accrued, but unpaid interest), which could result in PAM owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the

Company under Section 604 of the TSX Company Manual (the "**TSX Manual**"), and (B) the final 7,288,800 Ordinary Shares issuable upon conversion of the principal of the ALR Debentures, which, together with the issuance of the ALR Warrants and the first 10,320,980 Ordinary Shares issuable upon conversion of the principal of the ALR Debentures, would have resulted in more than 10% of the issued and outstanding Ordinary Shares having been issued or made issuable to insiders during a six month period, all as more particularly described in the Circular.

3. **Resolution 3 – Approval to Issue 181,240,793 Ordinary Shares to Olisol Petroleum Limited**

To propose the following resolution as an ordinary resolution of the Company in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and applicable sections of the TSX Manual, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol Petroleum Limited ("**Olisol**"):

That the Company be authorised to issue 181,240,793 Ordinary Shares to Olisol at a price per share of C$0.054 for an aggregate amount of C$9,787,002.82 pursuant to the terms of an amended and restated investment agreement among the Company, Olisol and Olisol Investments Limited dated April 28, 2016 (the "**Investment Agreement**") as required by (i) Section 604 of the TSX Manual in the event that such issuance of Ordinary Shares results in Olisol owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual, and (ii) Section 501 of the TSX Manual since the issuance of such Ordinary Shares, together with the issuance of other securities to, and the payment of interest owing under convertible debentures held by, certain related parties and/or insiders (as such terms are defined in the TSX Manual) will result in transactions with insiders and/or related parties of the Company receiving consideration in excess of 10% of the market capitalization of the Company during the past six months, all as more particularly described in the Circular.

4. Resolution 4 – Approval to Issue up to 24,434,008 Ordinary Shares to Olisol Upon Conversion of US$1 Million Plus Accrued but Unpaid Interest Under the Amended Facility Agreement

To propose the following resolution as an ordinary resolution of the Company in accordance with applicable sections of the TSX Manual, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol:

That the Company be authorised to issue up to 24,434,008 Ordinary Shares to Olisol at a price per share of C$0.054 upon the conversion of the outstanding principal of US$1,000,000 together with any accrued but unpaid interest thereunder pursuant to the facility agreement entered into with Olisol on November 19, 2015, as amended by agreement dated March 2, 2016 at a conversion price of C$0.054 (as amended, the "**Amended Facility Agreement**") as required by (i) Section 604 of the TSX Manual in the event that such issuance of Ordinary Shares results in Olisol, together with its affiliates, owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual, (ii) Section 607 of the TSX Manual as it relates to the Ordinary Shares issuable upon conversion of the outstanding interest as the conversion price of C$0.054 relating to such shares could be less than the market price (as defined under TSX Manual) at the time of conversion, and (iii) Section 501 of the TSX Manual since the issuance of such Ordinary Shares, together with the issuance of other securities to, and the payment of interest owing under convertible debentures held by, certain related parties and/or insiders (as such terms are defined in the TSX Manual) will result in transactions with insiders and/or related parties of the Company receiving consideration in excess of 10% of the market capitalization of the Company during the past six months, all as more particularly described in the Circular.

5. Resolution 5 – Approval to Issue up to 43,962,996 Ordinary Shares to Olisol Upon Conversion of the Working Capital Indebtedness

To propose the following resolution as an ordinary resolution of the Company in accordance with applicable sections of the TSX Manual, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol:

That the Company be authorised to issue up to 43,962,996 Ordinary Shares to Olisol upon the conversion of the outstanding principal and accrued but unpaid interest (assumed to equal US$1,872,241.15) under any working capital indebtedness (outstanding as of the date hereof or that may be issued after the date hereof) issued in connection with Article 3 of the Investment Agreement at a conversion price of C$0.054 per share as required by MI 61-101 and (i) Section 604 of the TSX Manual in the event that such issuance of Ordinary Shares results in Olisol, together with its affiliates, owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual, (ii) Section 607 of the TSX Manual as it relates to the Ordinary Shares issuable upon conversion of the outstanding interest as the conversion price of C$0.054 relating to such shares could be less than the market price (as defined under TSX Manual) at the time of conversion since the market price will not be known until the interest is due, all as more particularly described in the Circular, and (iii) Section 501 of the TSX Manual since the issuance of such Ordinary Shares, together with the issuance of other securities to, and the payment of interest owing under convertible debentures held by, certain related parties and/or insiders (as such terms are defined in the TSX Manual) will result in transactions with insiders and/or related parties of the Company receiving consideration in excess of 10% of the market capitalization of the Company during the past six months, all as more particularly described in the Circular.

6. **Resolution 6 – Approval to Issue up to 50,000,000 Ordinary Shares to Olisol for Future Offering**

To propose the following resolution as an ordinary resolution of the Company in accordance with MI 61-101 and applicable sections of the TSX Manual, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol:

That the Company be authorised to issue up to 50,000,000 Ordinary Shares to Olisol at a price per share of C$0.054 for an aggregate amount of up to C$2,700,000 in the event that certain shareholders of the Company do not participate in a future offering as described in, and pursuant to the terms of, the Investment Agreement, as required by MI 61-101 and (i) Section 604 of the TSX Manual in the event that such issuance of Ordinary Shares results in Olisol owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual and (ii) Section 501 of the TSX Manual since the issuance of such Ordinary Shares, together with the issuance of other securities to, and the payment of interest owing under convertible debentures held by, certain related parties and/or insiders (as such terms are defined in the TSX Manual) will result in transactions with insiders and/or related parties of the Company receiving consideration in excess of 10% of the market capitalization of the Company during the past six months, all as more particularly described in the Circular.

7. **Resolution 7 – Approval to Issue Shares to Olisol to Satisfy its Pre-Emptive Rights**

To propose the following resolution as an ordinary resolution of the Company in accordance with MI 61-101 and applicable sections of the TSX Manual, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol:

That the Company be authorised to issue Ordinary Shares to Olisol to permit Olisol to maintain its *pro rata* equity percentage in the Company, measured immediately prior to an applicable dilutive issuance, at the same price as the dilutive issuance, as required by MI 61-101 and Section 604 of the TSX Manual in the event that such issuance results in greater than 10% of the outstanding Ordinary Shares being issued to insiders in a six month period, all as more particularly described in the Circular.

General Business

8. **Resolution 8– Receipt of Financial Statements and Auditors Report**

To receive and consider the financial statements of the Company for the year ended December 31, 2015 and the report of the auditors thereon.

9. **Resolutions 9.1 to 9.4 – Election of Directors**

To propose each of the following separate resolutions as ordinary resolutions of the Company, the appointment of which and the resignation of the existing directors pursuant to Article 69 of the Articles of Association shall take effect from the conclusion of the Meeting:

9.1 to elect Alexander Abramov as a director of the Company;

9.2 to elect William P. Wells as a director of the Company;

9.3 to elect Adeola Ogunsemi as a director of the Company; and

9.4 on a conditional basis as set forth in the Circular, to elect Vladimir Griguletsky as a director of the Company.

10. Resolution 10 – Appointment of Auditors

To propose the following resolution as an ordinary resolution of the Company:

That PricewaterhouseCoopers LLP, be appointed as auditors of the Company to hold office in accordance with the Company's Articles of Association, and that their compensation be fixed by the board of directors.

The details of all matters proposed to be put before shareholders at the Meeting are set forth in the Circular. At the Meeting, shareholders will be asked to approve each of the foregoing resolutions, all as more particularly described in the Circular.

Only shareholders of record as of April 29, 2016, the record date (the "**Record Date**"), are entitled to receive notice of the Meeting.

DATED this 2nd day of May, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

"Clive Oliver"
Corporate Secretary

IMPORTANT

It is desirable that as many Ordinary Shares as possible be represented at the Meeting. If you do not expect to attend and would like your Ordinary Shares represented, please complete the enclosed form of proxy and return it as soon as possible in the envelope provided for that purpose. In accordance with the Articles, to be valid, all proxies must be deposited at the office of the Registrar and Transfer Agent of the Company, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, not later than 5:00 p.m. (Eastern Daylight Time – local time in Toronto, Canada) on May 27, 2016, or twenty-four hours preceding any adjournment of the Meeting.

The Company gives notice that only those shareholders entered on the register of shareholders (or their duly appointed proxies) at close of business on the Record Date, will be entitled to attend and vote at the Meeting in respect of the number of Ordinary Shares registered in their name at that time.

A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote in his or her place. A proxy need not be a shareholder of the Company. Completion of a form of proxy does not preclude a shareholder from subsequently attending and voting at the Meeting in person if he or she so wishes.

Any transferee or person acquiring Ordinary Shares after the Record Date may not later than 5:00 p.m. (Eastern Daylight Time – local time in Toronto, Canada) on May 27, 2016 (i.e. not later than 48 hours before the Meeting) request that the Registrar and Transfer Agent of the Company, TMX Equity Transfer Services add his or her name on the register of members and include him or her in the list of persons entitled to attend and vote at the Meeting.

Table of Contents

Page No.

TETHYS PETROLEUM LIMITED

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 31, 2016

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "**Circular**") is furnished in connection with the solicitation of proxies by the management of Tethys Petroleum Limited ("**Tethys**", the "**Company**" or "**we**") for use at the annual general and special meeting of the holders of ordinary shares of the Company ("**Ordinary Shares**") to be held at Intercontinental Paris – Le Grand, 2 Rue Scribe, Paris, 75009, France on May 31, 2016 at 11:30 a.m. (Central European Summer Time - local time in Paris, France), or at any adjournment thereof (the "**Meeting**"), for the purposes set forth in the notice of meeting (the "**Notice of Meeting**").

The costs incurred in the preparation and mailing of both the instrument of proxy and this Circular will be borne by the Company. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Company who will not be directly compensated therefor.

These meeting materials, including the Circular, are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions**.** Please return your voting instructions as specified in the request for voting instructions set out in the Voting Instruction Form, Form of Proxy or Form of Direction provided with the meeting materials.

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Ordinary Shares (defined below) held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company. The record date to determine the registered shareholders entitled to receive the Notice of Meeting is April 29, 2016 (the "Record Date").

All information provided herein is as at the Record Date unless otherwise indicated.

VOTING BY PROXY - APPOINTMENT AND REVOCATION OF PROXIES

The persons named (the "Management Designees") in the enclosed instrument of proxy (the "Instrument of Proxy") are directors or officers of the Company and have been selected by the directors of the Company and have indicated their willingness to represent as proxy the shareholder who appoints them. A registered shareholder has the right to designate a person (whom needs not be a shareholder) other than the Management Designees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Company, TMX Equity Transfer Services. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification with him or her to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorised in writing, with proof of such authorisation attached, where an attorney executed the proxy form or, if the appointor is a company, under its seal or under the hand of its duly authorised officer or attorney or other person authorised to sign. In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his or her shares. A proxy nominee need not be a shareholder of the Company.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Company's transfer agent, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Canada, at least forty-eight (48) hours prior to the Meeting or twenty-four (24) hours prior to any adjournment thereof (of more than 48 hours, but less than 28 days). Any proxy delivered in respect of the Meeting will be valid for any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy. The board of directors has approved John Bell, the co Non-Executive Chairman of the Company, to serve as Chairman of the Meeting.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his or her authorised attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorised, either at the registered office of the Company or with TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Canada, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his or her shares.

A shareholder giving a proxy has the right to attend the Meeting, or appoint someone else to attend as his or her proxy at the Meeting and the proxy submitted earlier can be revoked in the manner described above.

VOTING IN PERSON AT THE MEETING

A registered shareholder will appear on a list of shareholders prepared by the registrar and transfer agent for purposes of the Meeting. To vote in person at the Meeting each registered shareholder will be required to register for the Meeting by identifying themselves at the registration desk. Non-registered beneficial shareholders must appoint themselves as a proxyholder to vote in person at the Meeting. Also see "*Advice to Beneficial Shareholders and to Holders of Depository Interests*" below.

VOTING OF PROXIES

Each shareholder may instruct his or her proxy how to vote his or her Ordinary Shares by completing the blanks on the Instrument of Proxy. All Ordinary Shares represented at the Meeting by properly executed proxies will be voted (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Ordinary Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of Resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 as set out in the Notice of Meeting. In the absence of any specification as to voting on any other form of proxy, the Ordinary Shares represented by such form of proxy will be voted as the proxy sees fit.**

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Company.

ADVICE TO BENEFICIAL SHAREHOLDERS AND TO HOLDERS OF DEPOSITORY INTERESTS

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Ordinary Shares in their own name. Shareholders who hold their Ordinary Shares (a "**Beneficial Shareholder**") in the following manner:

(a) registered in the name of an intermediary that the Beneficial Shareholder deals with in respect of the Ordinary Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or certain administrators;

(b) registered in the name of a depository (such as The Canadian Depository for Securities Limited or "**CDS**"); or

(c) represented by depository interests ("**Depository Interests**") in respect of which Capita IRG Trustees Limited acts as depository,

should note that only proxies deposited by shareholders who appear on the records maintained by the Company's registrar and transfer agent as registered holders of Ordinary Shares will be recognized and acted upon at the Meeting. If Ordinary Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Ordinary Shares will, in all likelihood, not be registered in the shareholder's name. Ordinary Shares represented by Depository Interests are not registered in the Beneficial Shareholder's name.

In accordance with Canadian securities law, the Company has distributed copies of the Notice of Meeting, this Circular and the form of proxy (collectively, the "**meeting materials**") to CDS and intermediaries for onward distribution to Beneficial Shareholders.

Intermediaries are required to forward meeting materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Typically, intermediaries will use a service company to forward the meeting materials to Beneficial Shareholders. Beneficial Shareholders will receive either a voting instruction form or, less frequently, a form of proxy. Beneficial shareholders who hold Depository Interests will receive a form of direction. The purpose of these forms is to permit Beneficial Shareholders to direct the voting of the Ordinary Shares they beneficially own. Beneficial Shareholders should follow the procedures set out below, depending on which type of form they receive.

A. *Voting Instruction Form.* In most cases, a Beneficial Shareholder will receive, as part of the meeting materials, a voting instruction form. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. In accordance with the Articles, to be valid, all voting instruction forms must be deposited at the office of the Registrar and Transfer Agent of the Company, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, not later than 5:00 p.m. (Eastern Daylight Time – local time in Toronto, Canada) on May 27, 2016, or twenty-four hours preceding any adjournment of the Meeting of more than 48 hours, but less than 28 days. If a Beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Shareholder's behalf), the Beneficial Shareholder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Beneficial Shareholder, or

B. *Form of Proxy.* Less frequently, a Beneficial Shareholder will receive, as part of the meeting materials, a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Beneficial Shareholder but which is otherwise uncompleted. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the Beneficial Shareholder must complete the form of proxy and deposit it with the Company's registrar and transfer agent, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, as described above, not later than 5:00 p.m. (Eastern Daylight Time – local time in Toronto, Canada) on May 27, 2016, or twenty-four hours preceding any adjournment of the Meeting of more than 48 hours, but less than 28 days. If a Beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the Beneficial Shareholder must strike out the names of the Management Designees named in the proxy and insert the Beneficial Shareholder's (or such other person's) name in the blank space provided, or

C. *Form of Direction.* A Beneficial Shareholder who holds Depository Interests will receive, as part of the meeting materials, a Form of Direction. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the Form of Direction must be completed, signed and returned in accordance with the directions on the form. To be effective, this Form of Direction and the

power of attorney or other authority (if any) under which it is signed, or a notarially or otherwise certified copy of such power or authority, must be deposited at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 11:30 a.m. (British Summer Time – local time in the United Kingdom) on Thursday May 26, 2016. Depository Interest holders wishing to attend the Meeting should contact the Depository at Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU in accordance with the instructions set out in the Form of Direction.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Ordinary Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxy holder for the registered shareholder and vote the Ordinary Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Ordinary Shares as proxy holder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Circular and the accompanying Instrument of Proxy and the Notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the Record Date, Tethys had no preference shares and 400,004,848 Ordinary Shares issued and outstanding. Every shareholder present has on a show of hands one vote and on a poll every shareholder present in person or represented by proxy has one vote for every Ordinary Share of which he, she or it is the holder. Only those shareholders of record on the Record Date are entitled to receive notice of and vote at the Meeting. Any transferee or person acquiring Ordinary Shares after the Record Date may, on proof of ownership of Ordinary Shares, demand of TMX Equity Transfer Services not later than 48 hours before the Meeting (or any adjournment thereof) that his or her name be included in the list of persons entitled to attend and vote at the Meeting.

Two or more holders of Ordinary Shares present in person or represented by proxy constitute a quorum for the Meeting, irrespective of the number of persons actually present at the Meeting.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to all of the issued and outstanding Ordinary Shares other than (i) Pope Asset Management, LLC, which, together with its affiliates, owns or controls 63,982,297 Ordinary Shares or approximately 16.0% of the outstanding Ordinary Shares, and (ii) Olisol Petroleum Limited ("**Olisol**") which, together with its affiliates, owns or controls 63,044,461 Ordinary Shares or approximately 15.8% of the outstanding Ordinary Shares.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This Circular contains forward-looking information that involves risks, uncertainties, and assumptions that are difficult to predict. Words and expressions reflecting optimism, satisfaction, or disappointment with current prospects, as well as words such as "believes," "hopes," "intends," "estimates," "expects," "projects," "plans," "anticipates," and variations thereof, or the use of future tense, identify forward-looking statements, but their absence does not mean that information is not forward-looking. Such forward-looking information is not a guarantee of performance and actual results could differ materially from those contained in such information.

Such forward-looking information reflects the Company's current views with respect to future events, including with respect to completion of the transactions described herein, the use of proceeds from such transactions, the Company's operations going forward, and the relationship between the Company and Olisol going forward. This forward-looking information is based on the numerous assumptions, including that the transaction with Olisol will be completed and all shareholder, court and regulatory approvals will be obtained by September 15, 2016 (the contractual outside date, which may be extended in limited circumstances to October 27, 2016), that the terms of the TAG Loan will be finalized, that advances under the Working Capital Indebtedness will be made to the extent permitted under the Investment Agreement and Amended Facility Agreement, that the Company will be able to increase gas production in Kazakhstan, drill relatively low-risk exploration wells in Kazakhstan, drill the Klymene

prospect in Kazakhstan and continue to fund its minimum work obligations in Georgia as it pursues a farm-out of its interests. Please also refer to the Company's Annual Information Form for the year ended December 31, 2015 for a description of risks and uncertainties relevant to the Company's business, including its exploration activities, a copy of which is available on SEDAR at www.sedar.com.

Although the Company believes the assumptions upon which forward-looking information is based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking information based on these assumptions could be incorrect. The underlying expected actions or the Company's results of operations involve risks and uncertainties, including that the transaction with Olisol is not completed or all shareholder, court and regulatory approvals are not obtained by September 15, 2016 (the contractual outside date, which may be extended in limited circumstances to October 27, 2016), that the terms of the TAG Loan are not finalized, that advances under the Working Capital Indebtedness are not made to the extent permitted under the Investment Agreement and Amended Facility Agreement, that the Company is not able to increase gas production in Kazakhstan, to drill low-risk exploration wells in Kazakhstan, to drill the Klymene prospect in Kazakhstan or to continue to fund its minimum work obligations in Georgia as it pursues a farm-out of its interests. Many of such risks and uncertainties are outside of the Company's control, and any one of which, or a combination of which, could materially affect (i) the Company's ability to complete any of the transactions described herein or (ii) the Company's results of operations. In light of the significant uncertainties inherent in the forward looking information, readers should not place undue reliance on forward looking information.

Readers are cautioned that any forward looking information speaks only as of the date of this Circular, and it should not be assumed that the statements remain accurate as of any future date. The Company does not undertake any obligation to update or revise any forward looking information, whether as a result of new information, future events or otherwise, except as may be required by law.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Reduction in Par Value of Ordinary Shares and Preferred Shares, Increase in Authorised Share Capital and Amendment to the Company's Articles of Association

The Articles (as defined below) provide that the par value of the ordinary shares and preferred shares (together, the "**Shares**") is US$0.10. However, the ordinary shares have been consistently trading below par value since mid-October 2015, which limits the Company's ability to raise equity. In addition, the Company has agreed to issue the Subscription Shares (as defined herein) to Olisol at a price of C$0.054.

The Company is seeking shareholder approval to (1) reduce the par value of the Shares from US$0.10 to US$0.01, (2) reduce the authorised share capital of the Company in the manner described in (3)(ii) below and to make a corresponding change to the Company's memorandum of association, and (3) amend the Articles of Association of the Company adopted on July 17, 2008 as amended by special resolutions passed on February 10, 2011, June 13, 2012 and June 11, 2015 (as amended, the "**Articles**") to (i) reduce the par value of the Shares from US$0.10 to US$0.01, (ii) reduce the authorised share capital of the Company to US$15,000,000, and (iii) increase the authorized number of Shares to 1,450,000,000 ordinary shares each with a par value of US$0.01 and 50,000,000 preferred shares each with a par value of US$0.01, all as set out in more detail in the amended Articles attached to this Circular at Schedule A.

If approved by a special resolution of the Shareholders, pursuant to Section 14(1) of the Companies Law (2013 Revision), the reduction in the par value of the shares of the Company, and thereby the authorised share capital, requires confirmation by the Grand Court of the Cayman Islands. The company will petition the court for approval of the special resolution and if approved, the order of the court and the minutes will be delivered to the Registrar of Companies for registration, the resolution for reducing the par value and authorised share capital will take effect on registration. It is noted that the confirmation of the Grand Court of the Cayman Islands may be subject to certain consents being obtained and the satisfaction of certain publication requirements.

Recommendation of the Board of Directors

The board of directors of the Company (the "**Board**") unanimously recommends that shareholders vote in favour of the resolution set out below to reduce the par value of Ordinary Shares and the share capital of the Company and to

amend the Articles in the manner described above and in such resolution. Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the resolution to change the par value of the Shares and the authorised share capital and to amend the Articles. The text of the special resolution which management intends to place before the Meeting for approval is set forth below:

Shareholder Resolution No. 1

Shareholders are being asked to consider, and if thought appropriate, approve the following resolution:

BE IT RESOLVED, as a special resolution of the shareholders of the Company, that:

(a) subject to confirmation from the Grand Court of the Cayman Islands, the Company's authorised share capital be reduced from US$75,000,000 to US$15,000,000 by (i) reducing the par value of the Company's ordinary shares and preferred shares (the "**Shares**") from US$0.10 to US$0.01 thereby reducing the authorised share capital from US$75,000,000 to US$7,500,000 and (ii) increasing the number of authorized shares to 1,450,000,000 ordinary shares each with a par value of US$0.01 and 50,000,000 preferred shares each with a par value of US$0.01 with an increase in the authorised share capital of the Company from US$7,500,000 to US$15,000,000 and amending the Company's memorandum of association accordingly;

(b) the Articles of Association of the Company adopted on July 17, 2008 as amended by special resolutions passed on February 10, 2011, June 13, 2012 and June 11, 2015 (as amended, the "**Articles**") be amended with immediate effect to, subject to confirmation from the Grand Court of the Cayman Islands, reflect the reduction in the par value of the Shares and the authorised share capital and that the form of articles attached as Schedule A to the management information circular dated May 2, 2016 (the "**Circular**") be adopted as the Company's articles of association in substitution for and to the exclusion of the Articles;

all as more particularly described and set forth in the management information circular of the Company dated May 2, 2016; and

(c) any officer or director of the Company is authorised and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as, in the opinion of such officer or director, may be necessary or desirable to give effect to this resolution.

In order to be adopted, the above special resolution must be approved by 66⅔% of the votes cast by, or on behalf of, shareholders entitled to vote in person or by proxy and voting at the Meeting.

Consequences if Resolution is not Approved

The Ordinary Shares have been consistently trading below par value since mid-October 2015, which limits the Company's ability to raise equity. A reduced par value will give the Company greater flexibility to raise equity. If the shareholders of the Company do not approve the reduction to the par value of the Shares, the Company's ability to raise equity could be compromised. Additionally, shareholder approval for the amendment to the Articles is a condition to the closing of the Transaction (as defined herein). If the Transaction does not proceed, there can be no assurance that management will be successful in securing alternative funding or that management would have sufficient time to implement any alternative transaction to the Transaction required to enable the Company to continue as a going concern.

2. Issuance of Ordinary Shares to ALR Upon Exercise of ALR Warrants (up to 23,333,333 shares) and Conversion of ALR Debentures (up to 18,402,220 shares)

The Private Placements of Warrants and Convertible Debentures

On March 10, 2015, in connection with a US$3.5 million loan agreement entered into between the Company and Annuity and Life Reassurance Ltd ("**ALR**"), an affiliate of Pope Asset Management, LLC (together with its affiliates, including ALR, "**PAM**"), the Company issued 23,333,333 warrants to ALR (the "**ALR Warrants**"). Each ALR Warrant is exercisable into one Ordinary Share, subject to customary adjustment provisions, at an

exercise price of C$0.19 per share for an aggregate of up to 23,333,333 Ordinary Shares. The ALR Warrants expire on March 10, 2017.

On June 1, 2015, the Company issued US$1,760,978 aggregate principal amount of convertible debentures to ALR (the "**ALR Debentures**"). The ALR Debentures pay interest semi-annually at a rate of 9% per annum and mature on June 30, 2017. Unless otherwise agreed to by the Company and ALR, all interest payments shall be payable in cash. The ALR Debentures are convertible into Ordinary Shares, subject to customary adjustment provisions, at a conversion price of US$0.10 per share for an aggregate of up to 17,609,780 Ordinary Shares plus any shares issued in respect of accrued, but unpaid interest at the time of conversion. The conversion price for accrued, but unpaid interest is equal to the greater of US$0.10 and the volume weighted average price ("**VWAP**") at the date of conversion. Therefore, given that interest is payable every six months, the maximum number of Ordinary Shares in respect of accrued but unpaid interest issuable upon conversion of the ALR Debentures shall be 792,440 being six months of interest at 9% of US$79,244 converted at the minimum potential conversion price of US$0.10.

PAM Ownership of Ordinary Shares. Assuming that all required approvals are obtained for the issuance of the Ordinary Shares underlying the ALR Warrants and the ALR Debentures, as well as the issuance of the Purchased Shares (as defined below) to Olisol, but excluding any Follow-on Shares or any Ordinary Shares issuable upon exercise of any outstanding warrants or options, PAM would own or control approximately 17.0% of the then outstanding Ordinary Shares upon exercise of the ALR Warrants and ALR Debentures in full, assuming the maximum number of shares issuable to satisfy accrued interest on conversion of the ALR Debenture of 792,440. If all of the above occurred, other than the issuance of any Purchased Shares, PAM would own or control approximately 23.9% of the outstanding Ordinary Shares.

The following sets out all of the Ordinary Shares that PAM could own if resolution No. 2 set out below is approved by shareholders:

Security	**Number of Ordinary Shares Issuable**
Ordinary Shares Currently Owned	63,982,297
ALR Warrants	23,333,333 issuable on exercise of the ALR Warrants
ALR Debentures	18,402,220 (17,609,780 on account of principal and assumes the maximum number of shares issuable to satisfy accrued interest on conversion of 792,440)

TSX Requirements for Shareholder Approval

Neither the issuance of the ALR Warrants nor the issuance of the ALR Debentures were subject to shareholder approval and both were approved by the TSX. However, the issuance of certain of the Ordinary Shares issuable upon the exercise or conversion of the ALR Warrants or ALR Debentures is subject to shareholder approval as set out below.

(i) Section 604(a)(i) – Material Affect on Control. Pursuant to Section 604(a)(i) of the TSX Company Manual (the "**TSX Manual**"), shareholder approval is required for transactions involving the issuance of listed securities that materially affect control of a company. Under the TSX Manual, a transaction in considered to "materially affect control" if it gives any security holder, or a combination of security holders acting together, the ability to influence the outcome of a vote of security holders, including the ability to block significant transactions. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together is generally considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances.

As the issuance of Ordinary Shares upon exercise of the ALR Warrants or the conversion of the ALR Debentures, including any Ordinary Shares issued to satisfy accrued but unpaid interest, could result in PAM owning or controlling greater than 20% of the outstanding Ordinary Shares, shareholders, excluding PAM, are being asked to

consider and, if thought fit, pass the resolution set out below approving the issuance of Ordinary Shares upon the exercise of the ALR Warrants or the conversion of the ALR Debentures even if such issuance results in PAM owning or controlling greater than 20% of the outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604(a)(i) of the TSX Manual.

(ii) Section 604(a)(ii) – Issuance of Greater than 10% to Insiders in Six Month Period. Pursuant to Section 604(a)(ii) of the TSX Manual, shareholder approval is required for transactions involving the issuance or potential issuance of listed securities to insiders of a listed issuer during any six month period, if the listed securities issuable amount to more than 10% of the number of securities of the issuer which are outstanding on a non-diluted basis prior to the closing date of the first issuance of securities.

If ALR were to have fully exercised the ALR Warrants and converted the ALR Debentures at any point on or before September 10, 2015 (the day that was six months following the issuance of the ALR Warrants), the Company would have been required to issue to ALR 40,943,113 Ordinary Shares, representing approximately 12.2% of the 336,543,145 Ordinary Shares that were outstanding as of March 10, 2015 (the date the ALR Warrants were issued).

Since ALR is an affiliate of PAM, and PAM is an insider of the Company by virtue of it owning approximately 19.0% of the outstanding Ordinary Shares at the time the ALR Debenture was issued, this would have resulted in greater than 10% of the Ordinary Shares having been issued or made available to insiders in a six month period. Consequently, when the TSX approved the issuance of the ALR Debentures, it (i) approved the listing of only 10,320,980 (the "**Approved ALR Debenture Shares**") of the 17,609,780 Ordinary Shares issuable upon conversion of the principal of the ALR Debentures (as such number of shares, together with the 23,333,333 Ordinary Shares that were approved for listing in connection with the issuance of the ALR Warrants equaled 9.9% of the outstanding Ordinary Shares as at March 10, 2015), and (ii) provided that for the remaining 7,288,800 Ordinary Shares issuable upon conversion of the principal of the ALR Debentures (the "**Remaining ALR Debenture Shares**") to be approved for listing on the TSX, the Company would need to obtain approval from its shareholders for the issuance of such Ordinary Shares, excluding any votes attaching to Ordinary Shares beneficially owned by PAM.

Shareholders, excluding PAM, are therefore being asked to consider and, if thought fit, pass the resolution set out below approving the issuance of the Remaining ALR Debenture Shares even though such issuance will result in insiders being issued securities that could have resulted in greater than 10% of the outstanding Ordinary Shares being made issuable to an insiders in a six month period.

MI 61-101

PAM currently owns or controls 63,982,297 Ordinary Shares, representing approximately 16.0% of the outstanding Ordinary Shares and is therefore considered a "related party" of the Company and, as such, the issuance of the ALR Warrants as well as the issuance of the ALR Debentures each constituted a "related party transaction" in respect of the Company within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and the issuance of Ordinary Shares on the exercise of the ALR Warrants and the conversion of the ALR Debentures are also related party transactions under MI 61-101.

However, the transactions involving the issuance of the ALR Warrants and the ALR Debentures were exempt from the requirements to obtain a formal valuation and minority approval under MI 61-101 pursuant to sections 5.5(a) and 5.7(a) of MI 61-101, respectively, as at the time of each transaction, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, either transaction, exceeded 25% of the Company's market capitalization.

In addition, Part 5 (Related Party Transactions) of MI 61-101 does not apply to the issuance of Ordinary Shares on the exercise of ALR Warrants or the conversion of ALR Debentures pursuant to Section 5.1(h)(iii) of MI 61-101 since the Company is obligated to issue the Ordinary Shares pursuant to the terms of the ALR Warrants and ALR Debentures and the terms of such transactions were generally disclosed. Accordingly, the issuance of Ordinary Shares on the exercise of the ALR Warrants or the conversion of the ALR Debentures will not be subject to the formal valuation and minority approval requirements of MI 61-101. However, notwithstanding the fact that Part 5 (Related Party Transaction) of MI 61-101 is not applicable to the issuance of Ordinary Shares on the exercise of

ALR Warrants or conversion of the ALR Debentures, such issuance is nonetheless subject to shareholder approval pursuant to the requirements of the TSX as described above.

Recommendation of the Board

The Board, other than Mr. Wells, who abstained from voting due to his relationship with PAM, unanimously recommends that shareholders, other than PAM, vote in favour of the resolution approving the issuance of (a)(i) up to 23,333,333 Ordinary Shares to ALR upon the exercise of the ALR Warrants, and (ii) up to 18,402,220 Ordinary Shares to ALR upon conversion of the ALR Debentures, either of which could result in PAM owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual, and (b) the Remaining ALR Debenture Shares which issuance of Ordinary Shares, together with the issuance of the ALR Warrants and the Approved ALR Debenture Shares, would result in more than 10% of the issued and outstanding Ordinary Shares having been issued or made issuable to insiders during a six month period. Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the resolution approving such issuances of Ordinary Shares to ALR. The text of the ordinary resolution which management intends to place before the Meeting for approval is set forth below:

Shareholder Resolution No. 2

Shareholders are being asked to consider, and if thought appropriate, approve the resolution set out below. Shareholders should refer to "*The Private Placement of Warrants and Convertible Debentures – PAM Ownership of Ordinary Shares*" above for a summary of all Ordinary Shares that PAM could own or control if the resolution set out below, is approved by shareholders at the Meeting.

