

TERRITORY OF THE BRITISH VIRGIN ISLANDS
THE INTERNATIONAL BUSINESS COMPANIES ACT
(CAP.291)

CERTIFICATE OF INCORPORATION (SECTIONS 14 AND 15)

No. 161934

The Registrar of Companies of the British Virgin Islands HEREBY CERTIFIES
pursuant to the International Business Companies Act, Cap. 291 that all
the requirements of the Act in respect of incorporation having been satisfied,

LANCER OFFSHORE, INC.

is incorporated in the British Virgin Islands as an International Business
Company this 27th day of September, 1995.

Given under my hand and seal at
Road Town, in the Territory of the
British Virgin Islands


Asst. REGISTRAR OF COMPANIES

2I001



Handwritten initials



No: 161934

BRITISH VIRGIN ISLANDS
The International Business Companies Ordinance, 1984

MEMORANDUM OF ASSOCIATION
ARTICLES OF ASSOCIATION

of

LANCER OFFSHORE, INC.

Signature of Registrar
CERTIFIED A TRUE COPY
REGISTRAR BRITISH VIRGIN ISLANDS
Date: May 19 2003

An International Business Company

Incorporated the 27th day of September, 19 95

CITCO B.V.I. LIMITED
CITCO Building, Wickhams Cay
Road Town
Tortola
British Virgin Islands



TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE INTERNATIONAL BUSINESS COMPANIES ORDINANCE, 1984

(As amended)

MEMORANDUM OF ASSOCIATION

of

LANCER OFFSHORE, INC.

1. NAME

The name of the Company is LANCER OFFSHORE, INC.

2. REGISTERED OFFICE

The Registered Office of the Company will be CITCO Building, Wickhams Cay, Road Town, Tortola, British Virgin Islands.

3. REGISTERED AGENT

The Registered Agent of the Company will be CITCO B.V.I. Limited of CITCO Building, Wickhams Cay, Road Town, Tortola, British Virgin Islands.

4. GENERAL OBJECTS AND POWERS

(1) The object of the company is to engage in any act or activity that is not prohibited under any law for the time being in force in the British Virgin Islands.

(2) The Company may not

(a) carry on business with persons resident in the British Virgin Islands;

(b) own an interest in real property situate in the British Virgin Islands, other than a lease referred to in paragraph (e) of subclause (3);

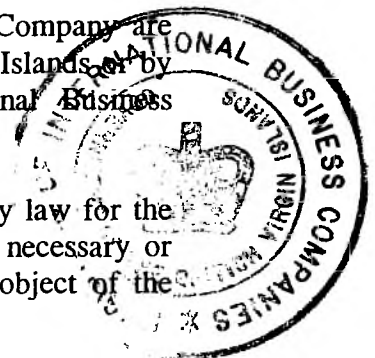
(c) carry on banking or trust business, unless it is licensed under the Banks and Trust Companies Act, 1990;

(d) carry on business as an insurance or reinsurance company.



- 2 -

- insurance agent or insurance broker, unless it is licensed under an enactment authorizing it to carry on that business;
- (e) carry on the business of the company management unless it is licensed under the Company Management Act, 1990;
 - (f) carry on the business of providing the registered office or the registered agent for companies incorporated in the British Virgin Islands.
- (3) For purposes of paragraph (a) of subclause (2), the Company shall not be treated as carrying on business with persons resident in the British Virgin Islands if
- (a) it makes or maintains deposits with a person carrying on banking business within the British Virgin Islands;
 - (b) it makes or maintains professional contact with solicitors, barristers, accountants, bookkeepers, trust companies, administration companies, investment advisers or other similar persons carrying on business within the British Virgin Islands;
 - (c) it prepares or maintains books and records within the British Virgin Islands;
 - (d) it holds, within the British Virgin Islands, meetings of its Directors or members;
 - (e) it holds a lease of property for use as an office from which to communicate with members or where books and records of the Company are prepared or maintained;
 - (f) it holds shares, debt obligations or other securities in a company incorporated under The International Business Companies Ordinance or under The Companies Act; or
 - (g) shares, debt obligations or other securities in the Company are owned by any person resident in the British Virgin Islands or by any company incorporated under The International Business Companies Ordinance or under the Companies Act.
- (4) The Company shall have all such powers as are permitted by law for the time being in force in the British Virgin Islands which are necessary or conducive to the conduct, promotion or attainment of the object of the



Company.