BE IT RESOLVED, as an ordinary resolution of the shareholders of the Company, excluding any votes attaching to Ordinary Shares beneficially owned by PAM, that:

(a) the Company be authorised to issue:

(A) (i) up to 23,333,333 ordinary shares to Annuity and Life Reassurance Ltd ("**ALR**"), an affiliate of Pope Asset Management, LLC (together with its affiliates, including ALR, "**PAM**") upon the exercise of 23,333,333 warrants issued to ALR on March 10, 2015 (the "**ALR Warrants**"), and (ii) up to 18,402,220 ordinary shares to ALR upon the conversion of convertible debentures issued to ALR on June 1, 2015 (the "**ALR Debentures**"), which could result in PAM owning or controlling greater than 20% of the issued and outstanding ordinary shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual, and

(B) the final 7,288,800 ordinary shares issuable upon conversion of the principal of the ALR Debentures, which, together with the issuance of the ALR Warrants and the first 10,320,980 Ordinary Shares issuable upon conversion of the principal of the ALR Debentures, would result in more than 10% of the issued and outstanding Ordinary Shares having been issued or made issuable to insiders of the Company during a six month period,

all as more particularly described and set forth in the management information circular of the Company dated May 2, 2016;

(b) any officer or director of the Company is authorised and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as, in the opinion of such officer or director, may be necessary or desirable to give effect to this resolution; and

(c) the board of directors of the Company be and is authorised to abandon all or any part of these resolutions at any time prior to giving effect thereto.

In order to be adopted, the above ordinary resolution must be approved by a simple majority of the votes cast by, or on behalf of, shareholders entitled to vote in person or by proxy voting at the Meeting, excluding any votes attaching to Ordinary Shares beneficially owned by PAM.

Consequences if Resolution is not Approved

If the resolution set out above is not approved, PAM will only be permitted to exercise or convert such portion of the ALR Warrants and ALR Debentures that would not result in PAM owning greater than 20% of the outstanding Ordinary Shares at the time of issuance, provided that in no circumstance would PAM be entitled to convert any of the Remaining ALR Debenture Shares. Should PAM not convert the ALR Debentures, the obligations of the Company to repay the principal and interest thereunder would continue to be in effect.

3. Approval to Issue 181,240,793 Ordinary Shares to Olisol

The Company entered into an amended and restated investment agreement dated April 28, 2016 (the "**Investment Agreement**") with Olisol and Olisol Investments Limited ("**OIL**") pursuant to which, among other things:

(i) Olisol agreed to purchase and the Company agreed to issue by way of a private placement 181,240,793 Ordinary Shares (the "**Subscription Shares**") at a price of C$0.054 per share for aggregate proceeds of C$9,787,002.82,

(ii) Olisol has the option to convert, on the closing date of the transaction, any or all of the principal and accrued but unpaid interest outstanding under the facility agreement entered into with Olisol on November 19, 2015 (the "**Interim Facility Agreement**"), as amended by agreement dated March 2, 2016 (the "**Amended Facility Agreement**"), including any convertible indebtedness issued to fund working capital requirements (the "**Working Capital Indebtedness**") of the Company pursuant to Article 3 of the Investment Agreement (the "**Conversion Shares**" and together with the Subscription Shares, the "**Purchased Shares**") at a conversion price of C$0.054 per share,

(iii) the Company and Olisol agreed that following completion of the transaction, the parties shall use commercially reasonable efforts to undertake an equity offering (the "**Future Offering**") for minimum proceeds of C$2,700,000 consisting of at least 50 million Ordinary Shares (the "**Follow-on Shares**") at a price of C$0.054 per share. The Future Offering shall be made by way of a private placement and will be offered to the 20 largest shareholders of the Company with each shareholder being entitled to purchase its *pro rata* portion of the shares offered subject to any adjustments agreed to between the Company and Olisol. Olisol shall have the right to maintain its *pro rata* ownership position in the Future Offering and has agreed to purchase up to all of the Follow-on Shares in the event that other shareholders do not commit to their own *pro rata* entitlements,

(iv) OIL agreed to guarantee the full and prompt payment and/or performance of Olisol's obligations under the Investment Agreement, and

(v) the Company agreed to provide Olisol a pre-emptive right until the earlier of (i) the date it owns less than 30% of the outstanding Ordinary Shares and (ii) December 31, 2017, which right will enable Olisol to maintain its *pro rata* ownership in the Company in the event the Company makes a dilutive issuance to others.

(collectively, the "**Transaction**").

Background to the Transaction

In late 2013, Tethys announced that it had entered into an agreement to sell 50% of its Kazakh oil & gas assets to SinoHan Oil and Gas Investment Number 6 B.V. ("**SinoHan**"). This transaction was intended to inject funding into Tethys in order to allow it to pursue the Company's growth objectives. The sale was subject to, *inter alia*, the approval of the government of Kazakhstan (the "**Kazakh State Approvals**"). As the time taken to obtain the Kazakh State Approvals was longer than anticipated, in the months preceding the long-stop date of May 1, 2015, the Company adopted a twin strategy of seeking the timely completion of the SinoHan transaction whilst simultaneously initiating a strategic review process to explore alternative paths to value realization should the SinoHan transaction not complete.

The Board engaged Macquarie Capital (Europe) Limited ("**Macquarie Capital**") to assist with the strategic review process which included an assessment of the strategic alternatives available, or potentially available, to the Company. The strategic review process has led to the Company seeking to pursue the Transaction. The Company announced on May 1, 2015 that the sale to SinoHan would not proceed and the Company would therefore retain its 100% interest in its Kazakh assets.

During the strategic review process, the Company conducted an extensive and wide ranging review of many different funding options and strategic alternatives. These include a further scale down/optimization of the business, equity financing, debt refinancing, sale or farm down of certain assets, possible business combinations and a sale of the Company. Although the Company has continued to reduce its cost base significantly and has secured additional loan financing, the Company has needed to seek additional funding in order to meet its full contractual obligations and maintain a positive cash position going forward.

Since announcing the strategic review process on May 1, 2015, the Board has met numerous times, often with legal and financial advisors present to consider the potential transactions with AGR Energy Limited No. 1 ("**AGR**") and Nostrum Oil & Gas plc ("**Nostrum**") described below as well as the Transaction and other potential alternative transactions.

On May 15, 2015, the Company issued US$7.5 million aggregate principal amount of 9% unsecured convertible debenture due June 30, 2017 to AGR (the "**AGR Debenture**") and on June 1, 2015, the Company issued the ALR Debentures to ALR for proceeds of approximately US$1.76 million.

On July 1, 2015, the Company announced that it had entered into an agreement with AGR pursuant to which, among other things, AGR agreed to subscribe for 318,003,951 Ordinary Shares at a price of C$0.19 per share for aggregate proceeds of approximately US$47.7 million on a private placement basis.

On July 13 and 14, 2015, the Company issued press releases regarding the approach made by Nostrum to the Board in connection with a potential proposal to offer to acquire all of the outstanding Ordinary Shares.

On August 10, 2015, the Company announced that the transaction with AGR announced on July 1, 2015 would no longer proceed, the Company was negotiating with Nostrum regarding a possible offer for the Company, and the Company and Nostrum had negotiated a US$5 million loan financing (the "**Nostrum Loan**") intended to provide short-term liquidity to the Company in the period in which a formal offer could be implemented by Nostrum.

Throughout September 2015 and until October 7, 2015, the Company negotiated with Nostrum in relation to a potential transaction. On October 7, 2015, the Company announced that it was no longer pursuing a transaction with Nostrum.

On September 9, 2015, while the Company was in exclusive negotiations with Nostrum, the Company received a letter from Olisol advising that a potential proposal for a transaction was being prepared.

On September 21, 2015, while the Company remained in exclusive negotiations with Nostrum, the Company received an expression of interest from Olisol regarding a potential transaction with the Company. The Board considered the expression of interest, however, given a number of uncertainties regarding the expression of interest and the fact that the Company was in exclusive negotiations with Nostrum, the Company did not engage in discussions with Olisol at such time.

On October 2, 2015, the Company received a non-binding proposal from Olisol regarding a series of transactions involving the Company, while the Company remained in exclusive discussions with Nostrum.

On October 5, 2015, the Company issued a press release acknowledging an announcement made by Olisol regarding a non-binding proposal submitted to the Company.

On October 7, 2015, the Company issued a press release stating that the announced transaction with Nostrum would not proceed because of the failure of the condition that the three largest shareholders support the transaction. PAM

had informed Nostrum that it did not support the transaction. The period of exclusivity with Nostrum expired on October 6, 2015.

On October 12, 2015, the Company announced that it had received a notice to withdraw from the Joint Operating Agreement and Shareholders Agreement relating to the Bokhtar PSC in Tajikistan as a result of the Company not making a US$1.28 million payment required in relation to a September cash call. The Company continues to consider its position under the Joint Operating Agreement, the Shareholders Agreement and under applicable laws and equity and, as previously stated, the Company will use all commercially reasonable efforts to protect its interest in the Bokhtar PSC in Tajikistan.

For the remainder of October and into April, 2016, the Company engaged in discussions and negotiations with Olisol in relation to the Transaction. On November 9, 2015, the Company announced that it had entered into a non-binding letter of intent with Olisol that set out the terms of the Transaction and that provided that the Company would work exclusively with Olisol with a view to entering into definitive documentation for the Transaction by November 23, 2015, which exclusivity period was extended to December 7, 2015.

Following further negotiations with Olisol during the exclusivity period on November 19, 2015, the Company entered into the Interim Facility Agreement.

In late November, 2015, the Company delivered drawdown notices under the Interim Facility Agreement requesting the full US$15 million be delivered. As required by the Interim Facility Agreement in order to effect the first drawdown thereunder, on November 20, 2015, Mr. William Wells of PAM and Mr. Alexander Abramov, a designee of Olisol, were added to the Board. In late November 2015, the Company received the amount of US$5,131,918, which was used to repay the Nostrum Loan in full.

On November 25, 2015 the Company announced that it had received an Accelerated Repayment Notice from AGR Energy in relation to the unsecured convertible debenture issued by Tethys to AGR Energy on 15 May 2015 notifying the Company of events of default and demanding repayment of the principal amount of US$7,500,000 and accrued interest of US$443,984.

On December 8, 2015 the Company announced that it had entered into an investment agreement with Olisol setting out the terms and conditions upon which Olisol had agreed to purchase 150 million new ordinary shares in Tethys at a price of C$0.17 per share, for total proceeds of C$25.5 million, by way of a private placement and to commit to backstop a further equity fundraising of 50 million shares at C$0.17 per share. However, the effectiveness of the investment agreement was subject to Olisol providing additional documentation. Under the terms of the Amended Facility Agreement, the Company and Olisol agreed to give effect to a number of amendments to this investment agreement as set out in the amended letter of intent dated February 22, 2016, all as provided in the Investment Agreement.

On January 22, 2016 the Company provided an update on the previously announced Interim Facility Agreement. Despite Olisol having provided written confirmation, in advance of the Company entering into the Interim Facility Agreement, of its bank accounts containing funds totalling in excess of US$15 million, no further funds had been received by the Company from Olisol since receipt of the US$5,131,918 in late November. Due to the lack of progress by Olisol, the Company set deadlines for receipt of further funds and continued working tirelessly with Olisol to try to resolve the impediments to completing the transactions agreed between the companies. However, due to transaction completion delays, the Board of Tethys was obligated to consider alternative funding and investment options for the Company, alongside continued discussions with Olisol.

On February 8, 2016 the Company announced that it had received a further US$1 million on January 28, 2016 from OPL and that Olisol indicated that it believed that it could transfer an additional US$1 million by February 12, 2016. Olisol had also stated that due to difficult business and banking environment in Kazakhstan they would like to renegotiate some of the key terms of the transactions envisaged in the letter of intent that was entered into on November 9, 2015. This would include changes to the Interim Facility and the investment agreement which the Company announced on December 8, 2015.

On February 22, 2016 the Company announced that it had received an additional US$1 million under the Interim Facility and that it had entered into a non-binding and indicative term sheet (the "**Term Sheet**") with Olisol and OIL, setting out amended terms to the LOI entered into on November 9, 2015 ("**Amended LOI**") and consequently changes to the transaction documentation between the companies.

On March 2, 2016 the Company announced it had signed a legally binding Amended Facility Agreement to the Interim Facility with Olisol. The terms of the agreement are outlined in the section below titled "*Approval to issue up to 24,434,008 Ordinary Shares upon Conversion of US$1 Million Plus Accrued but Unpaid Interest Under the Amended Facility Agreement*".

On March 12, 2016 the Company amended the terms of the loan agreement entered into on January 16, 2015 with a Cayman based private entity, to facilitate the transactions with Olisol. The interest rate on the loan was increased to 10.5% from March 1, 2016, payable quarterly from April 30, 2016, with early repayment of up to US$5 million of the principal balance following receipt of proceeds from the Transaction.

On March 14, 2016 the Company announced that in connection with the transaction with Olisol, John Bell had moved from Executive Chairman to Co Non-Executive Chairman along with Mr. Alexander Abramov, who also became Co Non-Executive Chairman. The Company also announced that it has set the Annual General Meeting date for May 31, 2016. Messrs. John Bell, David Henderson, David Roberts and Jim Rawls have informed the Company that they will not stand for re-election at the Annual General Meeting.

On March 21, 2016 the Company received a signed conversion notice from Olisol to convert approximately US$6.3 million of its outstanding debt into 63,044,461 shares in Tethys at a price of US$0.10 per share. Due to applicable rules of the TSX that require a 10% or more shareholder to have personal information forms ("**PIF**") cleared by the TSX, Olisol converted US$3,744,004.20 of the loan into 37,440,042 shares, which was the maximum amount they were able to convert and remain below the 10% shareholding threshold. On April 15, 2016, the TSX cleared Olisol's PIFs and Olisol converted the remaining US$2,560,441.90 of the debt into a further 25,604,419 Ordinary Shares at a price of US$0.10.

On April 28, 2016, on the unanimous determination of the Board (other than Mr. Abramov who abstained) that the Transaction was in the best interests of the Company and that the shareholders should vote to approve the Transaction Resolutions (as described in the Investment Agreement), the Company entered into the Investment Agreement. In reaching its decision to enter into the Investment Agreement and to approve the Transaction, the Board considered, among other things, the reasons for, and the benefits of, the Transaction as set out below under "*Reasons for, and Benefits of, the Transaction*" and made the determinations described under "*5. Approval to Issue up to 43,962,996 Ordinary Shares to Olisol upon conversion of the Working Capital Indebtedness – MI 61-101*".

Kazakhstan Approvals

In order to complete a corporate transaction whereby newly issued shares would be issued to raise capital, the Company requires a permit to issue shares, in accordance with the Subsurface law, from the Ministry of Energy of the Republic of Kazakhstan ("**MOE**") and a permit to issue shares from the National Bank of Kazakhstan ("**NBK**").

The application to the MOE for the permit to issue 589,360,492 Ordinary Shares was first submitted on July 22, 2015, following which the permit was obtained on September 2, 2015. The permit was initially valid for a period of 6 months, and has since been successfully extended up to September 2, 2016.

As of November 20, 2015 the Company listed on the Kazakhstan Stock Exchange. In order to be able to obtain a permit from the NBK to issue shares, as outlined in the securities market law, companies that have two thirds of their assets in Kazakhstan must obtain a permit from the NBK for the issuance of shares. During 2015 and currently, the Company has over two thirds of its assets in Kazakhstan. The permit from the NBK in respect of the issuance of Ordinary Shares was obtained on December 2, 2015.

Olisol Ownership of Ordinary Shares

Olisol currently owns 63,044,461 Ordinary Shares. If all approvals are obtained for the Transaction, following closing of the Transaction, Olisol would hold approximately 44.4% of the then outstanding Ordinary Shares assuming that: (i) no Working Capital Indebtedness is outstanding, and (ii) none of the ALR Warrants or ALR Debentures are exercised or converted, but excluding any Ordinary Shares issued upon the exercise of any other outstanding warrants or options. In addition, if all of the 50,000,000 Follow-on Shares are purchased by Olisol under the Future Offering, Olisol would own approximately 48.5% of the then outstanding Ordinary Shares. The following sets out all of the Ordinary Shares that Olisol could own if all of the resolutions put forth at the Meeting are approved by shareholders:

Security	**Number of Ordinary Shares Issuable**
Ordinary Shares Currently Owned by Olisol	63,044,461
Subscription Shares	181,240,793
Conversion Shares	Up to 24,434,008
Follow-on Shares	Up to 50,000,000
Total	Up to 318,719,262[(1)]

[(1)] An additional 43,962,996 Ordinary Shares are issuable to Olisol, assuming US$1,818,000 is advanced under the Working Capital Indebtedness and accrued interest of US$54,241.15. On such issuance, Olisol would own approximately 51.8% of the then outstanding Ordinary Shares.

The Investment Agreement

The following summary describes certain of the material provisions of the Investment Agreement. This summary is qualified in its entirety by reference to the Investment Agreement a copy of which has been filed on SEDAR and is available on the Company's SEDAR profile at www.sedar.com. The Company encourages shareholders to read the Investment Agreement carefully in its entirety for a more complete understanding of the Investment Agreement and the Transaction.

Representations, Warranties and Covenants. The Investment Agreement contains customary representations, warranties and covenants of the Company for transactions of the nature of the Transaction, including, among others, covenants to (i) prepare a prospectus and application for a listing of the Purchased Shares on the London Stock Exchange (the "**LSE**") under applicable United Kingdom laws, and (ii) from the date of the Investment Agreement until the earliest of the closing date of the Transaction or the termination of the Investment Agreement to conduct its business only in the usual and ordinary course consistent with past practice, subject to only limited exceptions as set out in the Investment Agreement. The Investment Agreement also requires the Company to indemnify Olisol against any damages or losses it may incur as a result of a breach by the Company of a representation and warranty or covenant contained in the Investment Agreement up to a maximum amount of the purchase price for the Subscription Shares plus the aggregate value, expressed in dollars, of the Conversion Shares acquired by Olisol as part of the Transaction.

Conditions to the Transaction. Completion of the Transaction is subject to the satisfaction or, where applicable, waiver of customary conditions on or before September 15, 2016, or such later date as Olisol and the Company may agree, including, but not limited to the following: (i) receipt of shareholder approval for the Transaction at the Meeting, (ii) the Purchased Shares being accepted for listing on the TSX, (iii) the Relationship Agreement having been entered into, (iv) at closing, the aggregate debt of the Company, net of cash reserves and excluding the Amended Facility Agreement, not exceeding US$40 million, (v) the Board consisting of the following five members upon closing (the "**Post-Closing Board**"): William Wells, Alexander Abramov, Adeola Ogunsemi, Vladimir Griguletsky and one independent, non-executive nominated by the Company and Olisol, each acting reasonably, (vi) no material adverse change (as defined in the Investment Agreement) having occurred or been disclosed by the

Company after the date of the Investment Agreement that continues to be such a change as of the closing date; and (vii) receipt of the following regulatory approvals and consents: (A) consent and approval from the Kazakhstan Ministry of Energy under the Law of Subsoil Use № 291-IV, dated 24 June 2010, as amended; (B) consent and approval from the National Bank of Kazakhstan; and (C) registration of a local offering by the Company on the Kazakhstan Stock Exchange.

The Investment Agreement provides for certain termination rights in favour of the parties, including in circumstances where the parties fail to comply with their obligations.

Working Capital Indebtedness. The Investment Agreement also requires Olisol and OIL to provide the Company with amounts reasonably requested by the Company to fund working capital requirements during the period (the "**Working Capital Period**") commencing on the date that the Investment Agreement was entered into and ending on the later of (i) the Completion of the TAG Loan (as defined in Section 4.5 of the Amended Facility Agreement), and (ii) the Closing Date. The parties agreed that any advances of Working Capital Indebtedness would be in the form of convertible debt that, subject to TSX approval, would be convertible at a conversion price of C$0.054 per share at Olisol's option into Ordinary Shares. (See "*Approval to Issue up to 43,962,996 Ordinary Shares to Olisol Upon Conversion of the Working Capital Indebtedness*").

Board Changes

As required prior to completing the first drawdown under the Interim Facility Agreement, on November 20, 2015, Mr. William Wells and Mr. Alexander Abramov, an Olisol nominee, were appointed to the Board**.** As noted above, it is a condition to closing under the Investment Agreement that as of closing, the Board shall be the Post-Closing Board.

Mr. John Bell, Mr. David Henderson, Mr. David Roberts and Mr. James Rawls previously advised that they did not wish to be nominated for re-election at the end of their current term, which ends at the conclusion of the Meeting.

As the Meeting precedes the expected date of closing of the Transaction, the Company has nominated Mr. William Wells, Mr. Alexander Abramov and Mr. Adeola Ogunsemi for election at the Meeting. The Board has the authority to appoint additional directors, which discretion it would need to exercise to appoint the two additional nominees contemplated by the Investment Agreement.

The Relationship Agreement

The following summary describes certain of the material provisions of the Relationship Agreement. This summary is qualified in its entirety by reference to the Relationship Agreement a copy of which is included as Schedule B to the Circular. The Company encourages shareholders to read the Relationship Agreement carefully in its entirety for a more complete understanding of such agreement and the Transaction. The summary should not be taken as an exhaustive list of the substantive provisions of the Relationship Agreement.

The Board. The Investment Agreement provides that on closing of the Transaction, the Board shall be the Post-Closing Board. The Relationship Agreement provides that for so long as Olisol owns at least 25% of the outstanding Ordinary Shares, it shall be entitled to nominate two directors as noted above to the Board that shareholders will be asked to approve annually at the Company's annual general meeting.

Committees of the Board. The Relationship Agreement will provide that on closing of the Transaction the Audit Committee, the Compensation and Nomination Committee and the Reserves Committee shall all consist of Adeola Ogunsemi, Alexander Abramov and William Wells. However, following closing of the Transaction and the appointment of the Post-Closing Board (which may occur before closing), the Board may decide to reconstitute any of such committees

Transactions between Olisol and the Company. The Relationship Agreement will have the following specific controls for so long as Olisol holds 25% or more of the issued Ordinary Shares:

- all transactions between Tethys and Olisol will be at arm's length and on normal commercial terms and Olisol shall not vote on any related party transactions between the Company and Olisol;
- Olisol shall not take any action that would prevent the Company from complying with applicable securities laws or its Articles; and
- until the second anniversary of the Relationship Agreement, Olisol and each of its associates shall abstain from voting on, and ensure that any non-executive director appointed by it shall abstain from voting on, any resolution that, if passed, would ultimately result in the Ordinary Shares ceasing to be listed or traded on the LSE, unless following such de-listing, the Ordinary Shares continue to be listed for trading on another recognized stock exchange including the TSX.

Use of Proceeds

As described elsewhere in the Circular, the Company has received US$7,131,918 from Olisol under the Amended Facility Agreement, of which US$5,131,918 was used to repay all outstanding principal and interest owing to Nostrum under the Nostrum Loan. If the Transaction is completed, in addition to the remaining US$2.0 million received under the Amended Facility Agreement, the Company will receive gross proceeds of C$9,787,003 for the issuance of the Purchased Shares and may draw down up to US$10 million from the TAG Loan. The Company believes that receipt of such proceeds will provide a base from which to maintain its assets. Proceeds will be used to repay certain debt and other obligations, and fund work programmes and working capital requirements of the Company, including amounts due to a Cayman based private equity lender under the terms of the January 2015 loan agreement. In addition, the Company may receive an additional US$2.7 million in connection with the Future Offering, which amount, if received would be available for general working capital purposes. Olisol has also committed to fund the Company's working capital requirements during the Working Capital Period. The Company has assumed for the purposes of the Circular and shareholder approvals referred to herein that US$1,818,000 would be advanced under the Working Capital Indebtedness.

TSX Requirement for Shareholder Approval

(i) Section 604(a)(i) – Material Affect on Control. As described above, Section 604(a)(i) of the TSX Manual, provides that shareholder approval is required for transactions involving the issuance of listed securities that materially affect control of a company. Under the TSX Manual, a transaction is considered to "materially affect control" if it gives any security holder, or a combination of security holders acting together, the ability to influence the outcome of a vote of security holders, including the ability to block significant transactions. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together is generally considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances.

Upon completion of the Transaction, assuming that no ALR Warrants are exercised, the ALR Debentures are not converted and excluding any Follow-on Shares, any Ordinary Shares issued to satisfy any interest payments under any outstanding debentures or any Ordinary Shares issued upon the exercise of any other outstanding Working Capital Indebtedness, warrants or options, Olisol will own approximately 44.4% of the outstanding Ordinary Shares. As a result, the Transaction will materially affect the control of the Company under Section 604(a)(i) of the TSX Manual and is therefore subject to shareholder approval by a simple majority.

(ii) Section 501(c) – Non-Exempt Issuer Transactions. Under Section 501 of the TSX Manual, non-exempt TSX issuers must seek shareholder approval if they enter into one or more transactions that result in the value of consideration received by insiders and related parties during a six month period exceeding 10% of the market capitalization of the issuer.

The Company is a non-exempt TSX issuer, and is therefore subject to Section 501. As shown in the table below, the value of the Subscription Shares and Conversion Shares under the Amended Facility Agreement, together with the value of the interest owing under the AGR Debentures and the ALR Debentures, all issued over the past six months to insiders/related parties of the Company, is in excess of 10% of the market capitalization of the Company, and therefore shareholder approval is required for the issuance of the Subscription Shares pursuant to Section 501(c).

Party to Transaction	Nature of Transaction	Date of Transaction	Value of Consideration
PAM	Interest under ALR Debentures	June 1, 2015	US$237,732 [(1)]
AGR	Interest under AGR Debentures	May 15, 2015	US$1,012,500[(1)]
Olisol	Conversion of principal and interest under Amended Facility Agreement[(2)]	March 21, 2016[(3)]	US$7,345,011
Olisol	Issuance of 181,240,793 Subscription Shares	April 28, 2016 [(4)]	US$7,802,138.87 [(5)]
Total			US$16,397,381.87

(1) Interest from March 31, 2016 to maturity, assuming debentures held until maturity.
(2) Assumes no Working Capital Indebtedness is issued.
(3) Date of notice of conversion under Amended Facility Agreement.
(4) Date Investment Agreement was entered into.
(5) Proceeds of C$9,787,003 converted to US$ based on the Bank of Canada noon exchange rate of US$1 equals C$1.2544 on April 28, 2016.

MI 61-101

At the time of entering into the Investment Agreement, Olisol was, and continues to be, a "related party" of the Company. As such, the issuance of the Subscription Shares is a "related party transaction" in respect of the Company within the meaning of MI 61-101.

Exemption from Valuation Requirement

The issuance of the Subscription Shares is exempt from the requirement to obtain a formal valuation under MI 61-101 pursuant to section 5.5(c) of MI 61-101 as the Transaction involves the issuance of securities of the Company to a related party for cash and at the time of the Transaction, neither the Company, nor to the Company's knowledge after reasonable inquiry, Olisol, had knowledge of any material information concerning the Company or its securities that had not been generally disclosed.

To the knowledge of the Company and each director or officer of the Company, there have been no prior valuations of the Company or its securities within 24 months prior to the date of this Circular.

Requirement for Minority Shareholder Approval

Section 5.6 of MI 61-101 requires that the Company obtain shareholder approval in connection with the issuance of the Subscription Shares. In order to be approved under MI 61-101, the resolution to approve the issuance of the Subscription Shares, must be approved by a majority of the votes cast at the Meeting by shareholders in person or by proxy, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol. To the Company's knowledge, as of the Record Date, Olisol owns 63,044,461 Ordinary Shares.

Reasons for, and Benefits of, the Transaction

Following the extensive review discussed above, with the assistance of Macquarie Capital, the Board and management of Tethys believe that the Transaction is in the best interests of all shareholders.

Extensive Review conducted by the Company – Having announced a strategic review process on May 1, 2015, and working tirelessly since such time discussing and negotiating potential transactions, including the attempted

transactions with both AGR and Nostrum, the Board is confident that the Transaction is the best alternative available to the Company and its shareholders.

Necessary Funding - The Company currently does not have sufficient funding to meet its funding obligations in the next twelve months and therefore, without this additional funding, there is significant doubt about the Company's ability to continue as a going concern. If the Transaction does not proceed, there can be no assurance that management will be successful in securing alternative funding or that management would have sufficient time to implement any alternative transaction to the Transaction.

Funding to be Used to Help Unlock Significant Potential in the Company's Assets – The Company believes that the gross proceeds from the Transaction, including the proceeds already received under the Amended Facility Agreement, will provide a basis for the Company to move forward and help unlock the potential in its Kazakhstan assets and broader exploration portfolio in the future. Additional funding will be required in the future, following the Transaction, to pursue a potential acceleration of operations, production and cash flow and to enable all shareholders to potentially benefit from new gas marketing opportunities currently anticipated in early 2017 onwards and expected oil export opportunities from 2018. Once compressor stations are built in China, such new gas marketing opportunities will include potentially exporting gas to China now that gas prices received at the Chinese border are higher than those received when gas is sold locally. The Company also aims to increase gas production in Kazakhstan, drill relatively low-risk exploration wells in Kazakhstan, drill the Klymene prospect in Kazakhstan and continue to fund its minimum work obligations in Georgia as it pursues a farm-out of its interests.

Reasonable Subscription Price – the subscription price of C$0.054 represents a 50% premium to the 30 trading day volume weighted average price on the TSX as at April 29, 2016.

Recapitalisation of the Company – Since entering into an agreement with SinoHan in 2013, the Company has been required to put in place a number of short term interim loans to bridge its financing requirements pending closing of a proposed transaction with SinoHan, which transaction was terminated on May 1, 2015. These loans are relatively high cost and restrictive on the Company. The Transaction involves a substantial equity injection including the conversion of the amounts due under the Amended Facility Agreement into Ordinary Shares, resulting in a more appropriate capital structure for the business going forward.

Strategic Relationship – Olisol has been investing in the oil and gas sector in Kazakhstan and the Russian Federation since 2002. The Company has had a relationship with Olisol through the Aral Oil Terminal JV and oil trading business in Kazakhstan since 2009. Olisol intends to utilise its local knowledge and expertise in the resources sector to support the Company's growth, both operationally and financially. Partnering with Olisol is expected to help the Company achieve higher prices for its oil and gas, amongst other strategic benefits in-country.

Terms of the Relationship Agreement - The Relationship Agreement is designed to ensure that Tethys continues to operate autonomously and in the interests of all shareholders. Olisol is committed to supporting Tethys in its growth plans such that all shareholders can participate in the potential future success of the Company. The key terms are summarized above.

Recommendation of the Board

The Board, other than Mr. Abramov who abstained from voting due to his relationship with Olisol, unanimously recommends that shareholders vote in favour of the resolution approving the issuance of the Subscription Shares to Olisol pursuant to the terms of the Investment Agreement. Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the resolution approving the issuance of the Subscription Shares to Olisol pursuant to the Investment Agreement. The text of the ordinary resolution which management intends to place before the Meeting for approval is set forth below:

Shareholder Resolution No. 3

Shareholders are being asked to consider, and if thought appropriate, approve the resolution set out below. Shareholders should refer to "*Section 3 - Approval to Issue 181,240,793 Ordinary Shares to Olisol – The Investment Agreement – Olisol Ownership of Ordinary Shares*" for a summary of all Ordinary Shares that Olisol could own or

control if all resolutions set out in this Circular, including the resolution set out below, are approved by shareholders at the Meeting.

BE IT RESOLVED, as an ordinary resolution of the shareholders of the Company, excluding votes attaching to any Ordinary Shares owned or controlled by Olisol, that:

> (a) the Company be authorised to issue 181,240,793 ordinary shares to Olisol Petroleum Limited ("**Olisol**") at a price per share of C$0.054 for an aggregate amount of C$9,787,002.82 pursuant to the terms of an amended and restated investment agreement among the Company, Olisol and Olisol Investments Limited dated April 28, 2016 in accordance with MI 61-101 and in accordance with (1) Section 604 of the TSX Manual in the event that such issuance of ordinary shares results in Olisol owning or controlling greater than 20% of the issued and outstanding ordinary shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual and (2) Section 501 of the TSX Manual since the issuance of such ordinary shares, together with the issuance of other securities to, and the payment of interest owing under convertible debentures held by, certain related parties and/or insiders (as such terms are defined in the TSX Manual) will result in transactions with insiders and/or related parties of the Company receiving consideration in excess of 10% of the market capitalization of the Company during the past six months, all as more particularly described in the Circular;
>
> (b) any officer or director of the Company is authorised and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as, in the opinion of such officer or director, may be necessary or desirable to give effect to this resolution; and
>
> (c) the board of directors of the Company be and is authorised to abandon all or any part of these resolutions at any time prior to giving effect thereto.

In order to be adopted, the above ordinary resolution must be approved by a simple majority of the votes cast by, or on behalf of, shareholders entitled to vote in person or by proxy voting at the Meeting, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol. To the knowledge of the Company, as of the Record Date, Olisol owns 63,044,461 Ordinary Shares.

Consequences if Resolution is not Approved

Shareholder approval for the issuance of the Subscription Shares is a condition to the closing of the Transaction. If the Transaction does not proceed, there can be no assurance that management will be successful in securing alternative funding or that management would have sufficient time to implement any alternative transaction to the Transaction required to enable the Company to continue as a going concern.