5. CURRENCY

Shares in the Company shall be issued in the currency of the United States of America.

6. AUTHORISED CAPITAL

The authorised capital of the Company is US\$10,000,000.00.

7. CLASSES, NUMBER AND PAR VALUE OF SHARES

The authorised capital is made up of one class of shares divided into 10,000,000 shares of US\$1.00 par value with one vote for each share.

8. DESIGNATIONS, POWERS, PREFERENCES, ETC. OF SHARES

The designations, powers, preferences, rights, qualifications, limitations and restrictions of each share that the Company is authorised to issue shall be fixed by resolution of Directors, but the Directors shall not allocate different rights as to voting, dividends, redemption or distributions on liquidation unless the Memorandum of Association shall have been amended to create separate classes of shares and all the aforesaid rights as to voting, dividends, redemption and distributions shall be identical in each separate class.

9. VARIATION OF CLASS RIGHTS

If at any time the authorised capital is divided into different classes or series of shares, the rights attached to any class or series (unless otherwise provided by the terms of issue of the shares of that class or series) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or series and of the holders of not less than three-fourths of the issued shares of any other class or series of shares which may be affected by such variation.

10. RIGHTS NOT VARIED BY THE ISSUE OF SHARES PARI PASSU

Rights conferred upon the holders of the shares of any class issued with preferred other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

11. SHARE ISSUANCE

Shares in the Company will be issued as registered shares.



12. TRANSFER OF REGISTERED SHARES

Registered shares in the Company may be transferred subject to the prior approval of the Directors of the Company as evidenced by a resolution of Directors.

13. AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company may amend its Memorandum of Association and Articles of Association by a resolution of the members if the proposed amendments would materially affect the rights of member, if not then any proposed amendments may be approved by a resolution of the Directors.

14. DEFINITIONS

The meanings of words in this Memorandum of Association are as defined in the Articles of Association annexed hereto.

We, Citco B.V.I. Limited, of Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands for the purpose of incorporating an International Business Company under the laws of the British Virgin Islands hereby subscribe our name to this Memorandum of Association the 27th day of September , 1995 in the presence of:

Witness

[Handwritten signature]
.....
Road Town, Tortola

Subscriber

[Handwritten signature]
.....
Authorized Signatory
Citco B.V.I. Limited



TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE INTERNATIONAL BUSINESS COMPANIES ORDINANCE (THE ACT)
(NO. 8 of 1984)

ARTICLES OF ASSOCIATION

OF

LANCER OFFSHORE, INC.

INDEX

Interpretation	1-4
Business	4-5
Capital	5-6
Issue of Shares	6-8
Redemption of Shares	8-11
Determination of Net Asset Value	12-16
Investment and Borrowing Powers	16
The Manager	16
Custodian	16-17
Share Certificates	17
Register of Members	
17-18	
Transfer of Shares	18
Transmission of Shares	18-19
Reduction or Increase in Authorised Capital or Capital	19-
20	
Meetings and Consents of Members	20-
23	
Directors	23-24
Powers of Directors	24
Proceedings of Directors	24-26
Officers	26
Conflict of Interests	26-27
Indemnification	27
The Seal	27
Dividends	27-28
Accounts	29
Audit	30
Notices	30-31
Arbitration	
Voluntary Winding Up and Dissolution	
Continuance	
The Schedule	



- 1 -

Form "A": Transfer of Shares
Form "B": Transfer by Personal Representatives
Form "C": Proxy Limited to One Meeting

ARTICLES OF ASSOCIATION

OF

LANCER OFFSHORE, INC.

INTERPRETATION

1. In these Articles unless there is something in the subject or context inconsistent therewith:-

"Act" means The International Business Companies Ordinance, 1984 of the British Virgin Islands as amended from time to time;

"Administrator" means the person or entity for the time being appointed by the Board of Directors to provide administrative services to the Company;

"Articles" means these Articles of Association as herein contained or as the same may from time to time be altered or amended;

"Auditor" means the person or firm for the time being appointed as independent Auditor of the Company;

"business day" means any day on which securities are traded on the New York Stock Exchange;

"Company" means **Lancer Offshore, Inc.**;

"connected person" of any manager or any investment adviser appointed by the Company means:

- (a) any person beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company;
- (b) any person controlled by a person who meets one or both of the requirements set out in (a) above;

LST/248826



(c) any company 20% or more of whose ordinary share capital is beneficially owned, directly or indirectly, but any such manager and any such investment adviser taken together; and any company 20% or more of the total votes in which can be exercised, directly or indirectly, by any such manager and any such investment adviser taken together; and

(d) any director or officer of any such manager or any such investment adviser or of any connected person of that company, as defined in (a), (b) or (c) above.

"Custodian" means the person or persons for the time being appointed as custodian or joint custodians pursuant to the Articles;

"Director" means Directors of the Company;

"duties and charges" includes all stamp and other duties, taxes, Governmental charges, brokerage, bank charges, transfer fees and registration fees;

"Fiscal Year" means the fiscal year of the Company from July 1 to June 30 of each calendar year;

"Investment" means any right or interest in any share, stock, bond, debenture, debenture stock, unit, sub-unit, trade claims or other security or any loan of money or any currency or interest in any currency and includes any financial stock market index, interest rate or currency futures or similar financial or other instruments and any rights in or options over any of the aforesaid, issued by or under the guarantee of anybody, whether incorporated or unincorporated, or of any governmental body and whether paying interest or dividends or not and whether fully paid, partly paid or nil paid and includes any participation as a limited partner or participant in any partnership or unincorporated association;

"in writing" and "written" includes printing, lithography, photography, and other modes of representing or reproducing words in visible form;

"Loss Carryover" means at anytime, the largest aggregate unrecouped loss attributable to an outstanding Share;

"Member" has the same meaning as member given in the Act and means the person or body corporate registered in the Register as the holder of shares in the Company, and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register as one of such joint holders;

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

"month" means calendar month;



"Net Asset Value" means the gross assets less the gross liabilities of the Company, as determined in accordance with Article 10;

"notice" means written notice unless otherwise specifically stated;

"Offering Date" means the first business day of each fiscal quarter and/or such other day or days in addition thereto or in substitution therefor as may from time to time be determined by the Directors either in any particular case or generally;

"Office" means the Registered Office of the Company for the time being;

"Paid up" means paid up and/or credited as paid up;

"Principal Market" with reference to any Investment, means such securities market which in the opinion of the Directors is the sole or securities market upon which such Investment is listed, quoted or traded or in respect of which permission to deal is effective and the expression "market" shall include any over-the-counter market or recognised exchange;

"Record Date" in respect of any dividend means the date as of which the persons entitled to participate therein fall to be determined;

"Redemption Date" means the last business day of every each fiscal quarter or such other day or days in addition thereto or in substitution therefor as may be determined by the Directors from time to time, either in any particular case or generally;

"Redemption Price" means the price at which Shares may be redeemed, determined in accordance with these Articles;

"Register" means the Register of Members maintained by the Company in British Virgin Islands;

"Seal" means the Common Seal of the Company;

"Secretary" means (subject to the provisions of the Act) the person for the time being appointed to perform the duties of the Secretary of the Company and includes an Assistant, Acting or Deputy Secretary;