4. Approval to Issue up to 24,434,008 Ordinary Shares to Olisol Upon Conversion of US$1 Million Plus Accrued but Unpaid Interest Under the Amended Facility Agreement

The Amended Facility Agreement

The following summary describes certain of the material provisions of the Amended Facility Agreement. This summary is qualified in its entirety by reference to the Amended Facility Agreement a copy of which has been filed on SEDAR as is available on the Company's SEDAR profile at www.sedar.com. The Company encourages shareholders to read the Interim Facility Agreement and the Amended Facility Agreement carefully in its entirety for a more complete understanding of the Amended Facility Agreement and the Transaction.

On November 19, 2015, the Company entered into the Interim Facility Agreement with Olisol which was amended by the Amended Facility Agreement dated March 2, 2016. The Amended Facility Agreement provides that Olisol would advance up to US$7,131,198 to the Company at an interest rate of 9% per annum, all of which has been drawn and was used to repay the Nostrum Loan and for general working capital purposes. The initial maturity date of the Amended Facility Agreement is August 31, 2016. As described above, the entire outstanding principal and accrued but unpaid interest under the Amended Facility Agreement, other than US$1 million, has been converted into Ordinary Shares at a conversion price of US$0.10 per share. Shareholder approval in respect of such issuance was not required.

The US$1 million, together with accrued but unpaid interest up to and including August 31, 2016, being the final repayment date under the Amended Facility Agreement, which has not been converted under the Amended Facility Agreement in accordance with the terms described above, is convertible at the option of Olisol, upon closing of the Transaction at C$0.054. Shareholder approval is required in respect of the issuance of Ordinary Shares should Olisol elect to convert the US$1 million, together with accrued but unpaid interest thereon, into Ordinary Shares.

Pursuant to the terms of the Amended Facility Agreement, the Company is subject to certain restrictions including on undertaking any material corporate activity, creating new indebtedness (subject to certain permitted exemptions) or repaying indebtedness in advance of its maturity date; creating any security or giving guarantees or indemnities and entering into further financings or issuing further equity.

The Amended Facility Agreement also provides that Olisol will work with a bank in Kazakhstan to secure a loan in the amount of US$10 million, (the "**TAG Loan**") for Tethys Aral Gas LLP ("**TAG**"), a limited partnership wholly owned by the Company. The Company has undertaken to procure that TAG support the TAG Loan with appropriate collateral and enters into all necessary documentation, provided that Olisol and OIL agree to pay any interest costs on the TAG loan that are greater than 11% p.a. As at the date of this Circular, the TAG Loan has not been finalized.

The Amended Facility Agreement provides that upon the Company having fully documented the TAG Loan and having been advanced at least US$1 million thereunder, the Board will be reconstituted to be the Post-Closing Board, provided for clarity that the reconstitution of the Board will not occur until the fifth member of the proposed Board has been agreed to by Olisol and Tethys.

The Amended Facility Agreement also contains events of default and change of control provisions. In circumstances where an event of default has occurred and Olisol agrees to waive such event of default, the Company is required to take such actions as Olisol may specify for the exercise of any rights, powers and remedies of Olisol under the agreement or by law, and/or confer on Olisol security over any property and assets of the Company's group to the fullest extent permitted under the terms of any existing third party security arrangements.

TSX Requirement for Shareholder Approval

The execution of the Amended Facility Agreement was not subject to shareholder approval, however, both the terms of the Amended Facility Agreement and the rules of the TSX restricted Olisol from converting amounts due under the Amended Facility Agreement if following such conversion Olisol, together with its affiliates, owned 10% or more of the outstanding Ordinary Shares unless and until the TSX had cleared PIFs for Olisol and certain of its affiliates. Olisol submitted the required PIFs to the TSX on March 18, 2016 and the TSX cleared such PIFs on April 15, 2016.

(i) Section 604(a)(i) – Material Affect on Control. Pursuant to Section 604(a)(i) of the TSX Manual, shareholder approval is required for transactions involving the issuance of listed securities that materially affect control of a company. Under the TSX Manual, a transaction in considered to "materially affect control" if it gives any security holder, or a combination of security holders acting together, the ability to influence the outcome of a vote of security holders, including the ability to block significant transactions. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together is generally considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances.

As the issuance of the Ordinary Shares underlying the Amended Facility Agreement could result in Olisol owning or controlling greater than 20% of the outstanding Ordinary Shares if Olisol elects to convert the US$1 million, the TSX requires, and the Amended Facility Agreement provides, that shareholder approval must be obtained before Olisol may convert any portion of the Amended Facility Agreement that would result in it becoming a holder of 20% or more of the outstanding Ordinary Shares.

Shareholders are being asked to consider and, if thought fit, pass the resolution set out below approving the issuance of Ordinary Shares upon the conversion of the Amended Facility Agreement even if such issuance results in Olisol owning or controlling greater than 20% of the outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604(a)(i) of the TSX Manual.

(ii) Section 607 – Pricing of Ordinary Shares Issuable upon Conversion of the Interest Portion of the Amended Facility Agreement. Pursuant to Section 607 of the TSX Manual, any issuance of listed shares on a private placement basis must be issued at market price (as defined in the TSX Manual) or within a permitted discount to market price. Since the accrued interest under the Amended Facility Agreement will not become due until conversion, the market price of the Ordinary Shares issuable upon conversion of the interest cannot be known until a future date, and it is possible therefore that at the time of conversion, the conversion price of C$0.054 would not be within permitted pricing under the TSX Manual.

Therefore, shareholders are being asked to consider and, if thought fit, pass the resolution set out below approving the issuance of Ordinary Shares upon the conversion of the interest under the Amended Facility Agreement even though the market price of the Ordinary Shares at the time of conversion is not known and could be less than the price permitted by the TSX Manual.

(iii) Section 501(c) – Non-Exempt Issuer Transactions. Under Section 501 of the TSX Manual, non-exempt TSX issuers must seek shareholder approval if they enter into one or more transactions that result in the value of consideration received by insiders and related parties during a six month period exceeding 10% of the market capitalization of the issuer.

The Company is a non-exempt TSX issuer, and is therefore subject to Section 501. As shown in the chart at page 17, the value of the Follow-on Shares, the Subscription Shares, the Conversion Shares and the interest under the Amended Facility Agreement, together with the value of the interest owing under the AGR Debentures and the ALR Debentures, all issued over the past six months, is well in excess of 10% of the market capitalization of the Company, and therefore, shareholder approval is required for the issuance of the Conversion Shares to the extent such shares are issued to Olisol pursuant to Section 501(c).

See the chart at page 16 under "*Section 3 Approval to Issue 181,240,793 Ordinary Shares to Olisol - TSX Requirement for Shareholder Approval*".

Recommendation of the Board

The Board, other than Mr. Abramov who abstained from voting due to his relationship with Olisol, unanimously recommends that shareholders vote in favour of the resolutions approving (i) the issuance of up to 24,434,008 Ordinary Shares to Olisol upon the conversion of the Amended Facility Agreement which could result in Olisol owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual, and (ii) the issuance of the Ordinary Shares upon conversion of the accrued but unpaid interest under the Amended Facility Agreement notwithstanding that the market price as of the date that the interest is due is not known and could be below pricing permitted by applicable sections of the TSX Manual. Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the resolution approving the issuance Ordinary Shares to Olisol upon the exercise of the Amended Facility Agreement. The text of the ordinary resolution which management intends to place before the Meeting for approval is set forth below:

Shareholder Resolution No. 4

Shareholders are being asked to consider, and if thought appropriate, approve the resolution set out below. Shareholders should refer to "*Section 3 - Approval to Issue 181,240,793 Ordinary Shares to Olisol – The Investment Agreement – Olisol Ownership of Ordinary Shares*" for a summary of all Ordinary Shares that Olisol could own or control if all resolutions set out in this Circular, including the resolution set out below, are approved by shareholders at the Meeting.

BE IT RESOLVED, as an ordinary resolution of the shareholders of the Company, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol that:

> (a) the Company be authorised to issue up to 24,434,008 ordinary shares to Olisol Petroleum Limited ("**Olisol**") upon the conversion of up to US$1 million of the outstanding principal and accrued but unpaid interest under the Amended Facility Agreement entered into with Olisol on November 19, 2015, as amended by the amendment dated March 2, 2016 which could result in Olisol owning or controlling greater

than 20% of the issued and outstanding ordinary shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual;

(b) the conversion price of C$0.054 as it relates to the ordinary shares issuable upon conversion of the outstanding interest under the Amended Facility Agreement be approved notwithstanding that such price could be less than the market price (as defined by the TSX Manual) at the time of conversion since the market price will not be known until the interest is due;

all as more particularly described and set forth in the management information circular of the Company dated May 2, 2016;

(c) any officer or director of the Company is authorised and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as, in the opinion of such officer or director, may be necessary or desirable to give effect to this resolution; and

(d) the board of directors of the Company be and is authorised to abandon all or any part of these resolutions at any time prior to giving effect thereto.

In order to be adopted, the above ordinary resolution must be approved by a simple majority of the votes cast by, or on behalf of, shareholders entitled to vote in person or by proxy voting at the Meeting, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol. To the knowledge of the Company, as of the Record Date, Olisol owns 63,044,461 Ordinary Shares.

Consequences if Resolution is not Approved

If the resolution set out above is not approved, Olisol will only be permitted to convert such portion of the Amended Facility Agreement that would not result in Olisol owning or controlling greater than 20% of the outstanding Ordinary Shares at the time of issuance and the Company would be required to repay US$1 million outstanding under the Amended Facility Agreement, together with accrued but unpaid interest, in cash, which the Company may not be able to do given its current cash on hand and ability to raise capital.

In addition, the approval of the resolution set out above is a condition to the closing of the Transaction. If the Transaction does not proceed, there can be no assurance that management will be successful in securing alternative funding or that management would have sufficient time to implement any alternative transaction to the Transaction required to enable the Company to continue as a going concern.

5. Approval to Issue up to 43,962,996 Ordinary Shares to Olisol upon conversion of the Working Capital Indebtedness.

The Working Capital Indebtedness

The Investment Agreement requires Olisol and OIL to provide the Company with amounts reasonably requested by the Company to fund working capital requirements during the Working Capital Period. The parties agreed that any advances of Working Capital Indebtedness would be in the form of convertible debt that, subject to TSX approval, would be convertible into Ordinary Shares at Olisol's option, and unless otherwise agreed to by the parties, would be on the same terms as the indebtedness outstanding under the Amended Facility Agreement as of the date of the Investment Agreement. Such terms, include, among other things, that if any Working Capital Indebtedness is converted into Ordinary Shares, it will be converted based on a conversion price of C$0.054 per share. In addition, for the purposes of converting any outstanding Working Capital Indebtedness from US$ to C$, the parties will use an exchange rate of US$1.00 equals C$1.268, being the Bank of Canada's noon exchange rate on April 25, 2016.

The Company has sought approval from the TSX to issue up to 42,689,333 Ordinary Shares upon conversion of up to US$1,818,000 of Working Capital Indebtedness as well as up to 1,273,663 Ordinary Shares upon conversion of up to US$54,241.15 of accrued but unpaid interest up to and including August 31, 2016, being the final repayment date under the Amended Facility Agreement, relating to the Working Capital Indebtedness.

Olisol has agreed to advance at least US$500,000 in Working Capital Indebtedness on or before May 4, 2016. In order to receive any additional Working Capital Indebtedness, the Company must deliver a written request for such an advance to Olisol and OIL, which request shall include sufficient detail to permit Olisol and OIL to adequately evaluate the merits of such request. Olisol and OIL must advance any Working Capital Indebtedness within 10 Business Days of having received a working capital notice if it is satisfied that:

(i) Tethys has complied with its obligations under Article 3 of the Investment Agreement relating to Working Capital Indebtedness;

(ii) Tethys, together with its subsidiaries and affiliates considered as a whole, not having sufficient amounts from operating activities in Kazakhstan and sales of oil and natural gas for which Tethys has received payment, or from cash on hand in excess of a minimum cash balance of US$1,000,000 to fund the relevant working capital requirements;

(iii) Tethys providing OIL and Olisol with information that is complete and accurate in all material respects on the relevant working capital requirements to be funded using the amounts provided by OIL and Olisol including relevant supporting documentation, if applicable; and

(iv) Tethys having used its available cash on hand reasonably in the ordinary course of business.

During the Working Capital Period, Olisol is entitled to designate an individual to monitor Tethys's use of Working Capital Indebtedness and Tethys has agreed to use any Working Capital Indebtedness in a reasonable and prudent manner.

TSX Requirement for Shareholder Approval

(i) Section 604(a)(i) – Material Affect on Control. Pursuant to Section 604(a)(i) of the TSX Manual, shareholder approval is required for transactions involving the issuance of listed securities that materially affect control of a company. Under the TSX Manual, a transaction in considered to "materially affect control" if it gives any security holder, or a combination of security holders acting together, the ability to influence the outcome of a vote of security holders, including the ability to block significant transactions. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together is generally considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances.

As the issuance of the Ordinary Shares underlying the Working Capital Indebtedness could result in Olisol owning or controlling greater than 20% of the outstanding Ordinary Shares, the TSX required, and the Working Capital Indebtedness provides, that shareholder approval must be obtained before Olisol may convert any portion of the Working Capital Indebtedness that would result in it becoming a holder of 20% or more of the outstanding Ordinary Shares.

Shareholders are being asked to consider and, if thought fit, pass the resolution set out below approving the issuance of Ordinary Shares upon the conversion of the Working Capital Indebtedness even if such issuance results in Olisol owning or controlling greater than 20% of the outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604(a)(i) of the TSX Manual.

(ii) Section 607 – Pricing of Ordinary Shares Issuable upon Conversion of the Interest Portion of the Working Capital Indebtedness. Pursuant to Section 607 of the TSX Manual, any issuance of listed shares on a private placement basis must be issued at market price (as defined in the TSX Manual) or within a permitted discount to market price. Since the accrued interest under the Working Capital Indebtedness will not become due until conversion, the market price of the Ordinary Shares issuable upon conversion of the interest cannot be known until a future date, and it is possible therefore that at the time of conversion, the C$0.054 conversion price would not be within permitted pricing under the TSX Manual.

Therefore, shareholders are being asked to consider and, if thought fit, pass the resolution set out below approving the issuance of Ordinary Shares upon the conversion of the interest under the Working Capital Indebtedness even

though the market price of the Ordinary Shares at the time of conversion is not known and could be less than the price permitted by the TSX Manual.

(iii) Section 501(c) – Non-Exempt Issuer Transactions. Under Section 501 of the TSX Manual, non-exempt TSX issuers must seek shareholder approval if they enter into one or more transactions that result in the value of consideration received by insiders and related parties during a six month period exceeding 10% of the market capitalization of the issuer.

The Company is a non-exempt TSX issuer, and is therefore subject to Section 501. As shown in the chart at page 17, the value of the Follow-on Shares, the Subscription Shares, the Conversion Shares and the interest under the Amended Facility Agreement, together with the value of the interest owing under the AGR Debentures and the ALR Debentures, all issued over the past six months, is well in excess of 10% of the market capitalization of the Company, and therefore, shareholder approval is required for the issuance of the Working Capital Indebtedness to the extent such shares are issued to Olisol pursuant to Section 501(c).

See the chart at page 16 under "*Section 3 Approval to Issue 181,240,793 Ordinary Shares to Olisol - TSX Requirement for Shareholder Approval*".

MI 61-101

At the time of entering into the Investment Agreement, Olisol was, and continues to be, a "related party" of the Company. As such, the entering into the credit facility represented by the Woking Capital Indebtedness (the "**Working Capital Facility**") is a "related party transaction" in respect of the Company within the meaning of MI 61-101 and the issuance of Ordinary Shares on conversion of the Working Capital Facility is also a related party transaction.

However, the entering into the Working Capital Facility is exempt from the requirements to obtain a formal valuation and minority approval under MI 61-101 pursuant to sections 5.5(g) and 5.7(e) of MI 61-101 since the Company is in serious financial difficulty, the advance of Working Capital Indebtedness is designed to improve the financial condition of the Company, the Board includes one or more independent directors in respect of the Working Capital Indebtedness and the Transaction and the Board determined, including all of its independent directors, that the Company was in serious financial difficulty, the Working Capital Indebtedness and the Transaction are designed to improve the financial condition of the Company and the terms of both are reasonable in the circumstances.

In addition, Part 5 (Related Party Transactions) of MI 61-101 does not apply to the issuance of Ordinary Shares on the conversion of the Working Capital Facility pursuant to Section 5.1(h)(iii) of MI 61-101 since the Company is obligated to issue the Ordinary Shares pursuant to the terms of the Working Capital Facility and the terms of such transactions were generally disclosed. Accordingly, the issuance of Ordinary Shares on the conversion of the Working Capital Facility will not be subject to the formal valuation and minority approval requirements of MI 61-101. However, notwithstanding the fact that Part 5 (Related Party Transaction) of MI 61-101 is not applicable to the issuance of Ordinary Shares on the conversion of the Working Capital Facility, such issuance is nonetheless subject to shareholder approval pursuant to the requirements of the TSX as described above.

Recommendation of the Board

The Board, other than Mr. Abramov who abstained from voting due to his relationship with Olisol, unanimously recommends that shareholders vote in favour of the resolutions approving (i) the issuance of up to 43,962,996 Ordinary Shares to Olisol upon the conversion of the Working Capital Indebtedness which could result in Olisol owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual, and (ii) the issuance of the Ordinary Shares upon conversion of the accrued but unpaid interest under the Working Capital Indebtedness notwithstanding that the market price as of the date that the interest is due is not known and could be below pricing permitted by applicable sections of the TSX Manual. Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the resolution approving the issuance Ordinary Shares to Olisol upon the exercise of the Working Capital Indebtedness. The text of the ordinary resolution which management intends to place before the Meeting for approval is set forth below:

Shareholder Resolution No. 5

Shareholders are being asked to consider, and if thought appropriate, approve the resolution set out below. Shareholders should refer to "*Section 3 - Approval to Issue 181,240,793 Ordinary Shares to Olisol – The Investment Agreement – Olisol Ownership of Ordinary Shares*" for a summary of all Ordinary Shares that Olisol could own or control if all resolutions set out in this Circular, including the resolution set out below, are approved by shareholders at the Meeting.

BE IT RESOLVED, as an ordinary resolution of the shareholders of the Company, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol that:

> (a) the Company be authorised to issue up to 43,962,996 ordinary shares to Olisol Petroleum Limited ("**Olisol**") upon the conversion of the outstanding principal and accrued but unpaid interest under Working Capital Indebtedness that may be advanced by Olisol to the Company for working capital purposes under Article 3 of the Investment Agreement entered into on April 28, 2016 which could result in Olisol owning or controlling greater than 20% of the issued and outstanding ordinary shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual,
>
> (b) the conversion price of C$0.054 as it relates to the ordinary shares issuable upon conversion of the outstanding interest under the Working Capital Indebtedness be approved notwithstanding that such price could be less than the market price (as defined by the TSX Manual) at the time of conversion since the market price will not be known until the interest is due;
>
> all as more particularly described and set forth in the management information circular of the Company dated May 2, 2016;
>
> (c) any officer or director of the Company is authorised and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as, in the opinion of such officer or director, may be necessary or desirable to give effect to this resolution; and
>
> (d) the board of directors of the Company be and is authorised to abandon all or any part of these resolutions at any time prior to giving effect thereto.

In order to be adopted, the above ordinary resolution must be approved by a simple majority of the votes cast by, or on behalf of, shareholders entitled to vote in person or by proxy voting at the Meeting, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol. To the knowledge of the Company, as of the Record Date, Olisol owns 63,044,461 Ordinary Shares.

Consequences if Resolution is not Approved

If the resolution set out above is not approved, Olisol will only be permitted to convert such portion of the Working Capital Indebtedness that would not result in Olisol owning or controlling greater than 20% of the outstanding Ordinary Shares at the time of issuance and the Company would be required to repay the Working Capital Indebtedness in cash, which the Company may not be able to do given its current cash on hand and ability to raise capital.

6. Approval to Issue up to 50,000,000 Ordinary Shares to Olisol

Pursuant to the Investment Agreement, the Company and Olisol have agreed that following completion of the Transaction, the parties shall use commercially reasonable efforts to undertake the Future Offering for minimum proceeds of C$2.7 million consisting of at least 50 million Follow-on Shares at a price of C$0.054 per share. The Future Offering shall be made by way of a private placement and will be offered to the 20 largest shareholders of the Company with each shareholder being entitled to purchase its *pro rata* portion of the shares offered subject to any adjustments agreed to between the Company and Olisol. Olisol shall have the right to maintain its *pro rata* ownership position in the Future Offering and has agreed to purchase up to all of the Follow-on Shares in the event that other shareholders do not commit to their own *pro rata* entitlement.

TSX Requirement for Shareholder Approval

(i) Section 604(a)(i) – Material Affect on Control. As described above, Section 604(a)(i) of the TSX Manual, provides that shareholder approval is required for transactions involving the issuance of listed securities that materially affect control of a company. Under the TSX Manual, a transaction is considered to "materially affect control" if it gives any security holder, or a combination of security holders acting together, the ability to influence the outcome of a vote of security holders, including the ability to block significant transactions. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together is generally considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances.

If the issuance of the Follow-on Shares is considered as part of the Transaction, or if following closing of the Transaction Olisol's ownership in Ordinary Shares falls below 20%, Olisol's acquisition of some or all of the Follow-on Shares could result in Olisol becoming a new 20% holder of Ordinary Shares. As a result, the issuance of the Follow-on Shares to Olisol could materially affect the control of the Company under Section 604(a)(i) of the TSX Manual and is therefore subject to shareholder approval by a simple majority.

(ii) Section 604(a)(ii) – Issuance of Greater than 10% to Insiders in Six Month Period. Pursuant to Section 604(a)(ii) of the TSX Manual, shareholder approval is required for transactions involving the issuance or potential issuance of listed securities to insiders of a listed issuer during any six month period, if the listed securities issuable amount to more than 10% of the number of securities of the issuer which are outstanding on a non-diluted basis prior to the closing date of the first issuance of securities.

At the time that the Follow-on Shares will be issued, the Company has assumed that Olisol will continue to be an insider by virtue of it owning the Purchased Shares. It is possible that if Olisol acquires all of the Follow-on Shares, such issuance, together with the Ordinary Shares issued to ALR on exercise or conversion of the ALR Warrants and ALR Debentures, will result in greater than 10% of the Ordinary Shares being issued to insiders in a six month period.

Shareholders, excluding Olisol, are therefore being asked to consider and, if thought fit, pass the resolution set out below approving the issuance of the Follow-on Shares to Olisol even though such issuance may result in insiders being issued securities that could result in greater than 10% of the outstanding Ordinary Shares being issued to insiders in a six month period.

(iii) Section 501(c) – Non-Exempt Issuer Transactions. Under Section 501 of the TSX Manual, non-exempt TSX issuers must seek shareholder approval if they enter into one or more transactions that result in the value of consideration received by insiders and related parties during a six month period exceeding 10% of the market capitalization of the issuer.

The Company is a non-exempt TSX issuer, and is therefore subject to Section 501. As shown in the chart at page 17, the value of the Follow-on Shares, the Subscription Shares, the Conversion Shares and the interest under the Amended Facility Agreement, together with the value of the interest owing under the AGR Debentures and the ALR Debentures, all issued over the past six months, is in excess of 10% of the market capitalization of the Company, and therefore, shareholder approval is required for the issuance of the Follow-on Shares to the extent such shares are issued to Olisol pursuant to Section 501(c).

See the chart at page 16 under "*Section 3 Approval to Issue 181,240,793 Ordinary Shares to Olisol - TSX Requirement for Shareholder Approval*".

MI 61-101

At the time of entering into the Investment Agreement, Olisol was, and continues to be, a "related party" of the Company. As such, the issuance of the Follow-On Shares, if issued to Olisol, will be a "related party transaction" in respect of the Company within the meaning of MI 61-101.

Exemption from Valuation Requirement

The issuance of the Follow-on Shares will be exempt from the requirement to obtain a formal valuation under MI 61-101 pursuant to section 5.5(c) of MI 61-101 as such issuance will involve the issuance of securities of the Company to a related party for cash and, neither the Company, nor to the Company's knowledge after reasonable inquiry, Olisol, had knowledge of any material information concerning the Company or its securities that had not been generally disclosed.

To the knowledge of the Company and each director or officer of the Company, no third-party valuations have been undertaken on behalf of the Company within 24 months prior to the date of this Circular.

Requirement for Minority Shareholder Approval

If the Follow-on Offering is considered as part of the Transaction, section 5.6 of MI 61-101 will require that the Company obtain shareholder approval in connection with the issuance of the Follow-on Shares to Olisol. In order to be approved under MI 61-101, the resolution to approve the issuance of the Follow-on Shares to Olisol, must be approved by a majority of the votes cast at the Meeting by shareholders in person or by proxy, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol. To the knowledge of the Company, as of the Record Date, Olisol owns 63,044,461 Ordinary Shares.

Recommendation of the Board

The Board, other than Mr. Abramov who abstained from voting due to his relationship with Olisol, unanimously recommends that shareholders vote in favour of the resolution approving the issuance of up to 50,000,000 Follow-on Shares to Olisol which could result in Olisol owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual or 10% or more of the outstanding Ordinary Shares being issued to insiders in a six month period. Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the resolution approving the issuance of up to 50,000,000 Follow-on Shares to Olisol. The text of the ordinary resolution which management intends to place before the Meeting for approval is set forth below:

Shareholder Resolution No. 6

Shareholders are being asked to consider, and if thought appropriate, approve the resolution set out below. Shareholders should refer to "*Section 3 - Approval to Issue 181,240,793 Ordinary Shares to Olisol – The Investment Agreement – Olisol Ownership of Ordinary Shares*" for a summary of all Ordinary Shares that Olisol could own or control if all resolutions set out in this Circular, including the resolution set out below, are approved by shareholders at the Meeting.

BE IT RESOLVED, as an ordinary resolution of the shareholders of the Company, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol that:

> (a) the Company be authorised to issue up to 50,000,000 ordinary shares to Olisol Petroleum Limited ("**Olisol**") at a price per share of C$0.054 for an aggregate amount of up to C$2.7 million in the event that certain shareholders of the Company do not participate in a future offering as described in, and pursuant to the terms of, the amended and restated investment agreement among the Company, Olisol and Olisol Investments Limited dated April 28, 2016, in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* and in accordance with (1) Section 604 of the TSX Manual in the event that such issuance of ordinary shares results in Olisol owning or controlling greater than 20% of the issued and outstanding ordinary shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual or if such issuance results in greater than 10% of the outstanding ordinary shares being issued to insiders in a six month period and (2) Section 501 of the TSX Manual since the issuance of such ordinary shares, together with the issuance of other securities to, and the payment of interest owing under convertible debentures held by, certain related parties and/or insiders (as such terms are defined in the TSX Manual) will result in transactions with insiders and/or related parties of the Company receiving consideration in excess of 10% of the market capitalization of the Company during

the past six months, as more particularly described and set forth in the management information circular of the Company dated May 2, 2016;

(b) any officer or director of the Company is authorised and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as, in the opinion of such officer or director, may be necessary or desirable to give effect to this resolution; and

(c) the board of directors of the Company be and is authorised to abandon all or any part of these resolutions at any time prior to giving effect thereto.

In order to be adopted, the above ordinary resolution must be approved by a simple majority of the votes cast by, or on behalf of, shareholders entitled to vote in person or by proxy voting at the Meeting, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol. To the knowledge of the Company, as of the Record Date, Olisol owns 63,044,461 Ordinary Shares.

Consequences if Resolution is not Approved

If the resolution set out above is not approved, and if the issuance of the Follow-on Shares is considered as part of the Transaction or if following closing of the Transaction Olisol's ownership in Ordinary Shares falls below 20%, the Company will only be permitted to issue such portion of Follow-on Shares that would not result in Olisol owning or controlling greater than 20% of the outstanding Ordinary Shares at the time of issuance. Further, because Olisol would be an insider at the time of issuance of the Follow-on Shares, if the resolution above is not approved, the Company will only be permitted to issue such portion of Follow-on Shares that would not result in greater than 10% of the Ordinary Shares being issued to insiders in a six month period. If the Company is so limited in its issuance of Follow-On Shares to Olisol, its ability to raise capital may be compromised at a time when additional capital could be required.

7. Approval to Issue Shares to Olisol to Satisfy its Pre-Emptive Rights

Pursuant to the Investment Agreement, the Company and Olisol have agreed that for the period from the closing date of the Transaction until the earlier of (i) the date that Olisol no longer owns 30% or more of the outstanding Ordinary Shares and (ii) December 31, 2017, and other than in certain specified exceptions, Olisol shall, in the event of any issuance (a "**Dilutive Issuance**") of any Ordinary Shares, any securities convertible into or exchangeable or exercisable for Ordinary Shares or other equity interests in the Company ("**Dilutive Securities**") that are offered from treasury to one or more persons, have the right (the "**Pre-Emptive Right**") to subscribe for and purchase, on a *pro rata* basis and on the same terms of such Dilutive Issuance, such Ordinary Shares ("**Pre-Emptive Shares**"), securities or equity interests so as to maintain its *pro rata* equity percentage in the Company (as measured immediately prior to the Dilutive Issuance) after giving effect to such issuance (its "**Pro Rata Position**").

TSX Requirements for Shareholder Approval

(i) Section 604(a)(ii) – Issuance of Greater than 10% to Insiders in Six Month Period. Pursuant to Section 604(a)(ii) of the TSX Manual, shareholder approval is required for transactions involving the issuance or potential issuance of listed securities to insiders of a listed issuer during any six month period, if the listed securities issuable amount to more than 10% of the number of securities of the issuer which are outstanding on a non-diluted basis prior to the closing date of the first issuance of securities.

If and when Pre-Emptive Shares are issued, Olisol may be an insider by virtue of it owning the Purchased Shares and, possibly, the Follow-On Shares, Olisol Penalty Shares, or other Ordinary Shares. It is possible that if Olisol acquires Pre-Emptive Shares, such issuance, alone or together with the issuance of the Purchased Shares, Follow-On Shares, Olisol Penalty Shares or additional Ordinary Shares to Olisol, or the issuance of other Ordinary Shares to other insiders could result in greater than 10% of the Ordinary Shares being issued to insiders in a six month period.

Shareholders, excluding Olisol, are therefore being asked to consider and, if thought fit, pass the resolution set out below approving the issuance of the Pre-Emptive Shares to Olisol even though such issuance may result in insiders being issued securities that could result in greater than 10% of the outstanding Ordinary Shares being issued to insiders in a six month period.

MI 61-101

Olisol has the option to purchase the Pre-Emptive Shares if the Company makes a Dilutive Issuance. At the time that Olisol Pre-Emptive Shares may be issued, Olisol may own more than 10% of the Company's Ordinary Shares. As such, any issuance of Pre-Emptive Shares will be a "related party transaction" in respect of the Company within the meaning of MI 61-101.

Exemption from Valuation Requirement

The issuance of the Pre-Emptive Shares will be exempt from the requirement to obtain a formal valuation under MI 61-101 pursuant to section 5.5(c) of MI 61-101 as such issuance will involve the issuance of securities of the Company to a related party for cash, provided that at the time of such issuance, neither the Company, nor to the Company's knowledge after reasonable inquiry, Olisol, has knowledge of any material information concerning the Company or its securities that has not been generally disclosed.

Requirement for Minority Shareholder Approval

If an issuance of Pre-Emptive Shares has a fair market value of over 25% of the Company's market capitalization, section 5.6 of MI 61-101 will require that the Company obtain shareholder approval thereof. The Company now seeks such approval in advance, in the event that it is so required. In order to be approved under MI 61-101, the resolution to approve the issuance of the Pre-Emptive Shares, must be approved by a majority of the votes cast at the Meeting by shareholders in person or by proxy, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol. To the knowledge of the Company, as of the Record Date, Olisol owns 63,044,461 Ordinary Shares.

Recommendation of the Board

The Board, other than Mr. Abramov who abstained from voting due to his relationship with Olisol, unanimously recommends that shareholders vote in favour of the resolution approving the issuance of Pre-Emptive Shares to Olisol, so as to permit Olisol to maintain its Pro Rata Position. The issuance of the Pre-Emptive Shares could result in 10% or more of the outstanding Ordinary Shares being issued to insiders in a six month period. Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the resolution approving the issuance of Pre-Emptive Shares to Olisol. The text of the ordinary resolution which management intends to place before the Meeting for approval is set forth below:

Shareholder Resolution No. 7

Shareholders are being asked to consider, and if thought appropriate, approve the resolution set out below.

BE IT RESOLVED, as an ordinary resolution of the shareholders of the Company, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol that:

> (a) the Company be authorised to issue ordinary shares to Olisol Petroleum Limited ("**Olisol**") to permit Olisol to maintain its *pro rata* equity percentage in the Company, measured immediately prior to a dilutive issuance, at the same price as the dilutive issuance, in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* and in accordance with Section 604 of the TSX Manual in the event that such issuance results in greater than 10% of the outstanding ordinary shares being issued to insiders in a six month period, as more particularly described and set forth in the management information circular of the Company dated May 2, 2016;
>
> (b) any officer or director of the Company is authorised and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as, in the opinion of such officer or director, may be necessary or desirable to give effect to this resolution; and
>
> (c) the board of directors of the Company be and is authorised to abandon all or any part of these resolutions at any time prior to giving effect thereto.

In order to be adopted, the above ordinary resolution must be approved by a simple majority of the votes cast by, or on behalf of, shareholders entitled to vote in person or by proxy voting at the Meeting, excluding any votes attaching to Ordinary Shares beneficially owned by Olisol. To the knowledge of the Company, as of the Record Date, Olisol owns 63,044,461 Ordinary Shares.