"Share" means a share of any class in the capital of the Company of a par value of US\$1.00 having the rights and being subject to the restrictions specified in the bye-laws with respect to such shares and shall, where the context so permits, include a fraction of a Share and "Shares" shall be construed accordingly;

"Subscription Price" means the price at which Shares may be subscribed, determined in accordance with the Articles;



"United Kingdom" means Great Britain and Northern Ireland;

"United States" or "U.S." means the United States of America;

"Unrecouped Loss" as to a Share, means a loss chargeable to such Share during any Fiscal Year or Years which is not recouped in any succeeding Fiscal Year by profit allocable to such Share;

"US Dollars" and "US\$" mean dollars in the currency of the United States of America.

"U.S. Person" means:

- (a) with respect to individuals, any U.S. citizen (and certain former U.S. citizens) or "resident alien" within the meaning of U.S. income tax laws as in effect from time to time. Currently, the term "resident alien" is defined under U.S. income tax laws to generally include any individual who (i) holds an Alien Registration Card (a "green card") issued by the U.S. Immigration and Naturalization Service, or (ii) meets a "substantial presence" test. The "substantial presence" test is generally met with respect to any current calendar year if (i) the individual was present in the U.S. on at least 31 days during such year, and (ii) the sum of the number of days on which such individual was present in the U.S. during the current year, 113 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days; and
- (b) with respect to persons other than individuals, the term "U.S. Person" includes (i) a corporation or partnership created or organized in the United States or under the laws of the United States or any state or (ii) a trust or estate which is subject to U.S. tax on its worldwide income from all sources; and (iii) any corporation which is not a U.S. Person in which U.S. Persons hold 10% or more of either voting power or value; (iv) any partnership which is not a U.S. Person in which a U.S. Person is a partner; or (v) a trust which is not a U.S. person whose grantor or any of its beneficiaries is a U.S. Person.

"Valuation Day" means the business day immediately preceding an Offering Date and/or such other day or days in addition thereto or in substitution therefor as may from time to time be determined by the Directors either in any particular case or generally but so that there shall be at least one Valuation Day in each month.

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

Words importing the singular number only include the plural number and vice versa



Words importing the masculine gender only include the feminine gender.

Words importing persons include companies or associations or bodies of persons, whether corporate or unincorporated.

Reference herein to any Act are to an Act of the British Virgin Islands legislature.

Save as aforesaid any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

BUSINESS

2. (1) The meetings of the Members and of the Directors and of any committee appointed by the Directors shall be held in British Virgin Islands or such other place as the Directors may from time to time determine.

(2) Notwithstanding the provisions of Article 2, no meeting of the Members or of the Directors or of any committee of or established by the Directors of the Company shall at any time be held or take place in the United Kingdom or the United States. Any meeting so held or so taking place and all business purporting to be transacted thereat shall be null and void. If the provisions of this Article shall be inconsistent with the provisions of any other of these Articles, the provisions of this Article shall prevail.

3. Any branch or kind of business which the Company is either expressly or by implication authorised to undertake may be undertaken by the Directors at such time or times as they may think fit, and further may be suffered by them to be in abeyance, whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with the same.

CAPITAL

4. (1) The capital of the Company shall be divided into such number of Shares as the Directors may from time to time determine. Every Share carries the right to one vote per Share.

(2) Subject to the provisions of these Articles, the unissued Shares of the Company shall be available for issue as Shares of any class and shall be at the disposal of the Directors who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as they may determine.

(3) Notwithstanding anything herein contained, fully paid shares of the Company shall be free and clear of all and any liens and charges in favour of the Company.

5. Without prejudice to any special rights for the time being conferred on the holders of any shares or class of shares (which special rights shall not be varied or abrogated, except with such consent or sanction as is provided by the next following Article) any share in the



Company may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, redemption, voting or otherwise as the Company may from time to time in general meeting determine.

6. Whenever the capital of the Company is divided into different classes of shares all or any of the special rights for the time being attached to any class of share for the time being issued may (unless otherwise provided by the terms of issue of the shares of that class) be altered or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of not less than three-fourths of the issued shares of the class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of the class by a majority of three-fourths of such holders voting in person or by proxy, but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy not less than one-third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those holders of shares of that class who are present shall be a quorum), and that the holders of shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively and that any holder of shares of that class present in person or by proxy may demand a poll. For such purposes the Directors may treat all the classes of shares as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration but in any other case shall treat them as separate classes.

7. The special rights conferred upon the holders of any shares or class of shares issued with preferred or other special rights shall not (unless otherwise expressly provided by the conditions of issue of such shares) be deemed to be varied by the creation, allotment or issue of further shares ranking pari passu therewith or subsequent thereto.

ISSUE OF SHARES

8. (1) Subject as hereinafter provided, the Company may on receipt by it or its authorised agent of an application in such form as the Directors may from time to time determine issue and allot Shares. Issues of Shares shall be effected at not less than the Subscription Price determined in accordance with paragraph (2) of this Article. The Directors may satisfy any such application for Shares by procuring the transfer to the applicant of fully paid Shares at the appropriate Subscription Price.

PROVIDED THAT:

(a) all Shares shall be allotted on an Offering Date provided the application has been received by the Company or its agent, at least 7 days preceding the relevant Offering Date;

(b) no Share shall be allotted or issued (except those for which applications have been previously received and accepted by the Company or its agent) during



any period when the determination of the Net Asset Value is suspended pursuant to paragraph (4) of Article 10;

- (c) no Share shall be allotted or issued at a price less than its par value;
- (d) if in lieu of issuing Shares the Company shall procure a transfer of Shares to the person making such application any duties and charges payable in connection with such transfer shall be discharged by or on account of the transferor out of the price payable for such Shares;
- (e) payment shall be made in US Dollars at such time and place and in such manner as the Directors may from time to time determine failing which any allotment of Shares for which payment is due may be cancelled by the Directors;
- (f) the Company shall not issue any of its Shares or securities (i) for services, or (ii) for property other than cash or securities (including securities of which the Company is the issuer) except that it may issue fully paid Shares as a distribution to its Members or in connection with a reorganisation;
- (g) Shares shall be issued in such minimum numbers as the Directors may specify either generally or in any particular case; and
- (h) fractions of a Share, of not less than one-thousandth of a Share, may be issued.

(2) In respect of an initial offer to the public the Directors shall, at their discretion, fix a Subscription Price which shall apply for the purposes of such initial offer. Thereafter the Subscription Price for each Share shall be determined as at the close of business in British Virgin Islands on the Valuation Day immediately preceding the Offering Date on which such issue is made in each case rounded down to the nearest whole US\$0.01 as follows:

(1) For Shares purchased at the beginning of a Fiscal Year ("Year Beginning"), the Subscription Price shall be the Year Beginning Net Asset Value ("Beginning Value") plus a depreciation deposit ("Depreciation Deposit") equal to 20% of the Loss Carryover, if any, at Year Beginning.

(2) For Interim Purchases:

(a) When the Net Asset Value per Share is less than the sum of (i) Beginning Value and (ii) the Loss Carryover at Year Beginning, the Subscription Price shall be the sum of the Net Asset Value per Share and the Depreciation Deposit. The Depreciation Deposit is 20% of the amount by which (i) and (ii) above exceed the Net Asset Value per Share at the date of purchase. If at the end of any Fiscal Year (or



during the Fiscal Year when the Shares of a Member are redeemed) the losses which gave rise to the Depreciation Deposit are recouped, then, to the extent that the losses which gave rise to all or a portion of the Depreciation Deposit are recouped, the Depreciation Deposit shall be paid to the investment manager as part of the incentive fee. Any portion of the Depreciation Deposit not paid to the investment manager will be paid to the Member upon redemption. Promptly after the end of each Fiscal Year in which a Depreciation Deposit is held, the interest (net of the income taxes payable thereon, if any) earned thereon shall be paid to the Member who made such Depreciation Deposit.