Consequences if Resolution is not Approved

If the resolution above is not approved, the Company will only be permitted to issue such portion of Pre-Emptive Shares that would not result in greater than 10% of the Ordinary Shares being issued to insiders in a six month period, which may not be a sufficient amount to allow Olisol to maintain its Pro Rata Position.

In addition, the approval of the resolution set out above is a condition to the closing of the Transaction. If the Transaction does not proceed, there can be no assurance that management will be successful in securing alternative funding or that management would have sufficient time to implement any alternative transaction to the Transaction required to enable the Company to continue as a going concern.

8. Receipt of the Financial Statements and Auditors' Report

At the Meeting, shareholders will receive and consider the financial statements of the Company for the year ended December 31, 2015 and the auditors' report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken.

9. Election of Directors

The Company currently has seven (7) directors, three of whom are being nominated for election and four of whom will retire at the Meeting and will not be nominated for re-election. If prior to the date of the Meeting, the Board is reconstituted into the Post-Closing Board, then Vladimir Griguletsky is also being nominated to the Board at the Meeting. The table set out below sets forth the name of each of the persons proposed to be nominated (or conditionally nominated in the case of Vladimir Griguletsky) for election as a director, all positions and offices in the Company presently held by such nominee, the nominee's municipality of residence, principal occupation at present and during the preceding five years, the period during which the nominee has served as a director, and the number of Ordinary Shares that the nominee has advised are beneficially owned or over which control or direction is exercised by the nominee, directly or indirectly, as of the Record Date.

Shareholders will be permitted to vote "for" or "against" their vote on the election of directors at the Meeting or on future elections of directors. Pursuant to the Articles, a director who receives more votes "against" than votes "for" will be considered not to have been elected.

The TSX has adopted amendments to its Company Manual, which became effective June 30, 2014, requiring listed companies to adopt majority voting policies for the election of directors unless an issuer satisfies the majority voting requirements of the TSX in a manner acceptable to the TSX, including as a result of provisions in its articles. The Board adopted a majority voting policy in 2014 to comply with the majority voting requirements of the TSX. Subsequently, in 2015 the articles of the Company were amended to provide that shareholders have a right to vote 'for' or 'against' (rather than 'withhold') on the election of directors. The Company believes that its articles comply with the majority voting requirements of the TSX.

Voting for directors is on an individual basis. The Company will publicly disclose the voting results, providing the number of votes for and against for each individual director.

In the absence of contrary directions, the Management Designees, if named as proxy, intend to vote for the election of the persons named in the following tables to the Board. Each director elected will hold office until the next annual general meeting of shareholders or until his or her successor is duly elected, unless his or her office is earlier vacated.

Procedure for Nomination of Directors

Under the Articles of the Company, no person other than a director retiring may be appointed or reappointed a director at a general meeting unless (i) he is recommended by the Board, or (ii) no earlier than one day after the notice of the meeting is sent to shareholders and no later than 7 days before the date fixed for the meeting, there shall have been left at the registered office of the Company notice in writing signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting of his intention to propose that person for appointment or reappointment together with notice in writing signed by that person of his willingness to be appointed or reappointed.

The directors named below are the only four directors nominated (or in the case of Vladimir Griguletsky, conditionally nominated) for election to the Board.

Directors not Previously Elected at Security Holder Meetings

Name and Place of Residence	**Director Since**	**Present Principal Occupation, Business or Employment**	**Number of Ordinary Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly**
Alexander Abramov[(1)] Moscow, Russia	November 20, 2015	Mr. Abramov is a Chartered Engineer with over 30 years of experience in energy, construction and investment. He is a shareholder and since November 10, 2011 has been the chairman of the Board of Directors of Olisol Investments Ltd. Group, a group of companies primarily focused on investing in the oil and gas industry in Central Asia. He is a member of the Board of Directors and also co-owner of "Petrokazenergy" company. This company is engaged in processing the crude oil and exporting the oil products. Mr. Abramov is also a co-founder and a manager of "TET AvtoTrans" trucking company which has its own fleet of oil tankers, motor vehicle depots and vehicle maintenance and service stations in Shalkar, Aktobe region of Kazakhstan.	63,044,461[(2)]

Name and Place of Residence	Director Since	Present Principal Occupation, Business or Employment	Number of Ordinary Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly
William P. Wells[(1)] Memphis, Tennessee, United States	November 20, 2015	Mr. Wells is the founder and since 2000 has been the primary portfolio manager for PAM. He had previously worked in the Private Wealth Management division of Goldman Sachs, where he was a vice-president working primarily with family groups throughout the southeastern United States. Mr. Wells had been at Goldman Sachs since his graduation from the Amos Tuck School of Business at Dartmouth College in 1985. Mr. Wells is also a director of Annuity and Life Re Holdings, a company listed on the Bermuda stock exchange.	63,982,297[(3)]
Adeola Ogunsemi[(1)] Richmond, Texas, United States	June 11, 2015	Mr. Ogunsemi is an experienced oil and gas professional with 16 years of industry experience out of his total 20 years work history. Since January 1, 2012 he has been the Chief Financial Officer of Oando Energy Resources, a leading African exploration and production company, listed on the TSX in Canada and has been with the company and its subsidiary for more than 6 years.	Nil
Vladimir Griguletsky[(1)] Russia	NA	Mr. Griguletsky is an experienced mining engineer with over 40 years of relevant experience. Since 2010 he has been Vice President Exploration at TransNaftaCenter JSC a joint Russian and Kazakh enterprise. He has written more than 200 scientific papers on well construction technology for technical magazines and books.	Nil

Notes:

(1) Messrs. Alexander Abramov and William P. Wells are not independent directors (as defined herein), Messrs. Adeola Ogunsemi and Vladimir Griguletsky, if elected, are independent director (as defined herein).
(2) Represents the Ordinary Shares owned by Olisol.
(3) Represents the Ordinary Shares over which PAM exercises control or direction.

Corporate Cease Trade Orders and Penalties or Sanctions

No proposed director nor the Chief Executive Officer or Chief Financial Officer is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that was:

(i) subject to an order (within the meaning of Canadian securities legislation) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalty or sanction imposed by a court or regulatory body.

Corporate Bankruptcies

No proposed director nor the Chief Executive Officer or Chief Financial Officer is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

No proposed director nor the Chief Executive Officer or Chief Financial Officer has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

10. Appointment and Remuneration of the Auditor

Shareholders will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution appointing PricewaterhouseCoopers LLP ("**PWC**"), 111 5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3 , as auditors of the Company to hold office in accordance with the Company's Articles of Association, and that their compensation be fixed by the Board of Directors. PWC were appointed as auditors of the Company on November 25, 2014 to replace KPMG LLP, Chartered Accountants who were first appointed as auditor of the Company on April 1, 2014 and who in turn replaced KPMG Audit Plc who were first appointed as auditor of the Company on May 13, 2011.

In the absence of contrary directions, the Management Designees, if named as proxy, intend to vote proxies for the ordinary resolution approving the appointment of PWC as auditors for the Company for the ensuing year and authorizing the Board of Directors to fix the compensation of the auditors.

11. Other Business

Management of the Company knows of no matters to come before the Meeting other than the matters referred to in the accompanying Notice of Meeting. However, if any other matters, which are not known to management, should properly come before the Meeting, it is the intention of the persons designated in the Proxy accompanying this Circular to vote upon such matters in accordance with their best judgement.

TRADING IN ORDINARY SHARES

The Ordinary Shares are listed on the TSX under the symbol "TPL". The following table sets forth the reported high and low sales prices (which are not necessarily closing prices) and the trading volumes for the Ordinary Shares on the TSX during the six month period preceding this Circular (in Canadian dollars):

Period	Trading Volume	High	Low
October 2015	2,449,632	$0.11	$0.055
November 2015	5,736,825	$0.11	$0.055
December 2015	1,950,976	$0.11	$0.055
January 2016	2,148,988	$0.065	$0.035
February 2016	3,495,023	$0.065	$0.03
March 2016	15,558,781	$0.055	$0.04
April 1-28, 2016	39,361,306	$0.045	$0.025

The Ordinary Shares are also listed on the LSE under the symbol "TPL". The following table sets forth the reported high and low sales prices (which are not necessarily closing prices) and the trading volumes for the Ordinary Shares on the LSE during the six month period preceding this Circular (in Pounds Sterling):

Period	Trading Volume	High	Low
October 2015	14,736,135	£0.059	£0.03
November 2015	19,370,815	£0. 059	£0.03
December 2015	10,194,870	£0. 059	£0.024
January 2016	8,971,448	£0.031	£0.015
February 2016	8,199,301	£0.035	£0.017
March 2016	17,242,268	£0.037	£0.023
April 1-28, 2016	11,742,273	£0.027	£0.017

PRIOR PURCHASES AND SALES

The Company has not purchased or sold any of its securities in the twelve months preceding the date of this Circular other than Ordinary Shares sold pursuant to the exercise of options or warrants or as set forth below.

Date	Number and Type of securities	Price Per Security
May 15, 2015	US$7.5 Million Convertible Debentures[(1)]	US$7.5 Million
June 1, 2015	US$1,760,978 Convertible Debentures[(2)]	US$1,760,978
June 2, 2015	63,465 Ordinary Shares	£0.1684 per share[(3)]
July 15, 2015	63,465 Ordinary Shares	£0.1684 per share[(3)]
November 27, 2015	57,607 Ordinary Shares	£0.1684 per share[(3)]
March 21, 2016	37,440,042 Ordinary Shares	US$0.10 per shares[(4)]
April 15, 2016	25,604,419 Ordinary Shares	US$0.10 per shares[(4)]

(1) Convertible at a price of US$0.10.

(2) Convertible at a price of US$0.10.

(3) Issued to John Bell, the Non-Executive Co-Chairman of the Company in satisfaction of a portion of his remuneration from the Company.

(4) Issued upon conversion of principal and interest due under the Amended Facility Agreement.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

We depend on the performance of experienced and committed executive officers with the skills, education, experience and personal qualities necessary to manage our business. Our executive compensation program is designed and administered to attract and retain such individuals in a competitive market, particularly with the skills to work successfully in our specific areas of operation.

John Bell, Non-Executive Co-Chairman, Julian Hammond, Chief Executive Officer, Denise Lay, Former Finance Director and Chief Financial Officer, Clive Oliver, Acting Chief Financial Officer and Corporate Secretary, Rosemary Johnson Sabine, Vice President Exploration, Graham Wall, Chief Operating Officer and Luka Chachibaia, Vice President, Operation (collectively, the "**Named Executive Officers**") met the requirements to be classified as "Named Executive Officers" of the Company, as such term is defined in Form 51-102F6 Statement of Executive Compensation to National Instrument 51-102 Continuous Disclosure Obligations ("**NI 51-102**") for the year ended December 31, 2015. John Bell, Non-Executive Co-Chairman, previously served as the Company's Executive Chairman until March 12, 2016.

Set out below is our discussion and analysis in respect of the compensation of our Named Executive Officers for the year ended December 31, 2015.

Objectives of our Compensation Program

The objectives of the compensation program for our Named Executive Officers, and in particular the Executive Director, are to:

- motivate executives to achieve strong financial, technical and operational performance;
- retain management talents to support our corporate goals;
- effectively compete against other oil and gas companies for executive talents;
- source and retain high quality international staff with specific skills to operate in our areas of interest;
- provide a balance between the achievement of near term and long term objectives;
- link the interests of executives with shareholders by providing a portion of total pay in the form of stock incentives; and
- encourage long term commitment to the Company.

Our compensation program is designed to reward the individual performance of our Named Executive Officers and other senior staff in meeting their individual and corporate objectives. In addition, our compensation program seeks to reward exceptional performance and contribution to the growth of our Company.

Elements of Compensation

We use several different compensation elements in our executive compensation program for the purpose of addressing both near term and longer term value creation for the Company. The primary components of our executive compensation program are:

- base compensation;
- long term incentives (stock options); and
- other benefits.

The following table gives an overview of the elements of the compensation of our Named Executive Officers, including the description and purpose of each element.

COMPENSATION ELEMENTS	DESCRIPTION AND PURPOSE
Base Compensation[(1)]	Provides fixed compensation to pay for experience, expertise and knowledge.
Long Term Incentives (stock options)	Aligns executives' long term interests with those of our shareholders. Promotes retention of executives through time based vesting of awards. Provides for meaningful share ownership opportunities. Emphasizes long term performance results.
Other Benefits	Other benefits include health, life, critical illness, income protection (disability) and hardship allowance.

Note:

(1) Base compensation includes, depending on the Named Executive Officer, salaries payable under the terms of the Employment Agreements referred to under "*Employment Agreements*".

Because of our unique working environment and activities, we have not set the compensation of our Named Executive Officers to discrete benchmarks. We instead consider the terms of each Named Executive Officer's employment contract and compare his or her performance with prior years' performance, his or her contribution to the development of our business in general and that of other Named Executive Officers. The role of the Executive Chairman in recommending to the Compensation and Nomination Committee (the "**Compensation Committee**") the compensation for Named Executive Officers is described under "*Role of the Compensation Committee*".

The decisions in respect of each individual compensation element are taken into account in determining each other compensation element to ensure a Named Executive Officer's overall compensation is consistent with the objectives of the compensation program while considering that not all objectives are applicable to each Named Executive Officer.

To reinforce the goals of delivering both near term results and long term shareholder value, the Company provides executives with long term stock incentive awards (stock options).

Determination of Amount of Compensation

The design of each compensation element and 2015 compensation decisions are described further below.

Base Compensation

The base compensation of our Named Executive Officers was previously established at the time we entered into the employment contracts described elsewhere in this Circular (See "*Executive Compensation – Employment Agreements*"). The Compensation Committee reviews on a regular basis the base compensation of our Named Executive Officers. We consider competitive base compensation vital to ensuring the continuity of our management. The following factors are considered when establishing base compensation for the Named Executive Officers:

- the importance of each Named Executive Officer to the development of our business;
- external market forces and data;
- the scope of responsibility, experience and tenure of each Named Executive Officer;
- the extensive travel required and long periods spent in often remote and difficult working environments in our areas of operation;
- the experience of each Named Executive Officer in our area of operations and related areas; and

- the development plans for the Named Executive Officer and his or her potential to take on greater or different responsibilities.

Cash Bonuses

The Company does not currently have a formalized annual cash incentive bonus program or plan. Discretionary cash bonuses may be paid to the Named Executive Officers in recognition of Events at the discretion of the Executive Chairman in consultation, if necessary, with the Compensation Committee.

Cash bonuses paid to Named Executive Officers in 2015 are included in the Summary Compensation Table below under the heading "*All Other Compensation*". These bonuses were paid to Clive Oliver. The bonuses were paid on a contractual basis in recognition of meeting certain prescribed performance targets.

Long Term Incentives (Stock Options)

A key component of our compensation program is to reward executives for long term strategic accomplishments and enhancement of long term shareholder value through equity based long term incentives. We believe that long term incentive compensation plays an essential role in attracting and retaining executive officers and aligns their interests with the goal of maximizing shareholder value.

We have established long term incentive target values for each level of responsibility within the Company, including the Named Executive Officers.

In awarding incentives to our executives, the Compensation Committee takes into account the following factors:

- recent Company performance;
- each executive officer's individual performance during the year;
- competitive market conditions;
- historical practices including grants from previous years;
- the Company's desire for its long term incentive plans to be sufficiently attractive to retain key staff; and
- our compensation philosophy.

The Company's long term incentive awards are currently limited to option-based awards ("**Stock Options**"). In addition, prior to its initial public offering in June 2007, the Company issued the 2017 Warrants (as defined and described below) as a one-time incentive to certain officers of the Company. See "*Executive Compensation – 2017 Warrants*".

Stock Options are intended to align executives' interests with those of shareholders, by providing an incentive for executives to enhance shareholder value. Due to the significance of the risk/reward profile of Stock Options, executives stand to gain from their receipt of Stock Options only to the extent our common stock appreciates in value. The vesting schedule provides incentive to continue service with the Company for an extended period. For awards made in 2015, a third of the Stock Options vested and became exercisable on the first anniversary of the grant date. An additional third of each grant vests and becomes exercisable on the second and third anniversaries of the grant date. In addition, John Bell was awarded 1,000,000 Stock Options in connection with the commencement of employment as Executive Chairman which vested and became exercisable immediately.

Pursuant to the Stock Incentive Plan (as defined below), the number of Ordinary Shares reserved for issuance in respect of Stock Options may not exceed 12% of outstanding Ordinary Shares from time to time.

Other Benefits

Our Named Executive Officers and their immediate families are eligible for medical insurance, and the Named Executive Officers themselves to accidental death insurance, life insurance, disability insurance, hardship allowance, vacation and other similar benefits. The cost of these benefits for each Named Executive Officer is set out in the Summary Compensation Table.

We provide Named Executive Officers with the following perquisites (or their equivalent) on a limited basis:

(i) life insurance;

(ii) health insurance;

(iii) income protection (disability insurance);

(iv) critical illness insurance;

(v) cash contribution (equal to 9% of basic salary) towards each Named Executive Officer's personal pension requirements; and

(vi) hardship allowance.

Performance-Related Pay

The Executive Committee, through line management, is driving a culture of personal safety responsibility and ownership of company performance into the entire organization. Key performance indicators ("**KPIs**") under 4 headings - Health, Safety, and Environment (HSE), Reliability and Finance, Growth and Operating Performance, and People - are tracked by line management on a monthly basis against pre-set targets, and rolled up into a management summary for discussion by the Board of Directors. The factors include continuous operational KPIs as well as progress towards achieving discrete strategic milestones, each of which has pertinence to the bottom line of the Company and/or its license to operate.

The Compensation Committee is supportive of this principle of establishing an HSE - and performance-focused, results-led culture. It will consider establishing a suitable incentive scheme for all employees to share in Company success at an appropriate time and will use compensation consultants to advise and assist in this aim as required. The form of any compensation from this scheme has not yet been determined.

Hedging of Economic Risks in the Company's Securities

While the Company has not adopted a formal policy prohibiting Directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by Directors or officers, the Company is not aware of any Directors or officers having entered into this type of transaction.

Post-Termination or Change in Control Benefits

We currently have employment agreements with each of our Named Executive Officers. Details of notice periods, post-termination and change of control benefits are provided below.

Role of the Compensation Committee

Without prejudice to the specific duties of the Compensation Committee detailed below, the general aims of the Compensation Committee are to assist the Board in: (i) setting the compensation of senior management and directors; and (ii) nominating members for election or appointment to the Board, in each case pursuant to a process whereby those responsible for recommendations to the Board have no personal interest in the outcome of the decisions.

The Compensation Committee:

(a) reviews and approves corporate goals and objectives relevant to the Executive Chairman's and the Chief Executive Officer's compensation, evaluates the performance of the Executive Chairman and the Chief Executive Officer in the light of those corporate goals and objectives and determines (or makes recommendations to the Board with respect to) the Executive Chairman's and the Chief Executive Officer's compensation level based on this evaluation;

(b) considers and, if deemed appropriate, approves the Executive Chairman's and the Chief Executive Officer's recommendations for compensation for the directors and executive officers and Company incentive compensation plans;

(c) reviews executive compensation disclosure before the Company publicly discloses this information;

(d) reviews and assesses the risks associated with the compensation and benefit programmes and ensures such programmes' are in alignment with the Company's corporate goals and value creation objectives; and

(e) is responsible for appointing and determining the terms of appointment of any consultants in respect of the executive officers' compensation.

In fulfilling its role, the following general policies apply:

(i) the Compensation Committee determines and reviews with the Executive Chairman and the Chief Executive Officer and with the Board the framework or policies for the compensation of the executive officers;

(ii) in determining such policy, the Compensation Committee takes into account all factors which it deems necessary;

(iii) the remuneration of non executive directors is a matter for the Board and recommended by the Executive Board; and

(iv) no director or executive officer is involved in any decisions as to his or her own compensation.

Under the direction of the Compensation Committee, the Company is committed to the fundamental principles of fair pay for performance, improved shareholder returns and external competitiveness in the design, development and administration of its compensation programs. The Compensation Committee recognizes the need to attract and retain a stable and focused leadership with the capability to manage the operations, finances and assets of the Company.

Risks of Compensation Policies and Practices

The Compensation Committee regularly reviews its compensation policies and practices and considers whether the compensation programme provides executive officers of the Company with adequate incentives to achieve both short and long term objectives without motivating them to take inappropriate or excessive risk. This assessment was based on a number of considerations including the following:

- The terms of the Stock Incentive Plan provide that the options granted in 2015 (with the exception of 1,000,000 Stock Options granted to John Bell on his appointment as Executive Chairman which vest immediately) will vest one-third on the first anniversary of the date of the grant and one third on each of the second and third anniversaries of the grant, thus encouraging executive officers to continue to develop favourable results over a longer period of time and reducing the risk of actions which may have short term advantages; and
- Discretionary cash bonuses may be awarded to Named Executive Officers in recognition of an Event. However these bonuses are not guaranteed, may not be payable annually and vary in amount.

Having reviewed these, the Compensation Committees believes that the Company's compensation policies and practices give greater weight toward long-term incentives to mitigate the risk of encouraging short-term goals at the expense of long-term sustainability. The discretionary nature of any option grants under the Stock Incentive Plan and any ad hoc bonuses provide the Compensation Committee with the ability to reward historical performance and behaviour which it believes is aligned with the Company's best interests.

Given the current stage of the Company's development, the Compensation Committee is able to closely monitor and consider any risks, which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The current members of the Compensation Committee are Mr. David Henderson, Mr. David Roberts and Mr. Adeola Ogunsemi, all of whom are independent directors. The Board of Directors is of view that the Compensation Committee collectively has the knowledge, experience and background to fulfill its mandate, and that each of the members of the Compensation Committee has direct experience relevant to his responsibilities regarding executive compensation.

Mr. Henderson has over 30 years' experience in the oil and gas industry working for a several organisations in Executive Vice President, Senior Vice President and Chief Operating Officer roles.

Mr. Roberts has more than 20 years' experience of leading performance and benchmarking studies within the oil and gas industry, and experience of corporate incentive schemes.

Mr. Ogunsemi is an experienced oil and gas professional with 16 years of industry experience out of his total 20 years work history. He is currently the Chief Financial Officer of a leading African exploration and production company, listed on the TSX.

The present Compensation Committee also will engage remuneration consultants to provide information on current industry benchmarks and practices, in order to ensure that all elements of Board compensation are fair.

Compensation Consultants and Advisors

After a competitive exercise involving three leading compensation consultants, the Company retained Kepler Associates (now a brand of Mercer Limited) on March 28, 2015 as its nominated compensation adviser. Its mandate is to provide when requested, external benchmarks and advice on current industry compensation practice, in order to facilitate the Compensation Committee to fulfil its commitment to oversee fair remuneration for performance. If Kepler Associates were requested to provide any other services to the Company, or to its affiliated or subsidiary entities, or to any of its directors or members of management, such request would be subject to pre-approval by the Compensation Committee.

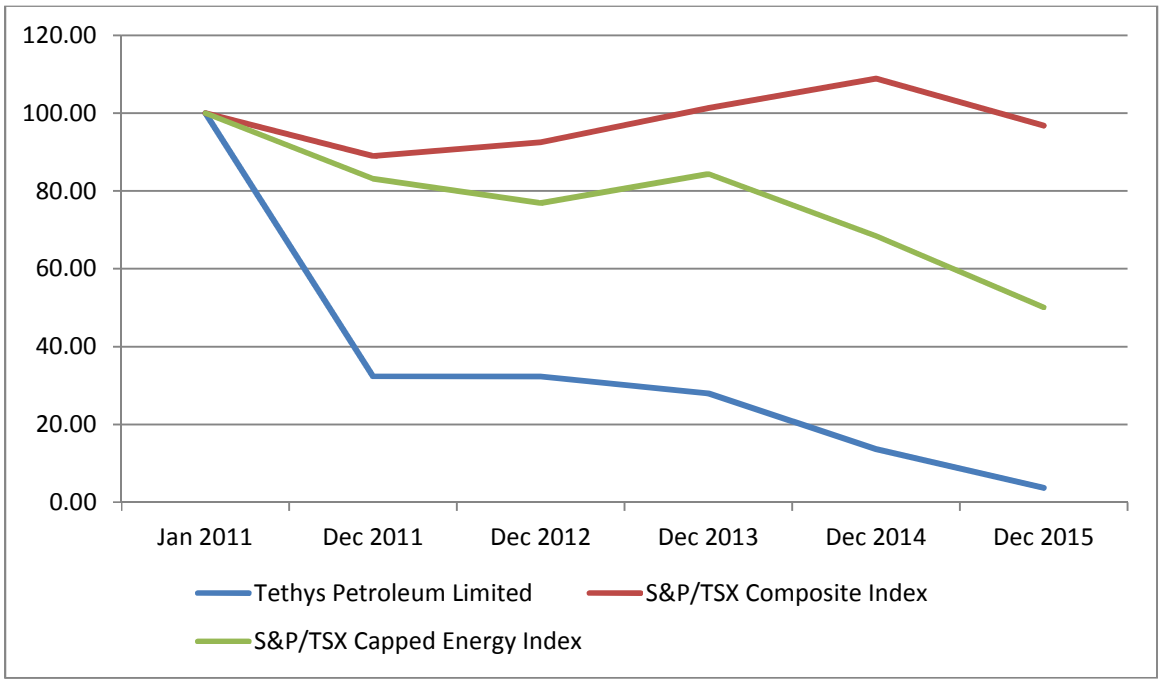
	Executive Compensation-Related Fees	**All Other Fees**
2015[(1)]	£48,512	Nil

[(1)] The Company did not engage the services of any compensation consultants or advisors in 2014.

Performance Graph

The Ordinary Shares are listed on the TSX and on the London Stock Exchange. The following graph illustrates the Company's cumulative shareholder return over the five most recently completed financial years, as measured by the closing price of the Ordinary Shares at the end of the financial years ended December 31, 2011, 2012, 2013, 2014 and 2015 assuming an initial investment of C$100 on January 1, 2011, compared to the closing prices of the S&P/TSX Composite Index and the S&P/TSX Capped Energy Index over the same period.

Tethys Petroleum Limited Share Price Performance



The following table shows the value of C$100 invested in Ordinary Shares on January 1, 2011 compared to C$100 invested in the S&P/TSX Composite Index and the S&P/TSX Capped Energy Index*:

	Jan 1, 2011	Dec 31, 2011	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015
Tethys Petroleum Limited.....	$100	$32.30	$32.30	$27.95	$13.66	$3.73
S&P/TSX Composite Index	$100	$88.93	$92.49	$101.33	$108.85	$96.78
S&P/TSX Capped Energy Index.....	$100	$83.17	$76.90	$84.38	$68.41	$50.09

* All amounts in Canadian $.

The base compensation paid by the Company to its Named Executive Officers in 2015 was not grounded in whole or in part on the trading price of the Ordinary Shares in 2015 and does not compare to the trends in such trading price or the above market indices.

Share-based and Option–based Awards

The process the Company follows in respect of the grant of option-based awards is set out under "*Compensation Discussion and Analysis – Long-Term Incentives (Stock Options)*".

Although shareholders of the Company approved the adoption by the Company of an Employee Share Purchase Plan ("**ESPP**") in 2013, the Company has deferred the implementation of the ESPP for the foreseeable future. Accordingly, none of the executive officers participated in the ESPP to date. A maximum of 10,000,000 Ordinary Shares will be reserved for issuance to participants under the ESPP if the Company determines that the ESPP should become effective. A copy of the ESPP and summary thereof are included in the Company's Management Information Circular dated May 24, 2013 available at www.sedar.com.

Summary Compensation Table

The following table sets forth all annual and long term compensation paid in respect of each Named Executive Officer.

Name and Principal Position	Year	Salary (US$)	Share-based awards (US$)	Option-based awards (US$)[2]	Non-equity incentive plan compensation (US$)		Pension value (US$)	All other compensation (US$)[3]	Total compensation (US$) [1] [4]
					Annual Incentive plans	Long-term Incentive plans			
John Bell [6]	2015	315,930	119,835	90,450	N/A	N/A	N/A	45,722	571,937
Executive Chairman	2014	32,886	14,094	44,000	N/A	N/A	N/A	Nil	90,980
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Julian Hammond	2015	341,158	N/A	75,375	N/A	N/A	N/A	50,007	466,540
Chief Executive Officer and Chief Commercial Officer	2014	432,705	N/A	Nil	N/A	N/A	N/A	65,288	497,993
	2013	383,915	N/A	Nil	N/A	N/A	N/A	52,061	435,976
Denise Lay[5]	2015	231,070	N/A	60,300	N/A	N/A	N/A	193,655	485,025
Former Finance Director and Former Chief Financial Officer	2014	325,765	N/A	22,512	N/A	N/A	N/A	41,128	389,405
	2013	227,056	N/A	Nil	N/A	N/A	N/A	33,119	260,175
Clive Oliver	2015	191,890	N/A	56,950	N/A	N/A	N/A	75,079	323,919
Acting Chief Financial Officer and Corporate Secretary	2014	173,082	N/A	Nil	N/A	N/A	N/A	41,353	214,435
	2013	68,508	N/A	20,358	N/A	N/A	N/A	29,169	118,035
Rosemary Johnson Sabine	2015	256,936	N/A	42,210	N/A	N/A	N/A	37,415	336,561
Vice President Exploration	2014	304,954	N/A	Nil	N/A	N/A	N/A	55,094	360,048
	2013	277,947	N/A	Nil	N/A	N/A	N/A	51,786	329,733
Graham Wall	2015	256,936	N/A	42,210	N/A	N/A	N/A	49,497	348,643
Chief Operating	2014	304,954	N/A	Nil	N/A	N/A	N/A	84,003	388,957

Name and Principal Position	Year	Salary (US$)	Share-based awards (US$)	Option-based awards (US$)[2]	Non-equity incentive plan compensation (US$)		Pension value (US$)	All other compensation (US$)[3]	Total compensation (US$) [1] [4]
					Annual Incentive plans	Long-term Incentive plans			
Officer	2013	262,679	N/A	Nil	N/A	N/A	N/A	59,465	322,144
Luka Chachibaia	2015	224,992	N/A	30,150	N/A	N/A	N/A	114,944	370,086
Vice President, Operations	2014	267,040	N/A	Nil	N/A	N/A	N/A	58,411	325,451
	2013	221,966	N/A	Nil	N/A	N/A	N/A	57,636	279,602

Notes:

(1) NOTE: Total compensation for the year represents the sum of all cash compensation paid and the value of option-based and share based awards granted in the year.

(2) Represents the fair value of Stock Options granted in 2013, 2014 and 2015 calculated using the Black Scholes formula in accordance with International Report Standard 2 – "Share Based Payments". The weighted average fair value on the date of grant was US$0.26 (2013), US$0.19 (D. Lay 2014), US$0.07 (J. Bell 2014) and US$0.07 (2015) per option using the following weighted average assumptions: dividend yield of 0%; expected term of 3.0 years (2013) 3.0 years (2014) and 3.0 years (2015); a risk free interest rate of 1.4% (2013), 1.3% (2014) and 1.2% (2015); and an expected volatility of 64% (2013), 66% (2014) and 66% (2015).

(3) The amounts shown in this column reflect for each Named Executive Officer:
- (i) the Company's contribution equal to 9% of their annual personal pension requirements;
- (ii) medical (including family) insurance premiums;
- (iii) life insurance premiums;
- (iv) critical illness premiums;
- (vi) relocation allowance;
- (vii) cash bonus; and/or
- (viii) termination payment.

(4) Amounts paid in respect of the services of the Named Executive Officers were paid in pounds sterling (£). These amounts were converted into US$ for the purposes of the Summary Compensation Table at an average rate of UK£1.00 = US$1.517 (2013), US$1.648 (2014) and US$1.529 (2015), based on the average exchange rate quoted by oanda.com for the year.

(5) Ms. Lay's employment was terminated effective September 18, 2015.

(6) Mr. Bell resigned as Executive Chairman effective March 12, 2016 and currently holds the position of Non-Executive Co-Chairman.

Employment Agreements

The compensation paid in respect of the services of the Named Executive Officers in 2015 was paid in accordance with the employment agreements described below.

John Bell

John Bell and the Company's wholly owned subsidiary, Tethys Services Limited ("**TSL**"), are parties to an employment agreement dated December 24, 2014, pursuant to which Mr. Bell was employed as Executive Chairman of the Company (the "**Exec Chair Agreement**"). The Exec Chair Agreement does not have an express term and could be terminated by the Company as well as by Mr. Bell with twelve months' notice. The annual compensation payable to Mr. Bell was £285,000, plus £25,650 annually in respect of personal pension requirements. Of the annual compensation amount payable 30% was paid in shares at a price of 16.84 pence per share calculated by reference to the 15 days weighted average closing rate prior to the date of his employment (November 26, 2014). This arrangement ended at on the first anniversary of Mr. Bell's date of employment and thereafter the annual compensation amount was paid in cash. The Company also agreed to pay certain premiums for life insurance although this benefit was not provided. Mr. Bell is eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt. The Exec Chair Agreement was terminated effective March 12, 2016 as contemplated by the transactions with Olisol and Mr. Bell became Non Executive Co-Chairman of the Company. Mr. Bell was

entitled to a termination payment equivalent to twelve months' salary as a result of the termination of the Exec Chair Agreement amounting to £319,000.