(b) When the Net Asset Value per Share is more than the sum of (i) Beginning Value and (ii) the Loss Carryover at Year Beginning, the Subscription Price shall be the sum of the Net Asset Value per Share and the "Equalization Factor" as defined hereinafter. "Equalization Factor" means an amount which the Shares outstanding since Year Beginning should be charged (i.e. 20% of the increase in Net Asset Value since Year Beginning in excess of the Loss Carryover at Year Beginning), and which the Shares subscribed for at the date of the Interim Purchase ("Interim Purchase Date") should not be charged. To the extent that the increase in value of the Shares that cause the payment of the Equalization Factor is not lost in the Fiscal Year, the Equalization Factor attributable to such increase shall become payable to the Member at the end of the Fiscal Year. To the extent that the increase in value of the Shares that causes the payment of the Equalization Factor is lost in the Fiscal Year the Shares are purchased but is recovered in the subsequent Fiscal Year, the Equalization Factor attributable to such recovery shall become payable to the Member at the end of the Fiscal Year in which the recovery occurs. Upon redemption by a Shareholder of his Shares, the same amount of the Equalization Factor will be paid to him as if the date of redemption were the last day of the Fiscal Year in which the Shares are redeemed. Any Equalization Factor, or portion thereof, which is due to a Member not redeeming his Shares will be used to purchase additional full Shares on behalf of such Member as of the first day of the next succeeding Fiscal Year.

(3) Share certificates (if specifically requested) in respect of Shares allotted as aforesaid shall not be issued or delivered unless and until the subscription moneys representing the full Subscription Price have been paid over to the Administrator.

(4) The Company shall not pay any brokerage or commission on any issue of Shares.



(5) The Directors may decline to issue Shares to satisfy an application unless the amounts subscribed for the Shares (inclusive of any initial charge) equals or exceeds such sum as the Directors may from time to time determine.

REDEMPTION OF SHARES

9. (1) Subject to the provisions of the Memorandum and the Act and to these Articles, subject as hereinafter provided, the Company shall on receipt by it or its authorised agent of a request in writing (or in such other form as the Directors may determine) by a Member (the "Applicant") specifying the number of Shares to be redeemed, redeem all or any portion of the Shares registered in the Applicant's name at the Redemption Price determined in accordance with paragraph (3) of this Article or procure the purchase thereof at not less than such Redemption Price and at the same time and under the same conditions as apply to redemption under the provisions of these Articles PROVIDED THAT:

(a) subject as hereinafter provided, the redemption or purchase of Shares pursuant to this Article shall be made on the Redemption Date falling at least forty-five (45) days (or such other notice period as the Directors may in their discretion determine) after the receipt of such written request;

(b) on any such redemption the Directors shall have the power to divide in specie the whole or any part of the assets of the Company and appropriate such assets in satisfaction or part satisfaction of the Redemption Price and any other sums payable on redemption as is herein provided;

(c) where a certificate has been issued in respect of the Shares to be redeemed or purchased, the Applicant shall lodge with the Company or its authorised agent such certificate and subject to the next proviso below no payment shall be made under this Article until such certificate shall have been received;

(d) the Directors may at their option dispense with the production of any certificate which shall have become lost or destroyed upon compliance by the Applicant with the like requirements to those applying in the case of an application by him for replacement of a lost or destroyed certificate under these Articles;

(e) no redemption or purchase of part only of the holding of any Member may be made if as a result thereof such Member would hold less than the minimum number of Shares as specified from time to time by the Directors and as set out in these Articles;

(f) on redemption or purchase of part only of the Shares registered in the Applicant's name the Applicant shall be entitled without payment to a balance certificate for the balance of such Shares held by him;



(g) subject as is hereinafter in this Article provided, the Applicant shall not be entitled to withdraw a request duly made in accordance with this Article without the consent of the Directors;

(h) no Shares shall be redeemed during any period when the determination of the Net Asset Value is suspended pursuant to paragraph (4) of Article 10 hereof, the right of the Applicant to have his Shares redeemed or purchased pursuant to this Article shall be similarly suspended and during the period of suspension he may withdraw his request for redemption and his certificate. Any withdrawal of a request for redemption under the provisions of this Article shall be made in writing and shall only be effective if actually received by the Company or its duly authorised agent before termination of the said period of suspension. If the request is not so withdrawn the redemption or purchase of the said Shares shall be made on the Redemption Date next following the end of the said suspension; and

(i) no request for redemption under this paragraph (1) of this Article may be made by a Member until after one year from the date of such Member's initial subscription for Shares.

(2) Subject as hereinafter provided, payment shall be made to the Applicant in US Dollars in respect of the redemption or purchase of Shares. Payment for Shares redeemed or purchased hereunder shall be made to the Applicant by a cheque, draft or other means of payment posted (at the risk of the Applicant) or otherwise paid to the Applicant in the manner determined by the Directors from time to time.

PROVIDED THAT if an Applicant shall require payment in a currency other than US Dollars, the Directors may, subject to receipt of any necessary exchange control or other governmental consent and at the risk of the Applicant and on his paying any costs thereby involved, arrange for the conversion of the US Dollars to which the Applicant is entitled into such currency as the Applicant may require at such exchange rate as the Directors shall consider appropriate.

(3) The Redemption Price for each Share shall be the (1) Net Asset Value per Share (as determined in accordance with Article 10) as at the relevant Redemption Date; and (2) all or a portion of the Depreciation Deposit (as defined in these Articles) to the extent that the same is not paid as an incentive fee to any investment manager; and (3) all or a portion of the Equalization Factor (as defined in these Articles) to the extent that the increase in value of the Shares that caused the payment of the Equalization Factor has not been lost or previously repaid to the Member so redeeming.

(4) Upon the redemption or purchase of a Share being effected pursuant to this Article, the Members shall cease to be entitled to any rights in respect of that Share (excepting always the right to receive a dividend which has been declared in respect thereof prior to such redemption or repurchase being effected) and accordingly his name shall be removed from the Register with respect thereto.



(5) The Directors shall have power to impose such restrictions, other than a restriction on transfer, as they may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held by -

(a) any U.S. Person;

(b) any person in breach of the law or requirements of any country or governmental authority; or

(c) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which in the opinion of the Directors might result in the Company incurring any liability to taxation or suffering any other pecuniary disadvantage which the Company might not otherwise have incurred or suffered.

(6) (i) If it shall come to the notice of the Directors that any Shares are owned directly or beneficially by any person in contravention of any such restrictions as are referred to in paragraph (5) of this Article, the Directors may give notice to such person requiring him to transfer such Shares to a person who would not thereby be in contravention of any such restrictions as aforesaid or may give a request in writing for the redemption of such Shares in accordance with paragraph (1) of this Article. If any person upon whom such a notice is served pursuant to this subparagraph does not within thirty days after such notice transfer such Shares as aforesaid or establish to the satisfaction of the Directors (whose judgment shall be final and binding) that such Shares are not held in contravention of any such restrictions he shall be deemed upon the expiration of thirty days to have given a request in writing for the redemption of all such Shares pursuant to paragraph (1) of this Article whereupon he shall be bound forthwith to deliver to the Company or its duly authorised agents the certificate or certificates (if issued) for such Shares.

(ii) A person who becomes aware that he is holding or owning Shares in contravention of any such restrictions as are referred to in paragraph (5) of this Article shall forthwith unless he has already received notice pursuant to subparagraph (6)(i) of this Article either transfer all such Shares to a person who would not thereby be in contravention of any such restrictions as aforesaid or give a request in writing for the redemption of all such Shares pursuant to paragraph (1) of this Article. Every such request shall be accompanied by the certificate or certificates (if issued) for the Shares to which it refers.