Julian Hammond

Julian Hammond and TSL, are parties to an employment agreement dated May 2, 2007, pursuant to which Mr. Hammond is employed as Chief Executive Officer and Chief Commercial Officer of the Company (the "**CEO and CCO Agreement**"). The CEO and CCO Agreement does not have an express term and may be terminated by the Company as well as by Mr. Hammond with twelve months' notice. Effective October 1, 2013, the annual compensation payable to Mr. Hammond was £262,500, plus £23,625 annually in respect of personal pension requirements. This was reduced on a voluntary basis by Mr. Hammond to £223,125, plus £20,081 annually in respect of personal pension requirements, effective January 1, 2015 The Company has also agreed to pay certain premiums for health and life insurance. Mr. Hammond is eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt.

Denise Lay

Denise Lay and Tethys Services Guernsey Limited ("**TSG**") were parties to an employment agreement dated November 2, 2009, pursuant to which Ms. Lay was employed as Finance Director and Chief Financial Officer of the Company (the "**Former CFO Agreement**"). The Former CFO Agreement did not have an express term and could be terminated by the Company as well as by Ms. Lay with twelve months' notice. Effective October 1, 2013, the annual compensation payable to Ms. Lay was £201,500 plus £18,135 annually in respect of personal pension requirements. The Company also agreed to pay for certain premiums for health and life insurance. Ms. Lay was eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt. The Former CFO Agreement was terminated on September 18, 2015. Ms. Lay was entitled to a termination payment equivalent to twelve months' salary as a result of the termination of the Former CFO Agreement amounting to £219,635.

Clive Oliver

Clive Oliver and TSG were parties to an employment agreement dated July 17, 2013, pursuant to which Mr. Oliver was employed as Vice President Finance and Corporate Secretary of the Company (the "**VP Finance Agreement**"). The VP Finance Agreement does not have an express term and could be terminated by the Company as well as by Mr. Oliver with six months' notice. The annual compensation payable to Mr. Oliver was £105,000 plus £9,450 annually in respect of personal pension requirements. Mr. Oliver was also paid a monthly relocation allowance equivalent to £12,000 annually. From September 1, 2015 Mr. Oliver became Deputy Chief Financial Officer/Acting Chief Financial Officer and Corporate Secretary and the annual compensation payable to Mr. Oliver was increased to £166,500 plus £14,985 annually in respect of personal pension requirements. The VP Finance Agreement was terminated on January 31, 2016 and Mr. Oliver commenced employment with TSL subject to an employment agreement dated September 2, 2015 (the "**Acting CFO Agreement**") on the same terms as previously except that the Acting CFO Agreement may be terminated by the Company with nine months' notice and by Mr. Oliver with six months' notice. The Company also agreed to pay for certain premiums for health and life insurance. Mr. Oliver is eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt.

Rosemary Johnson Sabine

Rosemary Johnson Sabine and TSL are parties to an employment agreement dated September 19, 2007, pursuant to which Ms. Johnson Sabine is employed as Vice President Exploration of the Company (the "**VP Exploration Agreement**") The VP Exploration Agreement does not have an express term and may be terminated by the Company as well as by Ms. Johnson Sabine with six months' notice. Effective October 1, 2013, the annual compensation payable to Mr. Johnson Sabine was £185,000 plus £16,650 annually in respect of personal pension requirements. This was reduced on a voluntary basis by Ms. Johnson Sabine to £166,500, plus £14,985 annually in respect of personal pension requirements, effective February 1, 2015. The Company also agreed to pay for certain premiums for health and life insurance. Ms. Johnson Sabine is eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt.

Graham Wall

Graham Wall and Tethys Petroleum Limited entered into to an employment agreement dated July 1, 2007, pursuant to which Mr. Wall is employed as Chief Operating Officer of the Company (the "**COO Agreement**"). The COO Agreement does not have an express term and may be terminated by the Company as well as by Mr. Wall with three

months' notice. Effective October 1, 2013, the annual compensation payable to Mr. Wall was £185,000 plus £16,650 annually in respect of personal pension requirements. This was reduced on a voluntary basis by Mr. Wall to £166,500, plus £14,985 annually in respect of personal pension requirements, effective February 1, 2015. The Company also agreed to pay for certain premiums for health and life insurance. Mr. Wall is eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt.

Luka Chachibaia

Luka Chachibaia and Tethys Petroleum Limited are parties to an employment agreement dated July 1, 2008 pursuant to which Mr. Chachibaia is employed as Vice President Operations of the Company (the "**VP Operations Agreement**") The VP Operations Agreement does not have an express term and may be terminated by the Company as well as by Mr. Chachibaia with three months' notice. Effective October 1, 2013, the annual compensation payable to Mr. Chachibaia was £162,000 plus £14,580 annually in respect of personal pension requirements. This was reduced on a voluntary basis by Mr. Chachibaia to £145,800, plus £13,122 annually in respect of personal pension requirements, effective February 1, 2015. The Company also agreed to pay for certain premiums for health and life insurance. Mr. Chachibaia was relocated by the Company to Almaty, Kazakhstan from Dubai and from July, 1 2015 was paid an additional monthly allowance equivalent to £36,450 annually. Mr. Chachibaia is eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt.

Incentive Plan Awards

Outstanding Option based Awards

The following table sets forth all option-based awards held by Named Executive Officers as at December 31, 2015, consisting of Stock Options granted under the Stock Incentive Plan and 2017 Warrants (as described below under the corresponding headings). The Company has not granted any share-based awards (which term does not include option-based awards) since inception.

	OPTION-BASED AWARDS			
Name	**Number of securities underlying unexercised options/warrants (#)**	**Option exercise price per share ($US unless otherwise stated)**	**Option expiration date**	**Value of unexercised in-the-money-options (US$)[(2)]**
John Bell	1,350,000 1,000,000	£0.15 £0.1684 Average Option Price: $0.23	January 22, 2020 November 25, 2019	Nil
Julian Hammond	1,125,000 90,000 270,000	£0.15 C$1.72 C$0.88 Average Option Price: $0.36	January 22, 2020 February 13, 2016 April 22, 2017	Nil
Clive Oliver	850,000 90,000	£0.15 C$0.80 Average Option Price: $0.26	January 22, 2020 November 30, 2018	Nil
Denise Lay	300,000	£0.15	September 17, 2016	Nil
Rosemary Johnson Sabine	630,000 120,000	£0.15 C$0.88 Average Option Price: $0.29	January 22, 2020 April 22, 2017	Nil

	OPTION-BASED AWARDS			
Name	**Number of securities underlying unexercised options/warrants (#)**	**Option exercise price per share ($US unless otherwise stated)**	**Option expiration date**	**Value of unexercised in-the-money-options (US$)(2)**
Graham Wall	630,000 180,000 140,000(1)	£0.15 C$0.88 $2.50 Average Option Price: $0.64	January 22, 2020 April 22, 2017 June 2, 2017	Nil
Luka Chachibaia (2)	450,000 120,000	£0.15 C$0.88 Average Option Price: $0.31	January 22, 2020 April 22, 2017	Nil

Notes:
(1) Consist of 2017 Warrants. All other securities in the table above comprise Stock Options.
(2) Based on the difference between the closing price of the Ordinary Shares on the TSX on December 31, 2015 and the relevant exercise price. The closing price of the Ordinary Shares on the TSX on December 31, 2015 was the Canadian dollar equivalent of US$0.04. The value in the column represents the aggregate value for all unexercised options set out next to the name of the relevant Named Executive Officer.

Option-based Awards – value vested during the year ended December 31, 2015

The following table provides details of the aggregate value of option-based awards (consisting of Stock Options and 2017 Warrants) held by the Named Executive Officers which vested during the financial year ended December 31, 2015 and Non-Equity Incentive Plan awards during financial year ended December 31, 2015. There were no share-based awards that vested during 2015 as the Company has not granted any share-based awards (which term does not include option-based awards) since inception.

Name	**Option-based awards – Value vested during the year (US$) (1) (2)**	**Non-equity incentive plan – Value earned during the year (US$)**
John Bell	Nil	Nil
Julian Hammond	Nil	Nil
Clive Oliver	Nil	Nil
Denise Lay	Nil	Nil
Rosemary Johnson Sabine	Nil	Nil
Graham Wall	Nil	Nil
Luka Chachibaia	Nil	Nil

Notes:
(1) The value in the above table reflects the difference between the market value Ordinary Shares on the TSX on the date of vesting and the exercise price of the Stock Options.
(2) The following numbers of Stock Options granted under the Stock Incentive Plan vested in 2015:
i. John Bell: 1,000,000 options
ii. Julian Hammond: 130,000 options
iii. Clive Oliver: 30,000 options
iv. Denise Lay: 40,000 options
v. Rosemary Johnson Sabine: nil options

vi.	Graham Wall:	nil options
vii.	Luka Chachibaia	nil options

The Stock Options granted or which vested in 2015 were granted under our Stock Incentive Plan which is described below. In addition, certain Named Executive Officers were granted 2017 Warrants in 2007, all of which vested at the time of grant. The 2017 Warrants are described below.

The process followed by the Company for the grant of Stock Options referred to above is described under "*Compensation Discussion & Analysis - Long-Term Incentives (Stock Options)*".

Stock Incentive Plan

The Company has adopted the Stock Incentive Plan referred to as the "*2007 Long Term Stock Incentive Plan (as amended effective April 24, 2008 and May 7, 2009)*" pursuant to which the Company may grant Stock Options to any director, officer, employee or consultant of the Company, subsidiary of the Company, or historically Vazon (collectively, "**Service Providers**"). The purpose of the Stock Incentive Plan is to secure for the Company and its shareholders the benefits of incentives inherent in share ownership by Service Providers who, in the judgment of the Board of Directors, will be largely responsible for its future growth and success. The Stock Incentive Plan was adopted prior to the Company's initial public offering and amendments thereto were approved by shareholders of the Company at the 2008 and 2009 annual shareholders' meetings. The amendment to the Stock Incentive Plan approved by shareholders of the Company on May 7, 2009 provides that the aggregate number of Ordinary Shares reserved for issuance under the Stock Incentive Plan is equal to 12% of the number of Ordinary Shares outstanding at the time of the grant of Stock Options. The rules of the TSX provide that all unallocated options, rights or other entitlements under a security-based compensation arrangement which does not have a fixed number of securities issuable must be approved by shareholders every three (3) years. The shareholders approved all unallocated options under the plan at the 2012 and 2015 annual shareholders' meetings.

The maximum number of Ordinary Shares reserved for issuance under the Stock Incentive Plan currently is equal to 12% of the number of outstanding issued Ordinary Shares. As at December 31, 2015, Stock Options in respect of 11,025,500 Ordinary Shares were outstanding, representing 3.3% of the issued and outstanding Ordinary Shares. Stock Options in respect of 29,409,746 Ordinary Shares, representing 8.7% of the issued and outstanding Ordinary Shares, are unallocated at the date hereof. As at May 2, 2016 the Company had 14,307,500 Stock Options outstanding (or approximately 3.8% of the outstanding Ordinary Shares), leaving unallocated Stock Options to purchase an aggregate of 30,650,551 Ordinary Shares (or approximately 8.2% of the outstanding Ordinary Shares) available for future Stock Option grants as at that date.

The Stock Incentive Plan is administered by the Compensation Committee of the Board of Directors. Stock Options may be granted pursuant to recommendations of the Compensation Committee. The Compensation Committee may determine the vesting schedule and term, provided that options may not have a term exceeding ten years. Subject to any resolution passed by the Compensation Committee, options will terminate three months after an optionee ceases to be a Service Provider.

The exercise price of Stock Options granted under the Stock Incentive Plan is determined by the Compensation Committee at the time of each grant based on the market price of the Ordinary Shares on the TSX, provided that it is not less than the closing price of the Ordinary Shares on the TSX as at the date of the option grant. Subject to any resolution of the Compensation Committee, the Stock Options will cease to be exercisable three months after an optionee ceases to be a director, officer, employee or consultant of the Company, subsidiary of the Company, or historically Vazon, subject to earlier termination in the event of termination for cause. The Stock Incentive Plan contains amendment provisions which allow amendments to the Stock Incentive Plan by the Board of Directors, without shareholder approval, for: (i) amendments of a "housekeeping" nature; (ii) changes to vesting or termination provisions; (iii) discontinuance of the Stock Incentive Plan; (iv) the addition of provisions relating to phantom share units; and (v) the addition of a cashless exercise feature. The Stock Incentive Plan also provides that outstanding Stock Options will vest immediately on the occurrence of a "change in control" (as defined in the Stock Incentive Plan). Stock Options granted under the Plan are only assignable to certain related entities of an optionee or otherwise with the consent of the Company.

The Stock Incentive Plan contains provisions for adjustment in the number of Ordinary Shares issuable thereunder in the event of a subdivision, consolidation or reclassification of the Ordinary Shares, the payment of stock dividends by the Company (other than dividends in the ordinary course) or other relevant changes in the capital stock of the Company.

The Stock Incentive Plan does not contain any restriction on the number of Ordinary Shares which may be reserved for issuance in respect of Stock Options granted to insiders under the Stock Incentive Plan or pursuant to any other share compensation arrangement. Accordingly, amendments to the Stock Incentive Plan and other compensation arrangements of the Company which require approval of shareholders will require approval of disinterested shareholders for as long as the number of Ordinary Shares reserved for issuance under options or other share compensation arrangements exceeds 10% of the outstanding Ordinary Shares and the Stock Incentive Plan or share compensation arrangements do not limit the participation of insiders to 10% of outstanding Ordinary Shares. The Stock Incentive Plan does not contain any restriction on the number of Ordinary Shares which may be reserved for issuance in respect of Stock Options which may be granted to any one person.

Stock Options may also be exercised from time to time in accordance with the Company's option assistance program (the "**Option Assistance Plan**"). Under the Option Assistance Plan, the Service Provider executes a Stock Option exercise form and Stock Option award agreement and executes a nomination agreement with the Company. Pursuant to the Option Assistance Plan, the Corporate Secretary instructs the Company's transfer agent to issue Ordinary Shares in the name of the Company and instructs its broker to sell such Ordinary Shares once they have been advised that the Ordinary Shares have been issued. In the event that the Company or the Company's broker determines that market conditions are not suitable, then, at the Company's discretion, the sale may be withdrawn, and either the Service Provider pays the Company for the option exercise price plus any costs and retains the Ordinary Shares, or else the Ordinary Shares are cancelled. Proceeds from the sale are returned to the Company minus any commissions. The amount required to exercise the Stock Options from the net proceeds received is deducted and a cheque or bank transfer is sent to the Service Provider for the balance. The Company does not bear any loss in respect of the issue and sale of Ordinary Shares under the Option Assistance Plan.

If resolutions 2, 3, 4, 5 and 6 are approved and an additional 341,373,346 Ordinary Shares are issued, the number of Ordinary Shares reserved for issuance under the Stock Incentive Plan will increase to 88,965,383, subject to application being made to the TSX for the listing of such additional Ordinary Shares.

2017 Warrants

On February 14, 2007, the Company agreed to issue and on June 8, 2007 the Company issued certain warrants (the "**2017 Warrants**") to purchase an aggregate of 2,090,000 Ordinary Shares. The 2017 Warrants are exercisable at a price of US$2.50 per share and expire ten years from the date of issuance. 2017 Warrants to acquire an aggregate of 140,000 Ordinary Shares were granted to certain of the Named Executive Officers. The 2017 Warrants were granted in connection with a private placement completed in January 2007.

Defined Benefit or Actuarial Plans

The Company did not have any defined benefit (or actuarial plans) or defined contribution plan during the financial year ended December 31, 2015.

Although the Company does not provide any of its Named Executive Officers with a pension plan, the Company pays a monthly contribution equal to 9% of the Named Executive Officer's basic salary as a contribution towards the Named Executive Officer's pension requirements. Payments made to the Named Executive Officer with relation to pension provisions are made on the basis that the Named Executive Officer decides how to direct these payments in accordance with their own pension requirements and objectives.

Termination and Change of Control Benefits

The following agreements may be terminated by either the Company or the relevant Named Executive Officer giving the required notice as follows:

Agreement	Notice Period
John Bell[(1)]	12 months
Julian Hammond	12 months
Denise Lay[(2)]	12 months
Rosemary Johnson Sabine	6 months
Graham Wall	3 months
Clive Oliver	9 months
Luka Chachibaia	3 months

Note:

(1) Pursuant to agreement dated December 24, 2014. The agreement was terminated effective March 12, 2016 as contemplated by the transactions with Olisol and Mr. Bell became Non Executive Co-Chairman of the Company. Mr. Bell was entitled to a termination payment equivalent to twelve months' salary as a result of the termination of the Exec Chair Agreement amounting to £319,000.

(2) Pursuant to agreement dated November 2, 2009. The agreement was terminated effective September 18, 2015 and Ms. Lay was entitled to a termination payment equivalent to twelve months' salary amounting to £219,635

None of the agreements in the table above provides for payment upon a change of control of the Company.

The Stock Incentive Plan provides that, in the event of a "Change of Control" (as defined therein), all outstanding Stock Options will immediately vest and become exercisable. Had such "Change of Control" occurred as at December 31, 2015, the value of Stock Options vested upon such occurrence (calculated as the difference between the market price of the Ordinary Shares on the TSX on December 31, 2015 and the exercise price of the Stock Options) would have been nil.

Compensation of Directors

The following table sets forth all amounts of compensation provided to the directors of the Company (other than those directors who are also Named Executive Officers) during the year ended December 31, 2015.

Name[(1)]	Fee earned (US$)[(2)]	Share-based awards (US$)	Option- based awards (US$)	Non-equity incentive plan compensation (US$)	Pension value	All other compensation (US$)	Total (US$)[(3)]
Adeola Ogunsemi	33,490	N/A	Nil	N/A	N/A	Nil	33,490
James Rawls	59,631	N/A	16,583	N/A	N/A	Nil	76,214
David Botting	88,211	N/A	16,583	N/A	N/A	Nil	139,314
David Roberts	99,387	N/A	16,583	N/A	N/A	Nil	135,963
David Henderson	67,565	N/A	16,583	N/A	N/A	Nil	84,148
William P. Wells	8,439	N/A	Nil	N/A	N/A	Nil	8,439
Alexander Abramov	8,439	N/A	Nil	N/A	N/A	Nil	8,439

Note:

(1) The compensation information of those directors who are also executive officers is set out under "Compensation Discussion and Analysis – Summary Compensation Table". No additional compensation is paid to them in respect of their duties as directors.

(2) Cash amounts paid or accrued in respect of the services of the Non-Executive directors were paid/are payable in pounds sterling (£). These amounts were converted into US$ for the purposes of the above table at an average rate of UK£1.00 = US$1.529, based on the average exchange rate quoted by oanda.com for the year.

(3) Total compensation includes the grant date fair value of option-based awards during the year (which value is not a cash amount).

The Company's directors who are not also executive officers are entitled to receive an annual retainer of £35,000 and receive additional annual fees ranging from £1,000 to £2,000 for serving as a member of, and/or holding the position of chairman of a committee of the Board of Directors.

Any additional assignments undertaken for the Company as determined by the Non-Executive Co-Chairman are payable at the rate of £1,000 per day or as agreed in respect of each individual assignment.

The following table sets forth all option-based awards held by directors (who are not also Named Executive Officers) as at December 31, 2015, consisting of Stock Options granted under the Stock Incentive Plan. The Company has not granted any share-based awards (which term does not include option-based awards) since inception.

Name	Number of securities underlying unexercised options (#)	Option exercise price (US$ unless otherwise stated)	Option expiration date	Value of unexercised in-the-money-options[(1)] ($US)
Adeola Ogunsemi	Nil	N/A	N/A	Nil
James Rawls	247,500 120,000	£0.15 C$0.88 Average Option Price: $0.36	January 22, 2020 April 22, 2017	Nil
David Botting	247,500	£0.15	January 22, 2020	Nil
David Roberts	247,500	£0.15	January 22, 2020	Nil
David Henderson	247,500	£0.15	January 22, 2020	Nil
William P. Wells	Nil	N/A	N/A	Nil
Alexander Abramov	Nil	N/A	N/A	Nil

Notes:

(1) Based on the difference between the closing price of the Ordinary Shares on the TSX on December 31, 2015 and the relevant exercise price. The closing price of the Ordinary Shares on the TSX on December 31, 2015 was the Canadian dollar equivalent of US$0.04. The value in the column represents the aggregate value for all unexercised options set out next to the name of the relevant Named Executive Officer.

The above Stock Options were granted in accordance with the terms of the Stock Incentive Plan. These Stock Options have a term of between 5 and 7 years from the date of grant. The Stock Options vest one third on the date of grant, one third on the first anniversary of the grant date and the remaining one third on the second anniversary of the grant date or in the case of the Stock Options granted in 2015 (except for 1,000,000 Stock Options granted to John Bell on his commencement as Executive Chairman which vested immediately) vest one third on the first anniversary of the date of grant, one third on the seconds anniversary of the grant date and the remaining one third on the third anniversary of the grant date

The following table provides details of the aggregate value of option based awards held by directors (who are not also Named Executive Officers) which vested during the financial year ended December 31, 2015. There were no share-based awards that vested, nor any non-equity incentive awards earned, during 2015.

Name	Option-based awards – Value vested during the year (US$)[(1) (2)]
Adeola Ogunsemi	Nil
James Rawls	Nil
David Botting	Nil
David Roberts	Nil
David Henderson	Nil
William P. Wells	Nil

Name	Option-based awards – Value vested during the year (US$)[1] [2]
Alexander Abramov	Nil

Notes:

(1) The value in the above table reflects the difference between the market value Ordinary Shares on the TSX on the date of vesting and the exercise price of the Stock Options.

(2) No Stock Options granted to directors vested in 2015.

The appointment of each director who is not also an executive officer (a "**non executive director**") is confirmed under the terms of an appointment letter. Such appointment letter provides that non executive directors will be indemnified by the Company from and against all actions, expenses and liabilities incurred in the execution of his or her functions, subject to such limitations which may apply at law.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Pursuant to National Instrument 58-101 – Disclosure of Corporate Governance Practices, the Company is required to include in this Information Circular the disclosure required under Form 58-101F1. In addition, the Company has included in its Annual Information Form a corporate Governance Statement prepared in accordance with point 7.2 of the Disclosure and Transparency Rules of the UK Financial Services Authority (FSA) which Corporate Governance Statement includes disclosure relating to the matters set out under National Policy 58-201 – Corporate Governance Guidelines ("**NP 58-201**").

Introduction

The Board of Directors is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of shareholders but that it also promotes effective decision making at Board level. The Board is of the view that its approach to corporate governance is appropriate and continues to work to align with the recommendations currently in effect and contained in NP 58-201. In addition, the Board monitors and considers for implementation the corporate governance standards which are proposed by various Canadian regulatory authorities.

Board of Directors

The Board of Directors is responsible for overseeing the conduct of the business of the Company and supervising management, who are responsible for the daily conduct of the business of the Company. The Board of Directors is currently comprised of 7 (seven) directors, three of whom are being nominated for election at the Meeting. A director is "independent" within the meaning of Section 1.4 of National Instrument 52-110 Audit Committees ("**NI 52-110**") if he or she does not have any direct or indirect material relationship with the Company which, in the view of the Board of Directors, could reasonably interfere with the exercise of the member's independent judgement. Based on the foregoing definition, the Board has 5 (five) independent directors and 2 (two) directors who are not independent at the date of this Circular.

Independence Status of Directors				
Name	**Management**	**Independent**	**Not Independent**	**Reason for Non-Independent Status**
John Bell			✓	Mr. Bell is Non-Executive Co-Chairman of Tethys and former Executive Chairman of Tethys
Adeola Ogunsemi		✓		N/A
James Rawls		✓		N/A
David Roberts		✓		N/A
David Henderson		✓		N/A
William P. Wells(1)		✓		N/A
Alexander Abramov(2)			✓	Chairman of Olisol

Note:

(1) Although Mr. Wells is considered independent within the meaning of Section 1.4 of NI 52 110, he is not considered independent within the meaning of Section 1.5 of NI 52-110 as he may be considered to be an "affiliated entity" of the Company within the meaning of NI 52 110.

(2) Olisol is an "affiliated entity" of the Company and lender to the Company and it has the right to subscribe for Ordinary Shares exceeding 20% of the outstanding Ordinary Shares. Olisol is also a 50% partner of Aral Oil Terminal LLP, a Kazakhstan limited liability partnership. The Company's subsidiary is the other 50% partner of Aral Oil Terminal LLP. Mr. Abramov is a significant shareholder and the Chairman of Olisol. Accordingly, Mr. Abramov is considered to have a "material relationship" with the Company and as such is not considered to be independent within the meaning of section 1.4 of NI 52-110.

The Board of Directors is comprised of a majority of independent directors and so the Board has concluded that the Board of Directors has functioned and can continue to function independently as required. Although the independent members of the Board of Directors do not hold regularly scheduled meetings at which the non-independent directors and members of management are not in attendance, the Board is encouraged to hold such meetings in order to facilitate the exercise of the directors' independent judgement and the independent directors do hold meetings from time to time as requested by any independent director. In addition, the Board holds "in camera" sessions for independent members during each Board meeting to facilitate open and candid discussion amongst the independent directors.

Following the election of the directors at the Meeting, the Board will consist of three directors, one of whom will be independent or four directors, two of whom will be independent within the meaning of section 1.4 of NI 52-110. However, upon completion of the Transaction, Olisol and the Company have agreed to appoint an additional independent director. See "*9. Election of Directors*" and "*3. Approval to Issue 181,240,793 Ordinary Shares to Olisol – Board Changes*".

One of the co-chairmen of the Board of Directors, Mr. Bell, is not an independent director as he was the Executive Chairman of the Company up until March 12, 2016. In order to provide leadership for the independent directors, the Board encourages communication among the independent directors.

The attendance of the former directors at board and committee meetings is not referred to in the table below. The terms of office as directors of Julian Hammond, Denise Lay and David Botting terminated on June 11, 2015 immediately prior to the 2015 Annual General Meeting. Adeola Ogunsemi was appointed on June 11, 2015. Four other directors served throughout 2015 (Messrs. Bell, Henderson, Rawls and Roberts). The table below refers to

attendance at meetings held in 2015 since January 1, 2105 unless first appointed or elected subsequently, in which case the table below refers their attendance since the date of their appointment:

Director[(1)]	Board	Audit Committee	Compensation and Nomination Committee	Reserves Committee
John Bell	41/41	N/A	N/A	N/A
Adeola Ogunsemi	26/34	2/2	5/6	N/A
James Rawls	40/41	6/6	3/3	5/5
David Roberts	31/41	N/A	18/18	5/5
David Henderson	39/41	5/5	5/6	5/5
William P. Wells	6/6	N/A	N/A	N/A
Alexander Abramov	3/6	N/A	N/A	N/A

(1) Adeola Ogunsemi was appointed on June 11, 2015 and Alexander Abramov and William P. Wells were appointed on November 20, 2015.
(2) The above only reflects attendance at meetings held in 2015 from the date of appointment.

Certain of the directors are also directors of other reporting issuers (or the equivalent) in a Canadian or foreign jurisdiction as indicated in the table below:

Name	Reporting Issuer
John Bell	Gulfsands Petroleum Limited
William P. Wells	Annuity and Life Re (Holdings), Ltd.

Board Mandate

The Board adopted a formal written charter (the "**Board Charter**") in November of 2010. This was reviewed and updated in September 2013. The mandate of the Board is to supervise the management of the Company and to be the steward of the Company with a view to the best interests of the Company.

Under the Board Charter, the Board's terms of reference include the following:

- Review and approve strategic, business and capital plans for the Company.
- Review the principal risks of the Company's business and monitor the implementation by management of appropriate systems to manage such risks.
- Review recent developments that may impact the Company's growth strategy.
- Develop and implement programs for management and Board succession planning including development within the organization.
- Review, approve and amend as required, the Corporate Disclosure Policy and monitor the practices of management to ensure appropriate, fair and timely communication of information concerning the Company.
- Ensure specific and relevant corporate measurement systems are developed and adequate internal controls and management information systems are in place with regard to business performance and the integrity thereof.
- Review and approve corporate governance guidelines applicable to the Company and in accordance with statutory and regulatory requirements.

- Review compliance by the Company and its subsidiaries with their constituent documents and with the laws and regulations of their incorporating jurisdictions and other applicable laws and regulations including those of any stock exchanges on which the Company's securities may be listed.
- Approve the interim and annual financial statements.
- Responsible for, to the extent feasible, satisfying itself as to the integrity of the Executive Chairman (John Bell was Executive Chairman of the Company up until March 12, 2016 and is non Non Executive Co-Chairman) and the other executive officers and that the Executive Chairman and the other executive officers create a culture of integrity throughout the organisation.

The Board believes management is responsible for the effective, efficient and prudent management of the Company's day to day operation subject to the Board's stewardship.

Position Descriptions

The Compensation and Nomination Committee provides a written position description for the Chairman of the Board. The Chairman is responsible for leadership of the Board, for the efficient organization and conduct of the Board's function and for the briefing of all Directors in relation to issues arising at Board meetings. The Chairman is also responsible for shareholder communication and arranging Board performance evaluation.

The Board has not developed written position descriptions for the Chairman of the respective Board committees. During the fiscal year ended December 31, 2015, the Board had three standing committees, all of which included independent directors. The Board has delegated certain responsibilities to each of its committees, and they report to and make recommendations to the Board on a regular basis. The Chair of each committee is expected to be responsible for ensuring that the written terms of reference of the committee for which he or she serves as Chair is adhered to and that the objectives of each committee are accomplished. In addition, Mr. Bell and Mr. Abramov serves as co non-Executive Chairs. Mr. Bell served as Executive Chair throughout 2015, until March 12, 2016. Although the Executive Chair was not independent throughout his term and neither co-Chair is independent as at the date of this Circular, the Company has sought to provide leadership for its independent directors by facilitating meetings of independent directors at each shareholder meeting, and by encouraging each independent director to raise with the Chair, co-Chairs or the Board any governance matters. The independent directors represented a majority of directors throughout 2015 and to date in 2016 and accordingly have the ability to have their views effectively considered by the Board.

The Board has established the following standing committees comprised of the members and chaired by the individuals set out in the following table.

Committee	**Members**	**Independent**
Audit Committee	Adeola Ogunsemi, Chair	Yes
	James Rawls	Yes
	David Henderson	Yes
Compensation and Nomination Committee	David Henderson, Chair	Yes
	David Roberts	Yes
	Adeola Ogunsemi	Yes
Reserves Committee	David Roberts, Chair	Yes
	James Rawls	Yes
	David Henderson	Yes

The Board and the Executive Chairman have established a written position description for the Company's Executive Chairman. The Executive Chairman's prime responsibility is to lead the Company. The Executive Chairman formulates company policies and proposed action plans in conjunction with the officers of the Company and presents the same to the Board for approval. The Board approves the goals, the objectives and policies within which the Company is managed and then reviews and evaluates performance against these objectives. Reciprocally, the Executive Chairman keeps the Board fully informed of the progress of the Company towards achievement of its established goals and of all material deviations.

The Board and the then Executive Chairman previously established a written position description for the Company's Chief Executive Officer. The Chief Executive Officer's prime responsibility is to manage the Company's day-to-day affairs in order to implement the strategy determined by the Board. The Chief Executive Officer implements the Company policies and proposed action plans approved by the Board in conjunction with the officers of the Company.

Composition of Committees Following the Meeting

Following the election of Alexander Abramov, Adeola Ogunsemi and William Wells at the Meeting, the Board will consist of three directors, one of whom is considered independent under NI 52-110. Each board member will be appointed, following the Meeting, to the Audit Committee, the Compensation and Nomination Committee and the Reserves Committee. Accordingly, until such time as additional independent directors are appointed to the Board, the Audit Committee will not comply with the requirement of NI 52-110 that each member be independent. Tethys will rely on the temporary exemption from such independence requirement as permitted under NI 52-110.

Orientation and Continuing Education

Director Orientation

Under the Board Charter, the Chairman and Corporate Secretary are responsible for providing an induction program for new Directors and for periodically providing materials for all Directors on subjects that would assist them in discharging their duties. When a new Director is elected to the Board, he or she will be given a letter of appointment outlining his or her duties, responsibilities, the role of the Board, its committees and its directors, the nature and operation of the Company's business, remuneration and an induction package including material that will assist with the familiarization of the Director with the Company. The intention is that within a reasonable time following appointment to the Board, each new Director shall spend time visiting the Company's operations for a personal briefing by the executive on the Company's values, operations, corporate interests, strategic plans, financial statements and key policies.

Continuing Education of Directors

Under the Board Charter, the Corporate Secretary shall alert Directors to opportunities to better understand their corporate governance responsibilities through continuing education programs. In addition, directors are encouraged to visit the Company's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Company.

Ethical Business Conduct

The Company has adopted a written Code of Business Conduct and Ethics (the "**Code**") which applies to the Company's directors, officers and employees, a copy of which can be obtained under the Company's profile on SEDAR at www.sedar.com. The Company expects all Directors, officers and employees to act ethically at all times in accordance with the Code.

The Board of Directors takes reasonable steps to monitor compliance with the Code by requiring employees, on the commencement of employment and as otherwise directed by management, to sign a copy of the Code acknowledging that the employee has read, understood and will comply with the Code. The Code encourages that an employee report to their supervisor or the Board possible unethical conduct and breaches of the Code. The Company's Secretary acts as Compliance Monitor with respect to such matters.

In addition to the Code, the Company has adopted an Audit Committee Charter and a Whistleblower Policy (the "**Policy**") with respect to accounting and auditing irregularities. The Policy gives Directors, officers and employees a confidential independent "hot line" to report any concerns with respect to the Company's financial matters. Details of the Policy have been distributed to employees and the "hot line" operates in both English and Russian languages. In the event that an individual does not wish to use this system they may and should forward any accounting and auditing concerns to the Chairman of the Audit Committee on an anonymous basis. The Company has also adopted a disclosure and insider trading policy to ensure the communications to the investing public about the Company are timely, factual and accurate in accordance with applicable legal and regulatory requirements and to help ensure that the directors, officers and other insiders of the Company understand and comply with the insider trading restrictions under applicable securities legislation.

Since the beginning of the Company's most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

The Board encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Code and are expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere.

The Board requires that the Non-Executive Co-Chairman, Chief Executive Officer and other executive officers are acting with integrity and fostering a culture of integrity throughout the Company. The Board is responsible for reviewing departures from the Code, reviewing and either providing or denying waivers from the Code, and disclosing any waivers that are granted in accordance with applicable law. In addition, the Board is responsible for responding to potential conflict of interest situations, particularly with respect to considering existing or proposed transactions and agreements in respect of which directors or executive officers advise they have a material interest. Directors and executive officers are required to disclose any interest and the extent, no matter how small, of their interest in any transaction or agreement with the Company, and that directors excuse themselves from both Board deliberations and voting in respect of transactions in which they have an interest. By taking these steps the Board strives to ensure that directors exercise independent judgement, unclouded by the relationships of the directors and executive officers to each other and the Company, in considering transactions and agreements in respect of which directors and executive officers have an interest.

An Anti-Bribery Policy was put in place in 2011. The policy prohibits the offering, giving, solicitation or acceptance of any bribe, whether cash or other inducement to or from any person or company, wherever they are situated and whether they are a public official or body or private person or company, by any individual employee, agent or other person or body acting on the Company's behalf in order to gain any commercial, contractual or regulatory advantage for the Company in a way which is unethical or in order to gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

The policy has been implemented Company-wide and an Anti-Bribery Compliance Committee has been appointed to ensure the following:

Proportionate Procedures

Procedures are proportionate to the bribery risks faced and to the nature, scale and complexity of the Company's activities. They are also clear, practical to implement and enforced.

Top-level commitment

Top management fosters a culture where bribery is never acceptable.

Risk assessment

It assesses the nature and extent of its exposure to potential external and internal risks of bribery being committed on its behalf by persons associated with it. The assessment is periodic and documented.

Due Diligence

The Company applies appropriate due diligence in respect of persons who perform or will perform services for or on behalf of the Company in order to mitigate identified bribery risks.

Communication

Through internal and external communication, including training, the organisation seeks to ensure that its bribery prevention policies are embedded and understood throughout the Company.

Monitoring and Review

The Company monitors and reviews procedures designed to prevent bribery by persons associated with it.

The Company's Anti-Bribery Compliance Officer implemented extensive training on the Company's Anti-Bribery Policy on its initial rollout in 2012 and further training is undertaken annually. The Company engaged an international legal firm in 2014 to assist the Company to review and update its Anti-Bribery and Corruption policies and procedures.

Nomination of Directors and Compensation

The Compensation Committee is composed entirely of independent directors and is responsible for identifying new candidates to join the Board of Directors. The Committee is responsible for identifying qualified candidates, recommending nominees for election as directors and appointing directors to committees. The Compensation Committee is requested to objectively consider, among other things, a candidate's independence, financial and technical acumen, skills, ethical standards, career experience, financial responsibilities and risk profile, understanding of fiduciary duty and available time to devote to the duties of the Board of Directors in making their recommendations for nomination to the Board of Directors. The Committee reviews the composition and size of the Board of Directors and tenure of directors in advance of annual general meetings, as well as when individual directors indicate that their terms may end or that their status may change. The Compensation Committee encourages all directors to participate in considering the need for and in identifying and recruiting new nominees for the Board of Directors. In doing so, the directors are requested by the Compensation Committee to have regard to the skill sets which are deemed, from time to time, to be most desired in proposed nominees for the Board of Directors.

With respect to compensation, the Compensation Committee reviews and approves corporate goals and objectives relevant to the Directors and Executive Officers' compensation, evaluates the Directors and Executive Officers' performance in the light of those corporate goals and objectives and determines or makes recommendations to the Board of Directors with respect to the Directors and Executive Officers' compensation level based on this evaluation. This committee also considers and, if deemed appropriate, approves the Non-Executive Co-Chairman's recommendations for compensation for executive officers of the Company and incentive compensation plans of the Company. This includes the review of the Company's executive compensation and other human resource philosophies and policies, the review and administration of the Company's bonuses, stock options and share purchase plan and the preparation and submission of a report for inclusion in annual continuous disclosure documents, as required.

The Compensation Committee is comprised of non-management members of the Board of Directors and is required to convene at least two times each year.

Other Board Committees

The Company's three standing committees are the Audit Committee, the Compensation Committee and the Reserves Committee. The function of the Compensation Committee is set out above under "*Nomination of Directors and Compensation*" and "*Compensation Discussion and Analysis*" and the function of the Audit Committee is set out in detail in the Company's annual information form (available at www.sedar.com). The functions of the Reserves Committee are set out or referred to below.

Reserves Committee

The function of the Reserves Committee is to recommend the engagement of a reserves evaluator, ensure the reserves evaluator's independence, review the procedures for disclosure of reserves evaluation, meet independently with the reserves evaluator to review the scope of the annual review of reserves, discuss findings and disagreements with management, annually (or when deemed necessary) assess the work of the reserves evaluator and approve the Corporation's annual reserve report (and resource reports if appropriate) and consent forms of management and the reserves evaluator thereto. The Reserves Committee will act in a like manner should other external subsurface studies, beyond the annual reserves report, be required by the Company during the course of the year.

Assessments

Currently the Board, its Committees and individual directors are not regularly assessed with respect to their effectiveness and contribution. However, the Chairman of the Board meets at least annually with the individual Directors to discuss any concerns they may have on the operation of the Board and its Committees as well as individual Board members. These are informal discussions and, if any points are highlighted, they are brought to the attention of the appropriate Committee Chairman or Director.

In 2012, the Board undertook an assessment of its effectiveness by undertaking a Board Governance Analysis through the Institute of Directors of the United Kingdom. This assessment reviewed the Board's effectiveness in key areas including strategy, business principles, internal controls, risk management, performance management, boardroom activity and the Company's five standing committees and the role of the board members, including the Chairman. The results of the assessment showed that the Board was working effectively.

The Executive Board regularly reviews the performance of the Officers of the Company and, should any issues arise, the Chairman would then discuss any issues with the Compensation Committee.

One component of good corporate governance, for example to identify gaps between a company's strategy and the skillset of the Board of Directors to deliver the strategy, is to periodically hold a board review, facilitated by external nomination consultants. The Compensation Committee believes that such an exercise would add value to the Company beyond mere compliance with corporate governance practice, and intends to instigate a review at an appropriate juncture.

Director Term Limits and Other Mechanisms of Board Renewal

Tethys does not impose director term limits or other mechanisms of Board renewal. The Company has not adopted term limits because it is committed to developing and retaining the expertise on its Board required to provide effective oversight. Moreover, the Board has experienced recent changes to its composition without the need for term limits or other mechanisms of board renewal.

Policies Regarding the Representation of Women on the Board

Tethys has not adopted written policies relating to the identification and nomination of women to the Board. While committed to diversity, the Company is of the view that the identification and nomination of individuals to the Board should be made on the basis of the knowledge and experience of candidates and that the imposition of other requirements would complicate this objective.

Consideration of the Representation of Women in the Director Identification and Selection Process

Tethys does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election. The Company remains committed to diversity but is of the view that director identification and selection should focus on the knowledge and experience of candidates.

Consideration Given to the Representation of Women in Executive Office Appointments

Tethys does not consider the level of representation of women in executive officer positions when making executive officer appointments. The Company is of the view that executive officer appointments should be made on the basis of the knowledge and experience of candidates.

Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

Tethys has not adopted targets regarding the representation of women on the Board or in executive officer positions. The Company believes that targets are unnecessary and would detract from a focus on the knowledge and experience of candidates.

Number of Women on the Board and in Executive Officer Position

The Company has no women on its Board, representing 0% of Board membership and 1 woman in executive officer positions, representing 17% of all executive officers.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or executive officer of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of them is or was indebted to the Company at any time since the beginning of the last completed financial year of the Company except for "routine indebtedness" (as defined under Canadian securities laws).

The following table sets out the aggregate indebtedness outstanding as at April 30, 2016 of all executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries.

Aggregate Indebtedness (US$)

(as at April 30, 2016)

Purpose	To the Company or its subsidiaries	To Another Entity
Share Purchases	Nil	Nil
Other	Nil	Nil

AUDIT COMMITTEE

Under Canadian securities laws, the Company is required to include in its annual information form for the year ended December 31, 2015 (the "**AIF**") prescribed disclosure with respect to its audit committee, including the text of its audit committee charter, the composition of the audit committee and the fees paid to the external auditor. The Company's disclosure with respect to the foregoing is contained in the AIF under the heading "Audit Committee", a copy of which is available on SEDAR.

DIVIDEND POLICY

The Company has not in the past and does not presently have any plans to declare or distribute a dividend.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides details as at December 31, 2015 with respect to all compensation plans of the Company under which equity securities of the Company are authorised for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein)
Equity compensation plans approved by security holders[(1)]	Options: 11,025,500[(3)]	Options: US$0.31	Options: 29,409,746[(3)]
Equity compensation plans not approved by security holders [(2)]	2017 Warrants: 2,090,000	2017 Warrants: US$2.50	2017 Warrants: Nil
Total	Options: 11,025,500 2017 Warrants: 2,090,000	Options: US$0.31 2017 Warrants: US$2.50	Options: 29,409,746 2017 Warrants: Nil

Notes:

(1) In addition, 10 million Ordinary Shares have been reserved for issuance pursuant to the Company's Employee Share Purchase Plan, which received shareholder approval in 2013. The Company has deferred the implementation of the ESPP for the foreseeable future.

(2) On February 14, 2007, the Company agreed to issue and on June 8, 2007 the Company issued certain warrants (the "**2017 Warrants**") to purchase an aggregate of 2,090,000 Ordinary Shares. The 2017 Warrants are exercisable at a price of US$2.50 per share and expire ten years from the date of issuance. 2017 Warrants to acquire an aggregate of 340,000 Ordinary Shares were granted to certain executive officers of the Company. The 2017 Warrants were granted in connection with a private placement completed in January 2007 prior to the Company's initial public offering.

(3) If resolutions 2, 3, 4, 5 and 6 are approved and an additional 341,373,346 Ordinary Shares are issued, the number of Ordinary Shares reserved for issuance under the Stock Incentive Plan will increase to 88,965,383, subject to application being made to the TSX for the listing of such additional Ordinary Shares.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed elsewhere in this Circular in relation to the ALR Warrants and ALR Debentures (as it relates to Mr. William Wells of PAM) and the issuance of Ordinary Shares to Olisol (as it relates to Alexander Abramov of Olisol), no director or executive officer of the Company, nor any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this Circular in relation to the ALR Warrants, ALR Debentures and the issuance of Ordinary Shares to Olisol, management of the Company is not aware of any material interest, direct or indirect, of any director or executive officer of the Company, any shareholder of the Company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the voting securities of the Company or any associate or affiliate of such persons, in any transaction within the most recently completed financial year or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS

The auditors of the Company are PricewaterhouseCoopers LLP, who were appointed as auditors of the Company on November 25, 2015.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on the SEDAR website at www.sedar.com, including copies of the Investment Agreement, the Debenture Subscription Agreement and the PAM Subscription Agreement. Financial information relating to Tethys is provided in the Company's financial statements and management's discussion and analysis ("**MD&A**") for the financial year ended December 31, 2015. Shareholders may contact the Company to request copies of the financial statements and MD&A by: (i) mail to P.O. Box 524, St. Peter Port, Guernsey, British Isles, GY1 6EL; (ii) fax to +44 207 828 6034; or (iii) email to info@tethyspetroleum.com.

APPROVAL OF DIRECTORS

The contents of this Circular and the sending, communication or delivery thereof to the shareholders of the Company entitled to receive the Notice of the Meeting, to each director of the Company, to the auditors of the Company and to the appropriate governmental agencies have been approved and authorised by the directors of the Company.

DATED May 2, 2016

ON BEHALF OF THE BOARD OF DIRECTORS

John Bell, Co-Chairman

SCHEDULE A

ARTICLES OF ASSOCIATION

THE COMPANIES LAW (REVISED)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

TETHYS PETROLEUM LIMITED

Adopted on the 17th day of July 2008,
as amended by Special Resolutions passed on 10th February 2011, 13th June 2012 and 11th June 2015 and [31 May 2016 with an effective date of [] 2016]

[Subject to the approval of the Grand Court of the Cayman Islands]

Ref: 3507-0001/CBB/kl

COMPANIES LAW (REVISED)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

TETHYS PETROLEUM LIMITED

Adopted on the 17th day of July 2008,
as amended by Special Resolutions passed on 10th February 2011, 13th June 2012 and 11th June 2015 and [31 May 2016 with an effective date of [] 2016]

Preliminary

1 Table A inapplicable

The regulations contained in Table A in the First Schedule of the Law shall not apply to the Company and the following regulations shall be the Articles of Association of the Company.

2 Interpretation

(A) In the Articles the following words shall bear the following meanings if not inconsistent with the subject or context:

"**Articles**" means these Articles of Association of the Company as from time to time amended by Special Resolution;

"**Associate**" means in relation to an Offeror:-

(i) a nominee of the Offeror;

(ii) a holding company, subsidiary or fellow subsidiary of the Offeror or a nominee of such a holding company, subsidiary or fellow subsidiary; or

(iii) a body corporate in which the Offeror is substantially interested either because:

(a) that body or its directors are accustomed to act in accordance with the direction or instructions of the Offeror; or

(b) the Offeror is entitled to exercise or control the exercise of one third or more of the voting power at general meetings of that body; or

(iv) where the Offeror is an individual, his spouse or civil partner and any minor child or step-child of his;

"**at any time**" means at any time or times and includes for the time being and from time to time;

"**Auditor**" means the person at any time appointed as the auditor of the Company;

"**Board**" means the board of directors at any time of the Company or the Directors present at a duly convened meeting of the Directors at which a quorum is present;

"**business day**" means a day which is not a Saturday or a Sunday, and on which the banks are open for ordinary business in George Town, Cayman Islands and Toronto, Canada;

"**certificated**" means, in relation to a share, a share which is not in uncertificated form;

"**clear days**" means, in relation to a period of notice, that period excluding the day when 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;

"**company**" includes any body corporate or association of persons, whether or not a company within the meaning of the Law other than the Company;

"**Company**" means **Tethys Petroleum Limited**;

"**Director**" means a director of the Company for the time being;

"**Dividend**" includes bonus or any other distribution whether in cash or in specie;

"**Dollars", US$** or **"$"** means the lawful currency of the United States of America;

"**entitled by transmission**" means, in relation to a share, entitled as a consequence of the death or bankruptcy of a Member, or as a result of another event giving rise to a transmission of entitlement by operation of law;

"**executed**" means any mode of execution;

"**Executors**" includes administrators;

"**Islands**" the British Overseas Territory of the Cayman Islands;

"**Law**" means the Companies Law (Revised) of the Cayman Islands;

"**Liquidator**" includes joint Liquidators;

"**Listing**" means the admission to, or permission to deal on, any Recognised Investment Exchange, including without limitation, the Toronto Stock Exchange, Toronto Canadian Venture Exchange, the Oslo Stock Exchange (including the Junior Over the Counter Market on the Oslo Stock Exchange), the Hong Kong Stock Exchange and the Official List or AIM Market of the London Stock Exchange plc, becoming unconditionally effective in relation to all or any of the issued equity share capital of the Company;

"Member" has the same meaning as in the Law;

"**Memorandum**" means the Memorandum of Association of the Company;

"**Month**" means calendar month;

"**Offeror**" means the person or persons making a Takeover Offer;

"**Office**" means the registered office at any time of the Company;

"**Ordinary Resolution**" except as provided for in Article 122(F) a resolution of a duly constituted general meeting of the Company passed by a simple majority of votes cast by, or on behalf of, the Members entitled to vote present in person or by proxy and voting at the meeting;

"**Ordinary Share**" means an ordinary share of US$0.01 par value;

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

"**percentage level**" means the percentage figure found by expressing the aggregate nominal value of all of the ordinary share capital of the Company immediately before or (as the case may be) immediately after the relevant time as a percentage of the nominal value of that share capital and rounding that figure down, if it is not a whole number, to the next whole number;

"**Preference Share**" means a preference share of US$0.01 par value;

"**Probate**" includes letters of administration;

"**Proxy**" includes attorney;

"**Recognised Investment Exchange**" has the meaning ascribed thereto in Section 285(1) of the Financial Services and Markets Act 2000 of the United Kingdom including without limitation, the Toronto Stock Exchange, Toronto Canadian Venture Exchange, the Oslo Stock Exchange (including the Junior Over the Counter Market on the Oslo Stock Exchange), the Hong Kong Stock Exchange and the Official List or AIM Market of the London Stock Exchange plc;

"**Register**" means the register of Members kept pursuant to the Law;

"**relevant change**" means a change to a Member's interest in ordinary shares which increases or decreases such interest through any single percentage level;

"**Seal**" means the common seal of the Company including every duplicate seal;

"**Secretary**" any person appointed by the Board to perform any of the duties of the secretary of the Company, including joint, assistant or deputy secretary;

"**shares**" a share in the share capital of the Company being either Ordinary Shares or Preference Shares;

"Special Resolution" has the same meaning as in the Law;

"**Member**" or "**holder**" means the registered holder of a share of the Company and includes two or more joint holders of a share;

"**Takeover Offer**" means an offer to acquire all the shares, or all the shares of any class or classes in the Company (other than shares which at the date of the offer are already held by the Offeror), being an offer on terms which are the same in relation to all the shares to which the offer relates or, where those shares include shares of different classes, in relation to all the shares of each class;

"**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

(B) Where an Ordinary Resolution of the Company is expressed to be required for any purpose, a Special Resolution is also effective for that purpose.

(C) References to a "**meeting**" shall not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.

(D) Unless the context otherwise requires, words or expressions defined in the Law shall have the same meanings herein but excluding any statutory modification thereof not in force when these Articles become binding on the Company.

(E) The headings in the Articles are for convenience only and do not affect the interpretation of the Articles.

(F) In the Articles the singular includes the plural and vice versa, the masculine includes the feminine, words importing persons include corporations and expressions referring to writing include any mode of representing or reproducing words.

(G) The word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

(H) Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words proceeding those terms.

(I) References to statutes are, unless otherwise specified, references to statutes of the Islands (and such reference shall be taken to be to the short title applicable to such statute) and, subject to paragraph (D) above, include any statutory modification or re-enactment thereof for the time being in force.

Commencement of Business

3 The business of the Company may be commenced as soon after incorporation as the Board think fit, notwithstanding that only some of the shares may have been allotted.

4 The Board may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company including the expenses of registration.

Situation of offices of the Company

5 The registered office of the Company shall be at such address in the Islands as the Board shall from time to time determine.

SHARES

6 Authorised shares

(A) The authorised share capital of the Company at the date of adoption of these Articles is US$15,000,000 divided into:

(i) 1,450,000,000 ordinary shares of US$0.01 each; and

(ii) 50,000,000 preference shares of US$0.01 par value

each having the rights hereinafter described.

(B) A share shall not be issued until the consideration for such share is fully paid in money or in property or past services that are not less in value than the fair equivalent of the money that the Company would have received if such shares had been issued for money.

(C) For the purpose of Article 6(B), the term "property" does not include a promissory note or a promise to pay.

(D) Shares, once fully paid, shall be non-assessable and Members holding fully paid shares shall not be liable to the Company or its creditors with respect thereto.

7 Preference Shares

(A) Preference shares:

(i) may be issued in one or more series;

(ii) are entitled to any dividends in priority to the Ordinary Shares;

(iii) confer upon the holders thereof rights in a winding-up in priority to the Ordinary Shares; and

(iv) may have such other rights, privileges and conditions (including voting rights) as the Board may determine prior to the first allotment of any series of Preference Shares, provided that if a series of Preference Shares has no or limited voting rights it shall be designated as such by the Board.

8 Ordinary Shares

(A) the holder of an Ordinary Share shall (in respect of such share) have the right to receive notice of, attend at and vote as a Member of any general meeting of the Company.

(B) Ordinary Shares shall be:

(i) subject to the prior rights of the Preference Shares, entitled to any dividends declared by the Board; and

(ii) subject to the prior rights of the Preference Shares, confer upon the holders thereof rights in a winding-up,

all in accordance with the terms of the Articles.

9 Allotment

(A) Subject to the provisions of the Memorandum and these Articles (and to any direction that may be given to the Company in a General Meeting) the Board has general and unconditional authorities to allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of any unissued shares of the Company (whether forming part of the original or any increased share capital) either at a premium or at par or rights to subscribe for or convert any security into shares and on such terms as the Board may decide except that no share shall be issued at a discount.

(B) The Company shall not issue shares or warrants to bearer.

(C) The Board may at any time after the allotment of a share but before a person has been entered in the Register as the holder of the share recognise a renunciation of the share by the allottee in favour of another person and may grant to an allottee a right to effect a renunciation on the terms and conditions the Board thinks fit.

10 Power to redeem and purchase shares

Subject to the provisions of the Law and the requirements of any Recognised Investment Exchange on which shares are listed:

(i) any Preference Shares may be issued on terms that they are to be redeemed or, at the option of either the Company or the holder, are liable to be redeemed in each case on such terms and in such manner as the Board before the issue may decide; and

(ii) the Company may from time to time purchase, or agree to purchase in the future, all or any of its own shares of any class (including any redeemable shares) in any manner authorised by the Law and may make payments in respect of any such purchase otherwise than out of its distributable profits or the proceeds of a fresh issue of shares,

provided that, in all cases, all offers to purchase redeemable shares shall, if made by tender, be made equally to all holders of such shares and, if not made by tender, shall be subject to a maximum price in compliance with the rules of any Recognized Investment Exchange on which the shares of the Company are listed.

11 Approval of transactions

The Company may from time to time by Special Resolution enter into a sale, lease or exchange of all or substantially all of the assets of the Company other than in the ordinary course of business.

12 Dissent Rights

Without prejudice to the other provisions in these Articles, where the Company proposes a plan of amalgamation, reconstruction or arrangement of the Company which will result in shares of any Member being compulsorily acquired or cancelled (the "**Plan**") and which does not under applicable law require the approval of the Cayman court, a general meeting of the Company must be held to seek the approval of the Members and the notice of the said general meeting must include or be accompanied by a copy or summary of the Plan and state (i) the fair value of the shares in cash as determined by the Company and (ii) that a dissenting Member is entitled to be paid the fair value of his shares. Any Member whose shares will be subject to repurchase or cancelled under the Plan and who did not vote in favour of the Plan which has subsequently been approved in accordance with these Articles and applicable laws and is not satisfied that he has been offered fair value for his shares pursuant to the Plan (the "**Dissenting Member**") may within one month of the holding of the said general meeting apply to the Company to have the fair value of his shares appraised by an independent qualified appraiser appointed by the Company. The Company shall then pay to the Dissenting Member an amount equal to the value of his shares as appraised by the independent qualified appraiser within one month upon completion of the appraisal. In the case where the Plan by law requires the approval of the Cayman court, the Company shall ensure that the Plan includes appraisal rights to Dissenting Members on the terms substantially similar to the provisions set out in this Article. For the avoidance of doubt, a Dissenting Member shall only be entitled to receive the amount appraised by the independent qualified appraiser and shall not be entitled to receive, in addition, the consideration such Dissenting Member would otherwise be entitled under the Plan. The effectiveness or completion of the Plan shall not be affected by the appraisal right of a Dissenting Member under this Article.

13 Alteration of capital

The Company may from time to time by Special Resolution:

(i) increase its authorised share capital by creating new shares of such sum, to be divided into shares of such amount, as the resolution shall prescribe;

(ii) reduce its authorised share capital as set out in these Articles; and

(iii) create new classes of shares.

14 Variation of rights

(A) If at any time the share capital is divided into different classes of shares the rights attached to any class may whether or not the Company is being wound up be varied or abrogated in such manner (if any) as may be provided by such rights, or in the absence of any such provision, either with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a Special Resolution of the holders of the shares of that class validly held in accordance with the Articles, but not otherwise. To any separate general meeting of a class the provisions of the Articles relating to general meetings shall apply mutatis mutandis but so that the necessary quorum (other than at an adjourned meeting) shall be at least two persons present in person or by proxy holding at least one-third in nominal amount of the issued shares of that class or, at any adjourned meeting of such holders, one person holding shares of the class who are present in person or by proxy, whatever his or their holding. Any holder of shares of that class present in person or by proxy and entitled to vote at any meeting may demand a poll and the holders of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively.

(B) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied or abrogated by the creation, allotment or issue of further shares ranking pari passu therewith or by the purchase or redemption by the Company of its own shares in accordance with the Law and Article 10.

15 Commission

The Company may exercise all the powers conferred or permitted by the Law of paying commission or brokerage in money or shares to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares in the Company or procuring or agreeing to procure subscriptions whether absolute or conditional for any shares in the Company. The Company may also on any issue of shares pay such brokerage as may be lawful.

16 Trusts not recognised

(A) Except as ordered by a court of competent jurisdiction or as required by law, the Company shall not recognise a person as holding a share on trust and shall not be affected or bound by or otherwise compelled to recognise (even if it has notice of it and whether or not the share is entered in the Register as held in trust) any equitable, contingent, future or partial interest in any share or fraction or (except only as by the Articles or by law otherwise provided) any other rights in respect of any share other than an absolute right in the holder to the whole of the share.

(B) Notwithstanding the preceding paragraph (A) of this Article, the Company may (but shall not be obliged to) recognise a security interest of which it has actual notice over

shares. The company shall not be treated as having recognised any such security interest unless it has so agreed in writing with the secured party.

SHARE CERTIFICATES

17 Right to certificate

(A) The Company shall, upon request, issue:

(i) without payment one certificate to each person for all his shares of each class and when part only of the shares comprised in a certificate is sold or transferred a balance certificate; or

(ii) upon payment of such sum as the Board may determine several certificates each for one or more shares of any class.

(B) The Company shall not be bound to issue more than one certificate for certificated shares held jointly by two or more persons and delivery of a certificate to one joint holder is sufficient delivery to all joint holders.

(C) Any certificate issued shall specify the number and class and the distinguishing numbers (if any) of the shares in respect of which it is issued and the amount paid up on the shares.

(D) All forms of certificate for shares or debentures or representing any other form of security (other than letters of allotment, scrip certificates and other like documents) shall be issued under the Seal of the Company, which may be affixed to or printed on it, or in such other manner as the Board may approve, having regard to the terms of allotment or issue of the shares, and shall be signed autographically unless there shall be in force a resolution of the Board adopting some method of mechanical signature in which event the signatures (if authorised by such resolution) may be effected by the method so adopted.

18 Replacement certificates

(A) Where a Member holds two or more certificates for shares of one class, the Board may at his request, on surrender of the original certificates and without charge, cancel the certificates and issue a single replacement certificate for certificated shares of that class.

(B) At the request of a Member, the Board may cancel a certificate and issue two or more in its place (representing certificated shares in such proportions as the Member may specify), on surrender of the original certificate and on payment of such reasonable sum as the Board may decide.

(C) If a share certificate is issued and is worn out or defaced the Board may require the certificate to be delivered to it before issuing a replacement and cancelling the original. If a certificate is lost or destroyed, the Board may cancel it and issue a replacement certificate on such terms as to provision of evidence and indemnity and to payment of any exceptional out-of-pocket expenses incurred by the Company in the investigation of that evidence and the preparation of that indemnity as the Board may decide.

LIEN

19 Company's lien on shares not fully paid

(A) The Company has a first and paramount lien on all partly paid shares for an amount payable in respect of the share, whether the due date for payment has arrived or not. The lien applies to all dividends from time to time declared or other amounts payable in respect of the share.

(B) The Board may either generally or in a particular case declare a share to be wholly or partly exempt from the provisions of this Article. Unless otherwise agreed with the transferee, the registration of a transfer of a share operates as a waiver of the Company's lien (if any) on that share.

20 Enforcement of lien by sale

(A) For the purpose of enforcing the lien referred to in Article 19, the Board may sell any shares subject to the lien in such manner as it may decide provided that:

(i) the due date for payment of the relevant amounts has arrived; and

(ii) the Board has served a written notice on the Member concerned (or on any person who is entitled to the shares by transmission or by operation of law) stating the amounts due, demanding payment thereof and giving notice that if payment has not been made within 14 clear days after the service of the notice that the Company intends to sell the shares.

(B) To give effect to a sale, the Board may authorise a person to transfer the shares in the name and on behalf of the holder (or any person who is automatically entitled to the shares by transmission or by law), or to cause the transfer of such shares, to the purchaser or his nominee. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by an irregularity in or invalidity of the proceedings connected with the sale. After the name of the purchaser or his nominee has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any persons and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

21 Application of proceeds of sale

The net proceeds of a sale effected under Article 20, after payment of the Company's costs of the sale, shall be applied in or towards satisfaction of the amount in respect of which the lien exists. Any residue shall (on surrender to the Company for cancellation of any certificate for the shares sold, or the provision of an indemnity as to any lost or destroyed certificate required by the Board and subject to a like lien for amounts not presently payable as existed on the shares before the sale) be paid to the Member (or person entitled to the shares) immediately before the sale. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in relation to the sale.

TRANSFER OF SHARES

22 Method of transfer

(A) A Member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in any other form approved by the Board, and the instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid) by or on behalf of the transferee.

(B) Every instrument of transfer in respect of a share shall be left at the Office or such other place as the Board may prescribe with the certificate of every share to be transferred and such other evidence as the Board may reasonably require to prove the title of the transferor or his right to transfer the shares; and the transfer and certificate (if any) shall remain in the custody of the Board but shall be at all reasonable times produced at the request and expense of the transferor or transferee or their respective representatives. A new certificate shall be delivered free of charge to the transferee after the transfer is completed and registered on his application and when necessary a balance certificate shall be delivered if required by him in writing.

23 Right to refuse registration

(A) Subject to this Article, shares of the Company are free from any restriction on transfer. In exceptional circumstances approved by each Recognised Investment Exchange on which the Company's share are listed from time to time and, if applicable, the securities regulatory authority having jurisdiction over any such Recognised Investment Exchange (which, for as long as the Ordinary Shares of the Company are admitted to the Official List (the "Official List") of the UK Financial Services Authority (the "FSA"), shall include the FSA), the Board may refuse to register a transfer of shares provided that such refusal would not disturb the market in those shares (and, for as long as the Ordinary Shares of the Company are admitted to the Official List, the FSA is satisfied that such refusal would not disturb the market in those share). Subject to the requirements of any such Recognised Investment Exchange and, if applicable, the securities regulatory authority having jurisdiction over any such Recognised Investment Exchange, the Board may, in its absolute discretion and without giving a reason, refuse to register the transfer of a share which is not fully paid or the transfer of a share on which the Company has a lien.

(B) In addition, the Board may refuse to register a transfer of a share or a renunciation of a renounceable letter of allotment unless:

(i) it is in respect of only one class of shares;

(ii) it is in favour of (as the case may be) a single transferee or renouncee or not more than four joint transferees or renouncees or a child, bankrupt or person of unsound mind; and

(iii) it is delivered for registration to the Office or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates (except in the case of a transfer where a certificate has not been issued, or in the case of a renunciation) and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

(C) If the Board refuses to register any allotment or the transfer of a share it shall, within two months after the date on which the letter of allotment or share transfer form was lodged with the Company, send notice of the refusal to the allottee or transferee. An instrument of transfer which the Board refuses to register shall (except in the case of

suspected fraud) be returned to the person depositing it. The Company may retain all instruments of transfer which are registered.

24 Compulsory transfer of shares

(A) If it shall come to the notice of the Board that any shares are or may be owned or held directly or beneficially by any person in breach of any law or requirement of any country or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the Board, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the Board to be relevant) would, in the reasonable opinion of the Board, cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company which it or they might not otherwise have suffered or incurred the Board may serve written notice (hereinafter called a "**Transfer Notice**") upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the "**Vendor**") of any of the shares concerned (the "**Relevant Shares**") requiring the Vendor within 21 days (or such extended time as in all the circumstances the Board shall consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the Board, would not fall within this paragraph above (an "**Eligible Transferee**"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions of this paragraph (A) of this Article, the rights and privileges attaching to the Relevant Shares shall be suspended and not capable of exercise.

(B) If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Board shall consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Board, the Company may sell the Relevant Shares on behalf of the holder thereof by instructing a member firm of any Recognised Investment Exchange on which the Company's shares are listed to sell them at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale, the Board may authorise in writing any officer or employee of the Company, or any officer or employee of the secretary, to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law), or to cause the transfer of the Relevant Shares, to the purchaser. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company's costs of the sale, shall be received by the Company, whose receipt shall be a good discharge for the purchase moneys, and shall belong to the Company and, upon their receipt, the Company shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. The Company is deemed to be a debtor and not a trustee in respect of that amount for the member or other person. No interest is payable on that amount and the Company is not required to account for money earned on it. The amount may be employed in the business of the Company or as it thinks fit. The Company may register or cause the registration of the transferee as holder of the Relevant Shares and thereupon the transferee shall become absolutely entitled thereto.

(C) A person who becomes aware that his holding, directly or beneficially, of shares will, or is likely to, fall within paragraph (A) of this Article shall forthwith, unless he has already received a Transfer Notice pursuant to paragraph (A) above, either transfer the shares to one or more Eligible Transferees or give a request in writing to the Board for the issue of a Transfer Notice in accordance with paragraph (A) above. Every such request in relation to certificated shares shall be accompanied by the certificate(s) for the shares to which it relates.

(D) Subject to the provisions of this Article, the Board shall, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Board to serve a Transfer Notice in respect thereof. The Board may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as it shall require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 21 clear days after service of the notice requiring the same) as may be specified by the Board in the said notice, the Board may, in its absolute discretion, treat any share held by such holder or joint holder or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle it to serve a Transfer Notice in respect thereof.

(E) The Board shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Article. The exercise of the powers conferred by paragraph (A) and/or (B) and/or (D) above shall not be questioned or invalidated in any case on the ground that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Board at the relevant date PROVIDED THAT the said powers shall have been exercised in good faith.

25 Fees on registration

The Company (at its option) may or may not charge a fee for registering the transfer of a share or the renunciation of a renounceable letter of allotment or other document or instructions relating to or affecting the title to a share or the right to transfer it or for making any other entry in the Register. Such fee shall not exceed the maximum amount permitted by any Recognised Investment Exchange on which the shares are listed.

TRANSMISSION OF SHARES

26 On death

(A) The Company shall recognise only the personal representative or representatives of a deceased Member as having title to a share held by that member alone or to which he alone was entitled. In the case of a share held jointly by more than one person, the Company may recognise only the survivor or survivors as being entitled to it.

(B) Nothing in the Articles releases the estate of a deceased Member from liability in respect of a share which has been solely or jointly held by him.

27 Election of person entitled by transmission

(A) A person becoming entitled by transmission to a share may, on production of such evidence as the Board may require as to his entitlement, elect either to be registered as a Member or to have a person nominated by him registered as a Member.

(B) If he elects to be registered himself, he shall give notice to the Company to that effect. If he elects to have another person registered, he shall:

(i) if it is a certificated share, execute an instrument of transfer of the share to that person; or

(ii) if it is an uncertificated share:

(a) procure that instructions are given by means of a relevant system to effect transfer of the share to that person; or

(b) change the share to a certificated share and execute an instrument of transfer of the share to that person.

(C) All the provisions of the Articles relating to the transfer of certificated shares apply to the notice or instrument of transfer (as the case may be) as if it were an instrument of transfer executed by the Member and his death, bankruptcy or other event giving rise to a transmission of entitlement had not occurred.

(D) The Board may give notice requiring a person to make the election referred to in paragraph (A). If that notice is not complied with within 60 days, the Board may withhold payment of all dividends and other amounts payable in respect of the share until notice of election has been made.

28 Rights on transmission

Where a person becomes entitled by transmission to a share, the rights of the holder in relation to that share cease. The person entitled by transmission may, however, give a good discharge for dividends and other amounts payable in respect of the share and, subject to Articles 26 and 105, has the rights to which he would be entitled if he were the holder of the share. The person entitled by transmission is not, however, before he is registered as the holder of the share entitled in respect of it to receive notice of or exercise rights conferred by membership in relation to meetings of the Company or a separate meeting of the holders of a class of shares.

29 Minority Member Buy-out

(A) If, in relation to a Takeover Offer, the Offeror has by virtue of acceptances of the Takeover Offer acquired or contracted to acquire not less than nine-tenths in value of the shares of any class to which the Takeover Offer relates he may give notice to the holder of any shares of that class which the Offeror has not acquired or contracted to acquire that he desires to acquire those shares and shall thereafter be entitled and bound to acquire those shares on the terms of the Takeover Offer.

(B) No notice shall be given under Article 29(A) unless the Offeror has acquired or contracted to acquire the shares necessary to satisfy the minimum required under Article 29(A) before the end of the period of four months beginning with the date of the Takeover Offer and no such notice shall be given after the end of the period of two months beginning with the date on which he had acquired or contracted to acquire shares which satisfy that minimum.

(C) When the Offeror gives such notice he shall send a copy of it to the Company together with a declaration by him stating that the conditions for the giving of the notice are satisfied.

(D) Where during the period within which the Takeover Offer can be accepted the Offeror acquires or contracts to acquire any of the shares to which the Takeover Offer relates but otherwise than by virtue of acceptances of the Takeover Offer, then, if-

(i) the value of the consideration for which they are acquired or contracted to be acquired ("**the acquisition consideration**") does not at that time exceed the value of the consideration specified in the terms of the Takeover Offer; and

(ii) those terms are subsequently revised so that when the revision is announced the value of the acquisition consideration, at the time mentioned in paragraph (i) above, no longer exceeds the value of the consideration specified in those terms,

the Offeror shall be treated for the purposes of this Article as having acquired or contracted to acquire those shares by virtue of acceptances of the Takeover Offer but in any other case those shares shall be treated as excluded from those to which the Takeover Offer relates.

(E) Where the terms of the Takeover Offer are such as to give the holder of any shares a choice of consideration the notice under Article 29(A) shall give particulars of the choice and state:-

(i) that the holder of the shares may within six weeks from the date of the notice indicate his choice by a written communication sent to the Offeror at an address specified in the notice;

(ii) which consideration specified in the Takeover Offer is to be taken as applying in default of his indicating a choice as aforesaid;

(iii) and the terms of the Takeover Offer shall be determined accordingly, provided that if the consideration chosen by the holder of the shares:-

(iv) is not cash and the Offeror is no longer able to provide it; or

(v) was to have been provided by a third party who is no longer bound or able to provide it,

the consideration shall be taken to consist of an amount of cash payable by the Offeror which at the date of the notice is equivalent to the chosen consideration.

(F) At the end of six weeks from the date of the notice the Offeror shall forthwith pay or transfer to the Company the consideration for the shares to which the notice relates and shall provide to the Company an instrument of transfer executed on behalf of the Member by a person appointed by the Offeror and on receipt of that instrument the Company shall register the Offeror as the holder of those shares. Where the consideration for the shares consists of shares or securities to be allotted by the Offeror the transfer of the consideration shall be by way of allotment of the shares or securities to the Company.

(G) The consideration received by the Company shall be held together with any dividend or other sum accruing thereon by the Company on trust for the person entitled in respect of

which the sum or other consideration was received provided that where after reasonable enquiry made at such intervals as are reasonable the person entitled to any consideration held on trust cannot be found and twelve years have elapsed since the consideration was received or the Company is wound up, the consideration (together with any interest, dividend or other benefit that has accrued from it) shall be forfeited and cease to remain owing by the Company and shall revert to the Company. The expenses of any such enquiry may be defrayed out of the money or other property held on trust for the person or persons to whom the enquiry relates.

ALTERATION OF SHARE CAPITAL

30 Consolidation, sub-division and cancellation

The Company may by Ordinary Resolution:

(i) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

(ii) subdivide all or any of its shares into shares of a smaller amount than is fixed by the Memorandum so however that in subdivision the proportion between the amount paid up and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that the resolution whereby any share is subdivided may also determine that as between the holders of the shares resulting from such subdivision one or more of the shares may have such preferred deferred or other rights over the others as the Company has power to attach to unissued or new shares;

(iii) convert all or any of its fully paid shares the nominal amount of which is expressed in a particular currency into fully paid shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other date as may be specified therein; and

(iv) where its share capital is expressed in a particular currency, denominate or redenominate it, whether by expressing its amount in units or subdivisions of that currency, or otherwise.

31 Fractions

(A) If, as the result of consolidation and division or sub-division of shares or by reason of any scrip dividend, Members would become entitled to fractions of a share, the Board may issue fractions of a share or otherwise on behalf of the Members deal with the fractions as it thinks fit. Subject to the Law and the requirements of any applicable relevant system, the Board may in effecting divisions and/or consolidations, treat a Member's shares held in certificated form and uncertificated form as separate holdings. In particular the Board may:

(i) sell any shares representing fractions to a person (including, subject to the Law, to the Company) and distribute the net proceeds of sale in due proportion amongst the persons entitled or if the Board decides, some or all of the sum raised on a sale may be retained for the benefit of the Company; or

(ii) subject to the Law, allot or issue to a Member credited as fully paid by way of capitalisation the minimum number of shares required to round up his holding

of shares to a number which, following consolidation and division or sub-division, leaves a whole number of shares (such allotment or issue being deemed to have been effected immediately before consolidation or sub-division, as the case may be).

(B) To give effect to a sale pursuant to sub-paragraph 31(A)(i) the Board may arrange for the shares representing the fractions to be entered in the Register as certificated shares. The Board may also authorise a person to transfer the shares to, or to the direction of, the purchaser. The purchaser is not bound to see to the application of the purchase money and the title of the transferee to the shares is not affected by an irregularity or invalidity in the proceedings connected with the sale.

(C) If shares are allotted or issued pursuant to sub-paragraph 31(A)(ii), the amount required to pay up those shares may be capitalised as the Board thinks fit.

32 Reduction of capital

The Company may by Special Resolution reduce its share capital or any share premium account in any manner and with and subject to any incident authorised and consent required by the Law.

GENERAL MEETINGS

33 Annual general meetings

The first annual general meeting of the Company shall be held within such time (if any) as may be required by the Law and thereafter annual general meetings shall be held once at least in each subsequent calendar year provided that not more that 15 months shall elapse between one annual general meeting and the next. Annual general meetings shall be held in such place as determined by the Board, but not in the United Kingdom. Subject to the requirements of this Article, annual general meetings shall be convened by the Board at such time and place as it thinks fit.

34 Extraordinary general meetings

All general meetings of the Company other than annual general meetings are called extraordinary general meetings. Extraordinary general meetings shall be held in such place as determined by the Board, but not in the United Kingdom.

35 Convening of extraordinary general meetings

(A) The Board may convene an extraordinary general meeting whenever it thinks fit.

(B) One or more members holding at least one tenth of the issued share capital of the Company may, by serving a Member's requisition on the Company require the convening of an extraordinary general meeting. The requisition shall be dated and shall state the object of the meeting and shall be signed by the requisitionists and deposited at the Office and may consist of several documents in like form each signed by one or more of the requisitionists.

(C) If the Board does not proceed to convene a meeting within twenty-one days from the date of the requisition being so deposited the requisitionists or a majority of them in value may within a period of three months beginning on that date themselves convene the meeting.

(D) Any meeting convened by requisitionists shall be convened in the same manner (as nearly as possible) as that in which meetings are convened by the Board.

(E) At a meeting convened on a requisition or by requisitionists no business may be transacted except that stated by the requisition or proposed by the Board.

(F) An extraordinary general meeting may also be convened in accordance with Article 83.

36 Length and form of notice

(A) A general meeting shall be called by not less than 21 and not more than 60 days' notice.

(B) Although called by shorter notice than that specified in paragraph (A) or at no notice, a general meeting is deemed to have been duly called if it is so agreed in writing by all the Members entitled to attend and vote at the meeting.

(C) The notice of meeting shall specify:

(i) whether the meeting is an annual general meeting or an extraordinary general meeting;

(ii) the place, the date and the time of the meeting;

(iii) the particulars with respect to the nature of the business to be conducted and the resolutions to be considered at the meeting;

(iv) if the meeting is convened to consider a Special Resolution, the intention to propose the resolution as such; and

(v) with reasonable prominence, that a Member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a Member.

(D) The notice of meeting shall be given to all the Members entered on the Register as of such date prior to the date that the notice of meeting is to be sent to Members as determined by the Board. Notice of the meeting shall also be sent to the Auditor and each Director.

(E) The notice of meeting may also specify a time (which shall not be more than 48 hours before the time fixed for the meeting) by which a person must be entered on the Register in order to have the right to attend or vote at the meeting. Changes to entries on the Register after the time so specified in the notice shall be disregarded in determining the rights of any person to so attend or vote.

37 Omission to send notice

The accidental omission to send a notice of meeting or any document relating to the meeting or the non-receipt of any such notice or document by a person entitled to receive any such notice or document shall not invalidate the proceedings at that meeting.

38 Postponement of general meetings

If the Board, in its absolute discretion, considers that it is impractical or unreasonable for any reason to hold a general meeting at the time or place specified in the notice calling the general meeting, it may move and/or postpone the general meeting to another time and/or place. When a meeting is so moved and/or postponed, notice of the time and place of the moved and/or postponed meeting shall (if practical) be placed in at least one Canadian national newspaper and in such other newspapers as required by any Recognised Investment Exchange on which shares are listed. Notice of the business to be transacted at such moved and/or postponed meeting is not required. The Board must take reasonable steps to ensure that Members trying to attend the general meeting at the original time and/or place are informed of the new arrangements for the general meeting. Proxy forms can be delivered as specified in Article 56, until 48 hours before the rearranged meeting. Any postponed and/or moved meeting may also be postponed and/or moved under this Article.

39 Business of a meeting

All business transacted at a general meeting is deemed special except the following business transacted at an annual general meeting:

(i) the receipt and consideration of the annual accounts, the Directors' report and the auditors' report on those accounts;

(ii) the appointment or re-appointment of Directors and Auditors in place of those retiring by rotation or otherwise ceasing to hold office; and

(iii) the appointment of the Auditors and fixing or determining the manner of fixing of the remuneration of the Auditors.

PROCEEDINGS AT GENERAL MEETINGS

40 Quorum

(A) No business may be transacted at a general meeting unless a quorum is present. The absence of a quorum does not prevent the appointment of a Chairman in accordance with the Articles, which shall not be treated as part of the business of the meeting.

(B) The quorum for a general meeting for all purposes is two Members present in person or by proxy and entitled to vote.

41 Procedure if quorum not present

(A) If a quorum is not present within twenty minutes (or such longer time as the Chairman decides to wait) after the time fixed for the start of the meeting or if there is no longer a quorum present at any time during the meeting, the meeting, if convened by or on the requisition of Members, is dissolved. In any other case it stands adjourned to such other day (being not less than three nor more than 28 days later) and at such other time and/or place as may have been specified for the purpose in the notice convening the meeting. Where no such arrangements have been specified, the meeting stands adjourned for seven days at the same time and place or to such other day (being not less than 14 nor more than 28 days later) and at such other time and/or place as the Chairman (or, in default, the Board) decides.

(B) At an adjourned meeting the quorum is one Member present in person or by proxy and entitled to vote. If a quorum is not present within five minutes (or such longer time as

the Chairman decides) from the time fixed for the start of the meeting, the adjourned meeting shall be dissolved.

(C) Save where the time and place for the adjourned meeting has been specified for the purpose in the notice convening the meeting as referred to in paragraph (A) (in which case notice of the adjourned meeting need not be given), the Company shall give not less than seven clear days' notice of any meeting adjourned for the lack of a quorum and the notice shall state the quorum requirement.

42 Chairman

(A) Chairman of the Board shall act as Chairman of any meeting. If the Chairman of the Board is not available to act as Chairman of the meeting for any reason the Members present in person and entitled to vote shall choose one of their number to be Chairman.

(B) Without prejudice to any other power which he may have under the provisions of the Articles or at common law, the Chairman may take such action as he thinks fit to promote the orderly conduct of the business of the meeting as specified in the notice of meeting and the Chairman's decision on matters of procedure or arising incidentally from the business of the meeting shall be final, as shall his determination as to whether any matter is of such a nature.

43 Director's right to attend and speak

Each Director shall be entitled to attend and speak at a general meeting and at a separate meeting of the holders of a class of shares or debentures whether or not he is a Member.

44 Chairman's power to invite others to attend and speak

The Chairman may invite any person to attend and speak at any general meeting of the Company where he considers that this will assist in the deliberations of the meeting.

45 Power to adjourn

(A) The Chairman may, with the consent of a meeting at which a quorum is present (and shall, if so directed by the meeting) interrupt or adjourn a meeting from time to time and from place to place or for an indefinite period.

(B) Without prejudice to any other power which he may have under the provisions of the Articles or at common law, the Chairman may, without the consent of the meeting, interrupt or adjourn a meeting from time to time and from place to place or for an indefinite period if he decides that it has become necessary to do so in order to:

(i) secure the proper and orderly conduct of the meeting;

(ii) give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting; or

(iii) ensure that the business of the meeting is properly considered and disposed of.

46 Notice of adjourned meeting

(A) Whenever a meeting is adjourned for 28 days or more or for an indefinite period pursuant to Article 45, at least seven clear days' notice specifying the place, date and time of the adjourned meeting and the general nature of the business to be transacted shall be given to the Members (other than any who, under the provisions of the Articles or the terms of allotment or issue of the shares, are not entitled to receive notice). Except in these circumstances it is not necessary to give notice of a meeting adjourned pursuant to Article 45 or of the business to be transacted at the adjourned meeting.

(B) The Board may determine that persons entitled to receive notice of an adjourned meeting in accordance with this Article are those persons entered on the Register at the close of business on a day determined by the Board, PROVIDED THAT the day determined by the Board may not be more than 21 days before the day that the relevant notice of meeting is being sent.

(C) The notice of an adjourned meeting given in accordance with this Article may also specify a time (which shall not be more than 48 hours before the time fixed for the meeting) by which a person must be entered on the Register in order to have the right to attend or vote at the meeting. Changes to entries on the Register after the time so specified in the notice shall be disregarded in determining the rights of any person to so attend or vote.

47 Business at adjourned meeting

No business may be transacted at an adjourned meeting other than the business which might properly have been transacted at the meeting from which the adjournment took place.

48 Accommodation of Members at meeting

If it appears to the Chairman that the meeting place specified in the notice convening the meeting is inadequate to accommodate all Members entitled and wishing to attend, the meeting shall be duly constituted and its proceedings valid if the Chairman is satisfied that adequate facilities are available to ensure that a Member who is unable to be accommodated is able to:

(i) participate in the business for which the meeting has been convened;

(ii) hear and see all persons present who speak (whether by the use of microphones, loud-speakers, audio-visual communications equipment or otherwise), whether in the meeting place or elsewhere; and

(iii) be heard and seen by all other persons present in the same way,

in which event the meeting shall be deemed to take place where the Chairman is present unless the Members resolve otherwise.

49 Security

The Board may make any arrangement and impose any restriction it considers appropriate to ensure the security of a meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of a person attending the meeting and the restriction of the items of personal property that may be taken into the meeting place. The Board may authorise one or more persons, who shall include a Director or the Secretary or the Chairman of the meeting to:

(i) refuse entry to a meeting to a person who refuses to comply with these arrangements or restrictions or who is, in the opinion of the Board, potentially disorderly; and

(ii) eject from a meeting any person who causes the proceedings to become disorderly.

VOTING

50 Method of voting

(A) At a general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands (or by a poll at the option of the Chairman of the meeting) unless (before or on the declaration of the result of the show of hands) a poll is properly demanded by:

(i) the Chairman of the meeting; or

(ii) a Member or Members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or

(iii) a Member or Members present in person or by proxy holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or

(iv) by not less than five Members present in person or by proxy and entitled to vote.

A demand by a proxy is deemed to be a demand by the Member appointing the proxy.

(B) Unless a poll is demanded (and the demand is not duly withdrawn), a declaration by the Chairman of the meeting that the resolution has been carried, or carried by a particular majority, or lost or not carried by a particular majority, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

51 Procedure on a poll

(A) If a poll is properly demanded, it shall be taken at the meeting at which the same is demanded or at such other time and place as the Chairman shall direct.

(B) If a poll is properly demanded, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman shall direct. He may appoint scrutineers, who need not be Members, and may fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

(C) A poll demanded on the election of a Chairman or on any question of adjournment shall be taken at the meeting and without adjournment. A poll demanded on another question shall be taken at such time and place as the Chairman decides, either at once or after an interval or adjournment (but not more than 30 clear days after the date of the demand).

(D) No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

(E) The demand for a poll may be withdrawn but only with the consent of the Chairman of the meeting. A demand withdrawn in this way validates the result of a show of hands declared before the demand was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand has not been made.

(F) The demand for a poll (other than on the election of the Chairman or on a question of adjournment) does not prevent the meeting continuing for the transaction of business other than the question on which a poll has been demanded.

(G) On a poll, votes may be given in person or by proxy and a Member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way, whether present in person or by proxy.

52 Votes of Members

(A) Subject to any special rights or restrictions as to voting attached to any class of shares by or in accordance with the Articles, at a general meeting:

(i) every Member (being an individual) present in person or (being a corporation) present by a duly authorised representative has on a show of hands one vote; and

(ii) every Member (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative has on a poll one vote for every share of which he is the holder.

(B) In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote or votes of the other joint holder or holders, and seniority is determined by the order in which the names of the holders stand in the Register.

(C) A Member in respect of whom an order has been made by a court or official having jurisdiction (whether in the Cayman Islands or elsewhere) that he is or may be incapable, is or may be of unsound mind, is or may be suffering from mental disorder or is otherwise incapable of running his affairs may vote, whether on a show of hands or on a poll, by his guardian, receiver, curator bonis or other person authorised for that purpose and appointed by the court or such official. A guardian, receiver, curator bonis or other authorised and appointed person may, on a poll, vote by proxy if evidence (to the satisfaction of the Board) of the authority of the person claiming to exercise the right to vote is received at the office (or at another place specified in accordance with the Articles for the delivery or receipt of forms of appointment of a proxy) or in any other manner specified in the Articles for the appointment of a proxy within the time limits prescribed by the Articles for the appointment of a proxy for use at the meeting, adjourned meeting or poll at which the right to vote is to be exercised.

(D) Where the Company has knowledge that any Member is, under the rules of a Recognised Investment Exchange on which shares are listed, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or

only against any particular resolution of the Company any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

53 Casting vote

In the case of an equality of votes whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to any vote to which he is entitled as a Member.

54 Restriction on voting rights for unpaid calls etc.

(A) A Member who has not paid any call for capital on any of his shares may not vote in right of those shares.

(B) Subject to the provisions of paragraph (A), unless the Board otherwise decides, no Member is entitled in respect of a share held by him to be present or to vote, either in person or by proxy, at a general meeting or at a separate meeting of the holders of a class of shares or on a poll, or to exercise other rights conferred by membership in relation to the meeting or poll, if a call or other amount due and payable in respect of the share is unpaid. This restriction ceases on payment of the amount outstanding and all costs, charges and expenses incurred by the Company by reason of the non-payment.

55 Voting by proxy

(A) An instrument appointing a proxy shall be in writing in any usual form (or in another form approved by the Board) executed under the hand of the appointor or his duly constituted attorney or, if the appointor is a company, under its seal or under the hand of its duly authorised officer or attorney or other person authorised to sign.

(B) Unless the contrary is stated in it, the appointment of a proxy shall be deemed to confer authority to demand or join in demanding a poll (but shall not confer any further right to speak at the meeting except with the permission of the Chairman) and to vote on a resolution or amendment of a resolution put to, or other business which may properly come before, the meeting or meetings for which it is given, as the proxy thinks fit.

(C) A proxy need not be a Member.

(D) A Member may appoint more than one proxy to attend on the same occasion. When two or more valid but differing appointments of proxy are delivered or received for the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.

(E) Delivery or receipt of an appointment of proxy does not prevent a member attending and voting in person at the meeting or an adjournment of the meeting or on a poll.

(F) The appointment of a proxy shall (unless the contrary is stated in it) be valid for an adjournment of the meeting as well as for the meeting or meetings to which it relates. The appointment of a proxy shall be valid for 12 months from the date of execution.

(G) Subject to any applicable rules of a Recognised Investment Exchange on which the Company's shares are listed, the Company may send a form of appointment of proxy to

all or none of the persons entitled to receive notice of and to vote at a meeting. If sent, the form shall provide for two-way voting on all resolutions set out in the notice of meeting.

56 Delivery of instrument of proxy

(A) The instrument appointing a proxy, and (if required by the Board) the power of attorney or other authority (if any) under which it is executed or a copy of it notarially certified or certified in some other way approved by the Board, shall be:

(i) delivered to the Office or elsewhere as specified in the notice convening the meeting or in an instrument of proxy or other accompanying document sent by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote;

(ii) in the case of a meeting adjourned for less than 28 days but more than 48 hours or in the case of a poll taken more than 48 hours after it is demanded, delivered as required by sub-paragraph (i) not less than 24 hours before the time appointed for the holding of the adjourned meeting or the taking of the poll; or

(iii) in the case of a meeting adjourned for not more than 48 hours or in the case of a poll not taken immediately but taken not more than 48 hours after it was demanded, delivered at the adjourned meeting or at the meeting at which the poll was demanded to the Chairman of the meeting or to the Secretary or to a Director.

An instrument of proxy not delivered in accordance with this Article is unless the Board directs otherwise invalid.

(B) Without limiting the foregoing, in relation to any shares which are held in uncertificated form, the Board may from time to time permit appointments of a proxy to be made by means of an uncertificated proxy instruction and may in a similar manner permit supplements to, or amendments or revocations of, any such uncertificated proxy instruction to be made by like means. The Board may in addition prescribe the method of determining the time at which any such uncertificated proxy instruction (and/or other instruction or notification) is to be treated as received by the Company or a participant acting on its behalf. The Board may treat any such uncertificated proxy instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder.

57 When votes by proxy valid although authority revoked

A vote cast or poll demanded by a proxy or authorised representative of a company is valid despite the previous death or insanity or revocation of the appointment of the proxy or of the authority under which the appointment was made unless notice of such prior death, insanity or revocation shall have been received by the Company at the Office or, in the case of a proxy, any other place specified for delivery or receipt of the form of appointment of proxy, not later than the last time at which an appointment of proxy should have been delivered in order to be valid for use at the meeting or adjourned meeting at which the vote is cast or the poll demanded or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for use on the holding of the poll at which the vote is cast.

58 Corporate representative

(A) Any body corporate which is a Member may by resolution of its own directors or other governing body authorise such one or more persons as it thinks fit to act as its representatives at any meeting of the Company or of any class of Members or to approve any resolution submitted in writing.

(B) Each representative so appointed shall be entitled to exercise on behalf of the body corporate which he represents (in respect of that part of the body corporate's holding of shares to which the authorisation relates) those powers that the body corporate could exercise if it were an individual Member, including (without limitation) power to vote on a show of hands or on a poll and to demand or concur in demanding a poll. The body corporate shall for the purposes of the Articles be deemed to be present in person at a meeting if a representative is present. All references to attendance and voting in person shall be construed accordingly.

(C) A director, secretary or some other person authorised for the purpose by the secretary may require any representative of any such body corporate to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.

(D) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including the right to vote individually on a show of hands.

59 Objections to and error in voting

No objection may be made to the qualification of a voter or to the counting of, or failure to count, a vote, except at the meeting or adjourned meeting at which the vote objected to is given or tendered or at which the error occurs and every vote not disallowed shall be valid for all purposes. An objection properly made shall be referred to the Chairman of the meeting and only invalidates the decision of the meeting on any resolution if, in the opinion of the Chairman, it is of sufficient magnitude to affect the decision of the meeting. The decision of the Chairman on such matters is conclusive and binding on all concerned.

60 Amendments to resolutions

(A) No amendment to a resolution duly proposed as a Special Resolution (other than an amendment to correct a patent error) may be considered or voted on. No amendment to a resolution duly proposed as an Ordinary Resolution (other than an amendment to correct a patent error) may be considered or voted on unless either:

(i) at least 48 hours before the time appointed for holding the meeting or adjourned meeting at which the Ordinary Resolution is to be considered, notice of the terms of the amendment and intention to move it has been lodged at the Office; or

(ii) the Chairman in his absolute discretion decides that the amendment may be considered or voted on.

(B) If an amendment proposed to a resolution under consideration is ruled out of order by the Chairman the proceedings on the substantive resolution are not invalidated by an error in his ruling.

61 Members' written resolutions

(A) A resolution in writing executed by or on behalf of each Member who would have been entitled to vote upon it if it had been proposed at a general meeting (or a class meeting) at which he was present shall be as effective as if it had been passed at a general meeting (or a class meeting) duly convened and held. The resolution in writing may consist of several instruments in the same form each duly executed by or on behalf of one or more Members. If the resolution in writing is described as a Special Resolution, it shall have effect accordingly.

(B) Notice specifying the proposed resolution in writing shall be given by the Company to each Member not less than one hour (or such shorter period as all the Members may in any particular case agree) before the time at which the Members are required to give their vote.

62 Class meetings

A separate meeting for the holders of a class of shares shall be convened and conducted as nearly as possible in the same way as an extraordinary general meeting, except that:

(i) no Member, other than a Director, is entitled to notice of it or to attend unless he is a holder of shares of that class;

(ii) no vote may be cast except in respect of a share of that class;

(iii) the quorum at the meeting is at least two persons present in person holding or representing by proxy at least one-third in nominal value of the issued shares of that class;

(iv) the quorum at an adjourned meeting is one person holding shares of that class present in person or by proxy; and

(v) a poll may be demanded in writing by a Member present in person or by proxy and entitled to vote at the meeting and on a poll each Member has one vote for every share of that class of which he is the holder.

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

63 Number of Directors

The first Directors of the Company shall be appointed by the subscribers to the Memorandum. Unless such subscribers appoint a sole Director and until otherwise determined by the Board the number of Directors shall be not less than two and shall not be subject to any maximum. At no time shall a majority of Directors be resident in the United Kingdom. Prior to each general meeting where directors are being elected, the Directors shall determine the number of vacancies for director to be filled at the meeting which, unless the Directors otherwise determine, shall be equal to the number of Directors then in office.

64 Power of the Company to appoint Directors

Subject to the Articles, the Company may by Ordinary Resolution appoint any person to be a Director either to fill a vacancy or as an addition to the Board.

65 Power of the Board to appoint Directors

Without prejudice to the power of the Company to appoint a person to be a Director pursuant to the Articles, the Board shall have power at any time to appoint any person to be a Director either to fill a vacancy or as an addition to the Board. Any Director appointed in this way may hold office only until the dissolution of the next annual general meeting after his appointment unless he is reappointed during that meeting.

66 Appointment of executive directors and agreements for services

(A) The Board may appoint one or more of its body to hold employment or executive office with the Company for such term and on such other terms and conditions as the Board thinks fit. The Board may revoke or terminate an appointment, without prejudice to a claim for damages for breach of the contract of service (or other contract) between the Director and the Company or otherwise.

(B) The Board may enter into an agreement or arrangement with any Director for the provision of any services outside the scope of the ordinary duties of a Director. Any such agreement or arrangement may be made on such terms and conditions as the Board thinks fit and (without prejudice to any other provision of the Articles) it may remunerate any such Director for his services as it thinks fit (whether by way of salary, percentage of profits or otherwise and either in addition to or in substitution for any other remuneration which he may be entitled to receive).

67 Eligibility of new Directors

(A) No person other than a Director retiring (by rotation or otherwise) may be appointed or reappointed a Director at a general meeting unless:

(i) he is recommended by the Board; or

(ii) no earlier than one day after the notice of the meeting is sent to Members and no later than 7 days before the date fixed for the meeting, there shall have been left at the Office notice in writing signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting of his intention to propose that person for appointment or reappointment together with notice in writing signed by that person of his willingness to be appointed or reappointed.

(B) A Director need not be a Member.

68 Voting on resolution for appointment

(A) A resolution for the appointment of two or more persons as Directors by a single resolution is void unless an Ordinary Resolution that the resolution for appointment is proposed in this way has first been agreed to by the meeting without a vote being given against it.

69 Retirement of Directors

At each annual general meeting all the Directors then in office shall retire but, if qualified, shall be eligible for re-election. The election shall be by Ordinary Resolution. If an election of Directors is not held at the proper time, the incumbent Directors shall continue in office until such election takes place.

70 Removal by Ordinary Resolution

The Company may by Ordinary Resolution remove a Director before the expiry of his period of office (without prejudice to a claim for damages for breach of contract or otherwise) and may (subject to the Articles) by Ordinary Resolution appoint another person who is willing to act to be a Director in his place. A person appointed in this way is treated, for the purposes of determining the time at which he or another Director is to retire, as if he had become a Director on the date on which the person in whose place he is appointed was last appointed or reappointed a Director.

71 Vacation of office by Director

(A) Without prejudice to the provisions for retirement (by rotation or otherwise) contained in the Articles, the office of a Director is vacated if:

(i) he resigns by notice sent to or deposited at the Office or tendered at a Board meeting; or

(ii) where he has been appointed for a fixed term, the term expires; or

(iii) he ceases to be a Director by virtue of a provision of the Law, is removed from office pursuant to the Articles or becomes prohibited by law from being a Director; or

(iv) he becomes bankrupt, insolvent, or makes any arrangement or composition with his creditors generally; or

(v) he is or has been suffering from mental ill health or becomes a patient for the purpose of any statute relating to mental health or any court claiming jurisdiction on the ground of mental disorder (however stated) makes an order for his detention or for the appointment of a guardian, receiver or other person (howsoever designated) to exercise powers with respect to his property or affairs, and in any such case the Board resolves that his office be vacated; or

(vi) both he and his alternate director appointed pursuant to the provisions of the Articles (if any) are absent, without the permission of the Board, from Board meetings for six consecutive months and the Board resolves that his office be vacated; or

(vii) he is removed from office by notice addressed to him at his last-known address and signed by all his co-Directors (without prejudice to a claim for damages for breach of contract or otherwise); or

(viii) if he becomes resident in the United Kingdom and, as a result thereof, a majority of the Directors are resident in the United Kingdom.

(B) A resolution of the Board declaring a Director to have vacated office under the terms of this Article is conclusive as to the fact and grounds of vacation stated in the resolution.

(C) If the office of a Director is vacated for any reason, he shall cease to be a member of any committee of the Board.

72 Approval of certain payments

The Board shall obtain the approval of the Company by Ordinary Resolution in a meeting before making any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

ALTERNATE DIRECTORS

73 Appointment

(A) Any Director (other than an alternate director) may by notice sent to or deposited at the Office or tendered at a Board meeting, or in any other manner approved by the Board, appoint as his alternate director to attend and vote in his place at any meeting of the Directors at which he is not personally present or to undertake and perform such duties and functions and to exercise such rights as he could personally:

(i) another Director, or

(ii) another person approved by the Board and willing to act.

(B) Any such appointment may be made generally or specifically or for any period or for any particular meeting and with and subject to any particular restrictions.

(C) An alternate director need not be a Member and is not counted in reckoning the number of Directors for the purpose of Article 63.

74 Revocation of appointment

A Director may by notice delivered to the Secretary at the Office or tabled at a meeting of the Board revoke the appointment of his alternate director and, subject to the provisions of Article 73, appoint another person in his place. If a Director ceases to hold the office of Director or if he dies, the appointment of his alternate director automatically ceases. If a Director retires but is reappointed or deemed reappointed at the meeting at which his retirement takes effect, a valid appointment of an alternate director which was in force immediately before his retirement continues to operate after his reappointment as if he has not retired. The appointment of an alternate director ceases on the happening of an event which, if he were a Director otherwise appointed, would cause him to vacate office.

75 Participation in Board meetings

(A) Every alternate director while he holds office as such shall be entitled:

(i) if his appointor so directs the Secretary to notice of meetings of the Directors and all committees of the Board of which his appointor is a member; and

(ii) to attend and to exercise (subject to any restrictions) all the rights and privileges of his appointor at all such meetings at which his appointor is not personally present.

(B) A Director acting as alternate director has a separate vote at meetings of the Board and committees of the Board for each Director for whom he acts as alternate director but he counts as only one for the purpose of determining whether a quorum is present.

(C) Without prejudice to Article 74, every alternate director shall ipso facto vacate office if and when his appointment expires by effluxion of time.

76 Responsibility

A person acting as an alternate director is an officer of the Company, is alone responsible to the Company for his acts and defaults, and is not deemed to be the agent of his appointor.

REMUNERATION, EXPENSES AND PENSIONS

77 Directors' fees

The Company shall pay to the Directors (but not alternate directors) for their services as Directors out of the funds of the Company by way of fees such sums as the Board decides. The aggregate fees shall be divided among the Directors in such proportions as the Board decides or, if no decision is made, equally. A fee payable to a Director pursuant to this Article is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of the Articles or otherwise and accrues from day to day.

78 Additional remuneration

A Director who, at the request of the Board, goes or resides in any country not his usual place of residence, makes a special journey or performs a special service on behalf of the Company may receive such sum as the Board may think fit for expenses and be paid such reasonable additional remuneration (whether by way of salary, percentage of profits or otherwise) as the Board may decide either in addition to or in substitution for any other remuneration which he may be entitled to receive.

79 Expenses

A Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as Director commensurate with his status within the Company including, without limitation, expenses incurred in attending meetings of the Board or of committees of the Board or general meetings or separate meetings of the holders of a class of shares or debentures.

80 Remuneration and expenses of alternate directors

An alternate director is not entitled to a fee from the Company for his services as an alternate director. The fee payable to an alternate director is payable out of the fee payable to his appointor and consists of such portion (if any) of the fee as he agrees with his appointor. The Company shall, however, repay to an alternate director expenses incurred by him in the performance of his duties if the Company would have been required to repay the expenses to him under Article 79 had he been a Director.

81 Remuneration of executive director

The salary or fees or other remuneration of a Director appointed to hold employment or executive office in accordance with the Articles may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the Board, and may be in addition to or instead of a fee payable to him for his services as Director pursuant to the Articles.

POWERS AND DUTIES OF THE BOARD

82 Powers of the Board

Subject to the Law, the Memorandum and the Articles and to directions given by Special Resolution of the Company, the business of the Company shall be managed by the Board which may exercise all the powers of the Company as are not required to be exercised by the Company in general meeting and whether relating to the management of the business or not. No alteration of the Memorandum or of the Articles and no direction given by the Company shall invalidate a prior act of the Board which would have been valid if the alteration had not been made or the direction had not been given. The provisions of the Articles giving specific powers to the Board do not limit the general powers given by this Article.

83 Powers of Directors being less than minimum required number

If the number of Directors is less than the minimum prescribed by the Articles or decided by the Company by Ordinary Resolution or if a majority of the Directors is, notwithstanding the Articles, resident in the United Kingdom, the remaining Director or Directors may act only for the purposes of (a) appointing an additional Director or Directors to make up that minimum or ensure that a majority of the Directors is not resident in the United Kingdom or (b) convening a general meeting of the Company for the purpose of making such appointment. If no Director or Directors is or are able or willing to act, two Members may convene a general meeting for the purpose of appointing Directors. An additional Director appointed in this way holds office (subject to the Articles) only until the dissolution of the next annual general meeting after his appointment unless he is reappointed during the meeting.

84 Delegation to individual Directors

The Board may delegate to any Director any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit provided that such Director is not resident in the United Kingdom. In particular, without limitation, the Board may grant the power to sub-delegate, and may retain or exclude the right of the Board to exercise the delegated powers, authorities or discretions collaterally with the Director. The Board may at any time revoke the delegation or alter its terms and conditions.

85 Delegation to committees

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to a committee consisting of one or more Directors and (if thought fit) one or more other persons provided that a majority of the members of any committee (other than the remuneration committee, the audit committee and any reserves committee) shall not consist of persons who are resident in the United Kingdom. A committee may exercise its power to sub-delegate by sub-delegating to any person or persons (whether

or not a member or members of the Board or of the committee). The Board may retain or exclude its right to exercise the delegated powers, authorities or discretions collaterally with the committee. The Board may at any time revoke the delegation or alter any terms and conditions or discharge the committee in whole or in part. Where a provision of the Articles refers to the exercise of a power, authority or discretion by the Board (including, without limitation, the power to pay fees, remuneration, additional remuneration, expenses and pensions and other benefits pursuant to Articles 66 and 77 to 81) and that power, authority or discretion has been delegated by the Board to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee.

86 Agents

The Board may by power of attorney (signed in such manner as the directors may determine) or otherwise appoint a person to be the agent of the Company and may delegate to that person any of its powers, authorities and discretions for such purposes, for such time and on such terms and conditions (including as to remuneration) as it thinks fit. In particular, without limitation, the Board may grant the power to sub-delegate and may retain or exclude the right of the Board to exercise the delegated powers, authorities or discretions collaterally with the agent. The Board may at any time revoke or alter the terms and conditions of the appointment or delegation.

87 Exercise of voting powers

Subject to Article 88, the Board may exercise or cause to be exercised the voting powers conferred by shares in the capital of another company held or owned by the Company, or a power of appointment to be exercised by the Company, in any manner it thinks fit (including the exercise of the voting power or power of appointment in favour of the appointment of a Director as an officer or employee of that company or in favour of the payment of remuneration to the officers or employees of that company).

88 Borrowing powers

(A) The Board may exercise all the powers of the Company to borrow or raise money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking property or assets (present or future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

(B) If prohibited by the rules in effect from time to time of a Recognised Stock Exchange on which shares are listed, the Company shall not directly or indirectly:

(i) make a loan to a Director or a director of any holding company of the Company or to any of their respective associates (as defined by the rules where applicable, of such Recognised Investment Exchange);

(ii) enter into any guarantee or provide any security in connection with a loan made by any person to a Director or such a director; or

(iii) if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

89 Directors' interests

(A) If he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:

(i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;

(ii) may be a director or other officer of, or employed by, or 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 otherwise interested; and

(iii) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office 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.

(B) For the purposes of (A) above:

(i) a general notice given 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; and

(ii) 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.

90 Participation of interested Director

(A) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters:

(i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under the guarantee or indemnity or by the giving of security;

(iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other

securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interest in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associate is derived); or

(vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(B) A company shall be deemed to be a company in which a Director and/or his associate(s) is materially interested in if such Director and/or his associates (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested on as a unit holders.

(C) Where a company in which a Director and/or his associate(s) is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transactions.

(D) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.

91 Execution of cheques promissory notes etc.

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn,

accepted, endorsed or otherwise executed in such manner as the Board shall at any time determine.

PROCEEDINGS OF DIRECTORS AND COMMITTEES

92 Board meetings

Subject to the Articles, the Board may meet for the despatch of business, adjourn and otherwise regulate its proceedings as it thinks fit. All meetings of Directors shall take place outside the United Kingdom and any decision reached or resolution passed by the Directors at any meeting held within the United Kingdom or at which a majority of the Directors present are resident in the United Kingdom shall be invalid and of no effect.

93 Notice of Board meetings

A Director may, and the Secretary at the request of a Director shall, summon a Board meeting at any time. The Board may determine the notice necessary for its meetings and the persons to whom such notice shall be given. Unless otherwise determined by the Board, notice of a Board meeting is deemed to be duly given to a Director if it is given to him personally or by word of mouth or sent in writing to him at his last-known address or another address given by him to the Company for that purpose. A Director may waive any requirement that notice be given to him of a Board meeting, either prospectively or retrospectively.

94 Quorum

The quorum necessary for the transaction of business may be decided by the Board and until otherwise decided is two Directors present in person or by alternate director. A duly convened meeting of the Board at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Board.

95 Chairman of Board

The Chairman of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a Director and is present at the meeting: chairman of the Board, vice chairman of the Board, chief executive officer, president, or a vice-president. If no such officer is present, the directors present shall choose one of their number to be chairman.

96 Voting

At all meetings of the Board every question shall be decided by a majority of the votes cast on the question of those Directors entitled to vote and each such Director shall be entitled to one vote. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote and the relevant question shall be considered again at the next meeting of the Board.

97 Participation by telephone

A Director or his alternate director (in each case PROVIDED THAT a majority of the Directors participating are not physically present in the United Kingdom at the time of such meeting) may participate in a meeting of the Board or a committee of the Board through the medium of conference telephone, video teleconference or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. All business transacted in this way by the Board or a committee of the Board is for the purposes of the Articles deemed to be validly and effectively transacted at a

meeting of the Board or a committee of the Board although fewer than two Directors or alternate directors are physically present at the same place. The meeting is deemed to take place where the Chairman of the meeting then is.

98 Resolution in writing

A resolution in writing executed by all Directors for the time being entitled to receive notice of a Board meeting and not being less than a quorum or by all members of a committee of the Board for the time being entitled to receive notice of a committee meeting and not being less than a quorum is as valid and effective for all purposes as a resolution passed at a meeting of the Board (or committee, as the case may be). The resolution in writing may consist of several documents in the same form each executed by one or more of the Directors or members of the relevant committee and may be transmitted to the Company by facsimile transmission. The resolution in writing need not be executed by an alternate director if it is executed by his appointor and a resolution executed by an alternate director need not be executed by his appointor. No such resolution shall be valid if a majority of the Directors sign the resolution in the United Kingdom.

99 Proceedings of committees

(A) Proceedings of any committee of the Board consisting of two or more members shall be conducted in accordance with terms prescribed by the Board (if any). Subject to those terms and paragraph (B) of this Article, such committees (other than the remuneration committee, audit committee and any reserves committee) shall meet only outside the United Kingdom and proceedings shall be conducted in accordance with applicable provisions of the Articles regulating the proceedings of the Board.

(B) Where the Board resolves to delegate any of its powers, authorities and discretions to a committee and that resolution states that the committee shall consist of any one or more unnamed Directors, it is not necessary to give notice of a meeting of that committee to Directors other than the Director or Directors who form the committee.

100 Minutes of proceedings

(A) The Board shall cause minutes to be made in books kept for the purpose of:

(i) all appointments of officers and committees made by the Board and of any remuneration fixed by the Board; and

(ii) the names of Directors present at every meeting of the Board, committees of the Board, the Company or the holders of a class of shares or debentures, and all orders, resolutions and proceedings of such meetings.

(B) If purporting to be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, minutes are receivable as prima facie evidence of the matters stated in them.

101 Validity of proceedings of Board or committee

All acts done by a meeting of the Board, or of a committee of the Board, or by a person acting as a Director, alternate director or member of a committee are, notwithstanding that it is afterwards discovered that there was a defect in the appointment of a person or persons acting, or that they or any of them were or was disqualified from holding office or not entitled to vote, or had in any way vacated their or his office, as valid as if every

such person had been duly appointed, and was duly qualified and had continued to be a Director, alternate director or member of a committee and entitled to vote.

SECRETARY, SEALS AND AUTHENTICATION OF DOCUMENTS

102 Secretary

(A) The Secretary shall be appointed by the Board. Anything required or authorised to be done by or to the Secretary, may, if the office is vacant or there is for any other reason no Secretary capable of acting be done by or to any Assistant or Deputy Secretary or if there is no Assistant or Deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors PROVIDED THAT any provisions of the Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

(B) No person shall be appointed or hold office as Secretary who is:

(i) the sole Director of the Company, or

(ii) a corporation the sole Director of which is the sole Director of the Company, or

(iii) the sole Director of a corporation which is the sole Director of the Company.

103 Authentication of documents

A Director or the Secretary or another person appointed by the Board for the purpose may authenticate documents affecting the constitution of the Company (including, without limitation, the Memorandum and the Articles) and resolutions passed by the Company or holders of a class of shares or the Board or a committee of the Board and books, records, documents and accounts relating to the business of the Company, and to certify copies or extracts as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having their custody shall be deemed to be a person appointed by the Board as aforesaid.

104 Seals

(A) The Company may, if the Board so determine, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of Directors authorised by the Board. The Board may determine who shall sign any instrument to which the seal is affixed, and unless otherwise so determined every such instrument shall be signed by a Director and by the Secretary or by a second Director.

(B) The Company may have for use in any place or places outside the Islands a duplicate Seal or Seals, each of which shall be a facsimile of the Seal of the Company and, if the Board so determine, shall have added on its face the name of every place where it is to be used.

(C) The Board may by resolution determine (i) that any signature required by this Article need not be manual, but may be affixed by some other method or system of reproduction or mechanical or electronic signature and/or (ii) that any document may bear a printed facsimile of the Seal in lieu of affixing the Seal thereto.

(D) No document or deed otherwise duly executed and delivered by or on behalf of the Company shall be regarded as invalid merely because at the date of the delivery of the deed or document, the Director, Secretary or other officer or person who shall have executed the same or affixed the Seal thereto, as the case may be, for and on behalf of the Company shall have ceased to hold such office and authority on behalf of the Company.

DIVIDENDS AND OTHER PAYMENTS

105 Declaration of dividends

(A) Subject to the Law, the Board may declare dividends in accordance with the respective rights of the Members and authorize the payment of the same out of the funds of the Company lawfully available therefor.

(B) Subject to the provisions of the Law, the Company may by Ordinary Resolution declare dividends in accordance with the respective rights of the Members, but no dividend shall exceed the amount recommended by the Board.

(C) No dividend shall be payable except in accordance with the provisions of the Law.

(D) Subject to the provisions of the Law, the determination of the Board as to the amount at any time available for distribution by way of dividend shall be conclusive.

106 Interim dividends

Subject to the Law, the Board may declare and pay such interim dividends (including, without limitation, a dividend payable at a fixed rate) as appear to it to be justified by the profits of the Company available for distribution. No interim dividend shall be declared or paid on shares which do not confer preferred rights with regard to dividend if, at the time of declaration, any dividend on shares which do confer a right to a preferred dividend is in arrears. If the Board acts in good faith, it does not incur any liability to the holders of shares conferring preferred rights for a loss they may suffer by the lawful payment of an interim dividend on shares ranking after those with preferred rights.

107 Entitlement to dividends

(A) Except as otherwise provided by the rights attached to, or the terms of issue of, shares:

(i) a dividend shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid, but no amount paid up on a share in advance of a call may be treated for the purpose of this Article as paid up on the share; and

(ii) dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

(B) Except as otherwise provided by the rights attached to shares, dividends may be declared or paid in any currency. The Board may agree with any Member that dividends which may at any time or from time to time be declared or become due on his shares in one currency shall be paid or satisfied in another, and may agree the basis of conversion to be applied and how and when the amount to be paid in the other currency

shall be calculated and paid and for the Company or any other person to bear any costs involved.

108 Retention of dividends etc.

(A) The Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.

(B) The Board may retain dividends payable upon shares in respect of which any person is entitled to become a Member until such person has become a Member.

109 Method of payment

(A) The Company may pay any dividend, interest or other amount payable in respect of a share:

(i) in cash;

(ii) by cheque, warrant or money order made payable to or to the order of the person entitled to the payment (and may, at the Company's option, be crossed "account payee" where appropriate);

(iii) by a bank or other funds transfer system to an account designated in writing by the person entitled to the payment;

(iv) if the Board so decides, by means of a relevant system in respect of an uncertificated share, subject to any procedures established by the Board to enable a holder of uncertificated shares to elect not to receive dividends by means of a relevant system and to vary or revoke any such election; or

(v) by such other method as the person entitled to the payment may in writing direct and the Board may agree.

(B) The Company may send a cheque, warrant or money order by post:

(i) in the case of a sole holder, to his registered address;

(ii) in the case of joint holders, to the registered address of the person whose name stands first in the Register;

(iii) in the case of a person or persons entitled by transmission to a share, as if it were a notice given in accordance with Article 130; or

(iv) in any case, to a person and address that the person or persons entitled to the payment may in writing direct.

(C) Where a share is held jointly or two or more persons are jointly entitled by transmission to a share:

(i) the Company may pay any dividend, interest or other amount payable in respect of that share to any one joint holder, or any one person entitled by transmission to the share, and in either case that holder or person may give an effective receipt for the payment; and

(ii) for any of the purposes of this Article 109, the Company may rely in relation to a share on the written direction or designation of any one joint holder of the share, or any one person entitled by transmission to the share.

(D) Every cheque, warrant or money order sent by post is sent at the risk of the person entitled to the payment. If payment is made by bank or other funds transfer, by means of a relevant system or by another method at the direction of the person entitled to payment, the Company is not responsible for amounts lost or delayed in the course of making that payment.

(E) The Board may withhold payment of a dividend (or part of a dividend) payable to a person entitled by transmission to a share until he has provided any evidence of his right that the Board may reasonably require.

110 Dividends not to bear interest

No dividend or other amount payable by the Company on or in respect of a share bears interest as against the Company unless otherwise provided by the rights attached to the share.

111 Calls or debts may be deducted from dividends etc.

The Board may deduct from any dividend or other amounts payable to a person in respect of a share all sums of money (if any) due from him to the Company on account of a call or otherwise in relation to a share.

112 Unclaimed dividends etc.

Any unclaimed dividend, interest or other amount payable by the Company in respect of a share may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. A dividend unclaimed for a period of 12 years from the date it was declared or became due for payment is forfeited and ceases to remain owing by the Company. The payment of an unclaimed dividend, interest or other amount payable by the Company in respect of a share into a separate account does not constitute the Company a trustee in respect of it.

113 Uncashed dividends

If, in respect of a dividend or other amount payable in respect of a share, on any two consecutive occasions:

(i) a cheque, warrant or money order is returned undelivered or left uncashed; or

(ii) a transfer made by a bank or other funds transfer system is not accepted,

and reasonable enquiries have failed to establish another address or account of the person entitled to the payment, the Company is not obliged to send or transfer a dividend or other amount payable in respect of that share to that person until he notifies the Company of an address or account to be used for that purpose. If the cheque, warrant or money order is returned undelivered or left uncashed or transfer not accepted on two consecutive occasions, the Company may exercise this power without making any such enquiries.

114 Payment of dividends in specie

Without prejudice to Article 115, the Board may, direct that payment of a dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid-up shares or debentures of another company. Where a difficulty arises in connection with the distribution, the Board may settle it as it thinks fit and in particular, without limitation, may:

(i) issue fractional certificates (or ignore fractions);

(ii) fix the value for distribution of the specific assets (or any part of them);

(iii) decide that a cash payment be made to a Member on the basis of the value so fixed, in order to secure equality of distribution; and

(iv) vest assets in trustees on trust for the persons entitled to the dividend as seems expedient to the Board.

115 Payment of scrip dividends

(A) Subject to the Law, the Board may, with the prior authority of an Ordinary Resolution of the Company, allot to those holders of a particular class of shares who have elected to receive them further shares of that class or ordinary shares in either case credited as fully paid ("**new shares**") instead of cash in respect of all or part of a dividend or dividends specified by the resolution, subject to any exclusions, restrictions or other arrangements the Board may in its absolute discretion deem necessary or expedient to deal with legal or practical problems under the laws of, or the requirements of a recognised regulatory body or a stock exchange in, any territory.

(B) The Board shall determine the basis of allotment of new shares so that, as nearly as may be considered convenient without involving rounding up of fractions, the value of the new shares (including a fractional entitlement) to be allotted (calculated by reference to the average quotation, or the nominal value of the new shares, if greater) equals (disregarding any associated tax credit) the amount of the dividend which would otherwise have been received by the holder (the "**relevant dividend**"). For this purpose the "**average quotation**" of each of the new shares is the volume weighted average trading price for a fully-paid share of the Company of that class derived from any Recognised Investment Exchange on which the shares of the Company are listed (or such other average value derived from such other source as the Board may deem appropriate) for the business day on which the relevant class of shares is first quoted "ex" the relevant dividend (or such other date as the Board may deem appropriate) and the four subsequent business days or shall be as determined by or in accordance with the resolution under paragraph (A). A certificate or report by the Auditors as to the value of the new shares to be allotted in respect of any dividend shall be conclusive evidence of that amount.

(C) The Board may make any provision it considers appropriate in relation to an allotment made or to be made pursuant to this Article (whether before or after the passing of the resolution under paragraph (A) of this Article), including, without limitation:

(i) the giving of notice to holders of the right of election offered to them;

(ii) the provision of forms of election (whether in respect of a particular dividend or dividends generally);

(iii) determination of the procedure for making and revoking elections;

(iv) the place at which, and the latest time by which, forms of election and other relevant documents must be lodged in order to be effective; and

(v) the disregarding or rounding up or down or carrying forward of fractional entitlements, in whole or in part, or the accrual of the benefit of fractional entitlements to the Company (rather than to the holders concerned).

(D) The dividend (or that part of the dividend in respect of which a right of election has been offered) is not declared or payable on shares in respect of which an election has been duly made (the "**elected shares**"); instead new shares are allotted to the holders of the elected shares on the basis of allotment calculated as in paragraph (B) of this Article.

(E) The new shares rank *pari passu* in all respects with each other and with the fully-paid shares of the same class in issue on the record date for the dividend in respect of which the right of election has been offered, but they will not rank for a dividend or other distribution or entitlement which has been declared or paid by reference to that record date.

(F) In relation to any particular proposed dividend, the Board may in its absolute discretion decide:

(i) that Members shall not be entitled to make any election in respect thereof and that any election previously made shall not extend to such dividend; or

(ii) at any time prior to the allotment of the new shares which would otherwise be allotted in lieu thereof that all elections to take ordinary shares in lieu of such dividend shall be treated as not applying to that dividend,

and if so the dividend shall be paid in cash as if no elections had been made in respect of it.

Capitalisation of Profits

116 Capitalisation of profits

The Board may:

(A) subject as provided in this Article, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;

(B) appropriate the sum resolved to be capitalised to the Members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to such sum, and allot the shares or debentures credited as fully paid to those Members, or as they may direct, in those proportions, or partly in one way and partly in the other;

(C) resolve that any shares so allotted to any Member in respect of a holding by him of any partly-paid shares rank for dividend, so long as such shares remain partly paid, only to the extent that such partly-paid shares rank for dividend;

(D) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this Article in fractions; and

(E) authorise any person to enter on behalf of all the Members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they may be entitled upon such capitalisation, any agreement made under such authority being binding on all such Members.

Share Premium Account

117 Share premium account

(A) The Board shall in accordance with section 34 of the Law establish a share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share or capital contributed.

(B) There shall be debited to any share premium account:

(i) on the redemption or purchase of a share the difference between the nominal value of such share and the redemption or purchase price provided always that at the discretion of the Board such sum may be paid out of the profits of the Company or, if permitted by section 37 of the Law, out of capital; and

(ii) any other amounts paid out of any share premium account as permitted by section 34 of the Law.

RECORD DATES

118 Power to choose any record date

Notwithstanding any other provision of the Articles, but subject to the rights attached to shares, the Company or the Board may fix any date as the record date for a dividend, distribution, allotment or issue. The record date may be on or at any time before or after a date on which the dividend, distribution, allotment or issue is declared, made or paid.

ACCOUNTS

119 Keeping and inspection of accounts and other documents

(A) The Board shall cause proper books of account to be kept with respect to all the transactions, assets and liabilities of the Company in accordance with the Law.

(B) The books of account shall be kept at the Office or at such other place as the Board shall think fit and shall at all times be open to the inspection of the Board.

(C) The Board shall determine whether and to what extent and at what times and places and under what conditions the accounts books and documents of the Company shall be open

to inspection and no person other than a Director or Auditor or other person whose duty requires and entitles him to do so shall have any right of inspecting any account or book or document except as provided by the Law or authorised by the Board or by the Company in general meeting.

120 Balance sheet etc to be laid before the Company at annual general meeting

A balance sheet shall be laid before the Company at its annual general meeting in each year and such balance sheet shall contain a general summary of the assets and liabilities of the Company. The balance sheet shall be accompanied by a report of the Directors as to the state of the Company as to the amount (if any) which they recommend to be paid by way of dividend and the amount (if any) which they have carried or propose to carry to reserve. The Auditors' report shall be attached to the balance sheet or there shall be inserted at the foot of the balance sheet a reference to the report.

121 Accounts to be sent to Members etc.

A copy of every profit and loss account and balance sheet and of all documents annexed thereto including the reports of the Directors and the Auditors shall, at the time the notice of meeting for the annual meeting is delivered to Members, be delivered or sent by post to each Member and to the Auditors. Any holder may by written notice served on the Company waive this requirement.

AUDITORS

122 Appointment of Auditors

(A) A Director shall not be capable of being appointed as an Auditor.

(B) A person other than a retiring Auditor shall not be capable of being appointed Auditor at an ordinary general meeting unless notice of intention to nominate that person as Auditor has been given by a Member to the Company not less than thirty days before the meeting and the Board shall send a copy of any such notice to the retiring Auditor and shall give notice to the Members not less than seven days before the meeting PROVIDED THAT if after notice of the intention to nominate an Auditor has been so given a meeting is called for a date fourteen days or less after such notice has been given the requirements of this provision as to time in respect of such notice shall be deemed to have been satisfied and the notice to be sent or given by the Company may instead of being sent or given within the time required by this Article be sent or given at the same time as the notice of the meeting.

(C) The first Auditors shall be appointed by the Board before the first general meeting and they shall hold office until the first ordinary general meeting unless previously removed in which case the Members at such meeting may appoint the Auditors.

(D) The Board may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditors (if any) may act.

(E) Any Auditor shall be eligible for re-election.

(F) Where permitted by applicable law, at a general meeting where auditors are being elected the Ordinary Resolution for the election of auditor shall provide the option for Members to vote in favour of the resolution or to withhold their votes with respect to the resolution. After all resolutions for election of auditors have been voted on, the

nominee receiving the highest number of votes in favour of their election shall be elected as auditor.

123 Auditor's remuneration

The remuneration of the Auditors shall be fixed by the Company in general meeting or in such manner as the Company may determine except that the remuneration of any Auditors appointed by the Board shall be fixed by the Directors.

124 Rights of the Auditor

Every Auditor shall have a right of access at all times to the books accounts and documents of the Company and as regards books accounts and documents of which the originals are not readily available shall be entitled to rely upon copies or extracts certified by an officer of the Company and shall be entitled to require from the Board such information and explanations as may be necessary for the performance of their duties and the Auditors shall make a report to the Members on the accounts examined by them and the report shall state whether in their opinion the accounts give a true and fair view of the state of the Company's affairs and whether they have been prepared in accordance with the Law.

NOTICES

125 Notices to be in writing

A notice to be given to or by a person pursuant to the Articles shall be in writing except that a notice convening a meeting of the Board or of a committee of the Board need not be in writing.

126 Service of notices and other documents on Members

(A) A notice may be given by the Company to any Member either personally or by sending it by prepaid post addressed to such Member at his registered address or if he desires that notices shall be sent to some other address or person to the address or person nominated for such purpose.

(B) In the case of joint holders of a share, a notice or other document shall be given to whichever of them is named first in the Register in respect of the joint holding and notice given in this way is sufficient notice to all joint holders.

(C) The Company shall, where no other period is specified in the Articles, give all Members sufficient notice to enable them to exercise their rights or comply with the terms of the notice.

127 Notice by advertisement

If by reason of the suspension or curtailment of postal services where the Company is unable effectively to convene a general meeting by notices sent by post, the Board may, in its absolute discretion and as an alternative to any other method of service permitted by the Articles, but subject to any applicable legal requirements, resolve to convene a general meeting by a notice advertised in at least one Canadian national newspaper and such other newspapers as may be required by any Recognised Investment Exchange on which shares are listed. In this case the Company shall send confirmatory copies of the notice to those Members by post if at least seven clear days before the meeting the posting of notices again becomes practicable.

128 Evidence of service

(A) A notice or other document addressed to a Member at his registered address or at his address for service is, if sent by post, deemed to be given within 48 hours after it has been posted, and in proving service it is sufficient to prove that the envelope containing the notice or document was properly addressed and duly posted.

(B) A notice or document not sent by post but left at a registered address or at an address for service is deemed to be given on the day it is left.

(C) Where notice is given by newspaper advertisement, the notice is deemed to be given to all Members and other persons entitled to receive it at noon on the day when the advertisement appears or, where notice is given by more than one advertisement and the advertisements appear on different days, at noon on the last of the days when the advertisements appear.

(D) A notice or other document served or delivered by the Company by any other means authorised in writing by the Member concerned is deemed to be served when the Company has taken the action it has been authorised to take for that purpose.

(E) A Member present in person or by proxy at a meeting of Members or of the holders of a class of shares is deemed to have received due notice of the meeting and, where required, of the purposes for which it was called.

129 Notice valid notwithstanding death, disability, insolvency etc and binding on transferees

(A) Any notice or document delivered or sent by post to or left at the registered address of any Member shall notwithstanding the death disability or insolvency of such Member and whether the Company has notice thereof be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in any such share.

(B) A person who becomes entitled to a share by transmission, transfer or otherwise is bound by a notice in respect of that share which, before his name is entered in the Register, has been properly served on a person from whom he derives his title.

130 Notice in case of entitlement by transmission

Where a person is entitled by transmission to a share, the Company may give a notice or other document to that person as if he were the holder of a share by addressing it to him by name or by the title of representative of the deceased or trustee of the bankrupt Member (or by similar designation) at an address supplied for that purpose by the person claiming to be entitled by transmission. Until an address has been supplied, a notice or other document may be given in any manner in which it might have been given if the death or bankruptcy or other event had not occurred. The giving of notice in accordance with this Article is sufficient notice to any other person interested in the share.

WINDING UP

131 Distribution of assets

If the Company is wound up, the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Law, divide among the Members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Members as he with the like sanction determines, but no Member shall be compelled to accept any assets upon which there is a liability.

132 Insufficient assets

If the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

INDEMNITY AND INSURANCE

133 Indemnity of officers and power to purchase insurance

(A) Without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was a Director, alternate director or Secretary of the Company and their respective heirs and executors shall be entitled to be indemnified (to the extent permitted by applicable law) out of the assets and profits of the Company from and against all actions, expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they may incur by or through their own wilful act, neglect or default respectively and none of them shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or assets of the Company may be lodged or deposited for safe custody or for any bankers or other persons into whose hands any money or assets of the Company may come or for any defects of title of the Company to any property purchased or for insufficiency or deficiency of or defect in title of the Company to any security upon which any moneys of the Company shall be placed out or invested or for any loss, misfortune or damage resulting from any such cause as aforesaid or which may happen in or about the execution of their respective offices or trusts except should the same happen by or through their own wilful act, neglect or default.

(B) Without prejudice to any other provisions of the Articles, the Board may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is or was a Director, alternate director, Secretary or auditor of the Company or of a company which is or was a subsidiary undertaking of the Company or in which the Company has or had an interest (whether direct or indirect), indemnifying him against liability for negligence, default, breach of duty or breach of trust or other liability which may lawfully be insured against by the Company, (including, without prejudice to the

generality of the foregoing, insurance against any costs, charges, expenses, losses or liabilities suffered or incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and discretions and/or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company or any such other body).

REGISTER OF MEMBERS

134 Register and local register

The company shall maintain its Register in accordance with the Law and shall, if required by the rules of any Recognized Investment Exchange on which the shares are listed, keep an overseas or local or other branch register of Members in such place or places as determined by the Board.

135 Right to inspect register

If required by the rules of a Recognised Investment Exchange on which shares are listed the Register and/or branch register of Members shall be open to inspection upon the terms required by any such Recognised Investment Exchange.

Transfer by way of Continuation

136 Transfer by way of Continuation

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

CONTENTS