(iii) Payment of the redemption moneys payable under this paragraph (6) on redemption will (subject to any requisite exchange control or other governmental consents first having been obtained by the Company and subject to the provisions of paragraph (2) of this Article) be made in US Dollars and will be deposited by the Company with or to the order of the Administrator in the name of the Company for payment to any such person against surrender of the certificate or certificates



representing such Shares previously held by such person. Upon the deposit of such redemption moneys as aforesaid such person shall have no further interest in such Shares or any of them or any claim against the Company in respect thereof except the right to receive the moneys so deposited (without interest) from the Company upon surrender of the said certificate or certificates (if issued).

(7) The Directors reserve the right, upon not less than 10 days' prior written notice, to compulsorily redeem all of a Member's Shares at any time for any reason or no reason. Under such circumstances, the Directors shall have the irrevocable power to act in the name of such Member to redeem his Shares. In the event of any such compulsory redemption, the Redemption Price shall be (i) the Net Asset Value of the Company as at the close of business on such Redemption Date (which includes an accrual for the Incentive Fee) multiplied by (ii) a fraction the numerator of which is the number of Shares being redeemed and the denominator of which is the number of Shares outstanding as of such date. Such Member shall have no Members' rights with respect to the Shares to be redeemed after the close of business on the date as of the relevant Redemption Date, except the right to receive the Redemption Price therefor.

DETERMINATION OF NET ASSET VALUE

10. (1) The Net Asset Value per Share shall be determined by the Directors as at the close of business in the British Virgin Islands on each Valuation Day and Redemption Date (except when determination of the Net Asset Value per Share has been suspended under the provisions of paragraph (4) of this Article), on such other occasions as may be required by these Articles and on such other occasions as the Directors may from time to time determine.

The Net Asset Value per Share shall be calculated at the time of each determination by dividing the Net Asset Value of the Company by the number of Shares then in issue or deemed to be in issue, all determined and calculated as hereinafter provided.

Any certificate as to the Net Asset Value per Share or as to the Subscription Price or Redemption Price therefor given in good faith by or on behalf of the Directors shall be binding on all parties.

(2) The Net Asset Value of the Company shall be determined on an accrual basis in accordance with generally accepted accounting principles in the United States and shall comprise the aggregate of:-

- (a) Investments owned or contracted to be acquired by the Company;
- (b) cash on hand or on deposit including accrued interest;
- (c) cash payments outstanding on any Shares allotted;



(d) bills and demand notes and amounts receivable including net amounts receivable in respect of investments contracted to be realised;

(e) interest accrued on interest bearing investments except that accrued on securities which is included in the quoted price; and

(f) other property and assets of any kind and nature including prepaid expenses and unamortised preliminary expenses as valued and defined from time to time by the Directors;

from which shall be deducted:-

(i) Investments contracted to be sold;

(ii) bills and accounts payable;

(iii) management and administrative expenses payable and/or accrued (the latter on a day-to-day basis);

(iv) the gross acquisition consideration of Investments or other property contracted to be purchased;

(v) reserves authorised or approved by the Directors for duties and charges or taxes or contingencies (accrued where appropriate on a day-to-day basis);

(vi) the aggregate amount of all borrowings and interest, commitment fee, and other charges arising in connection therewith (accrued where appropriate on a day-to-day basis); and

(vii) other liabilities of the Company of whatsoever nature (which shall, where appropriate, be deemed to accrue from day-to-day) including outstanding payments on any Shares previously redeemed and, as from the Record Date in respect thereof, any dividends declared and not paid (contingent liabilities (if any) being valued in such manner as the Directors may determine from time to time or in any particular case).

For the purpose of calculating the number of Shares in issue or deemed to be in issue, Shares for which applications have been duly made shall be deemed to be not in issue on the relevant Valuation Day and Shares to be redeemed or purchased in accordance with Article 9 hereof shall be deemed to be in issue on the relevant Redemption Date.

(3) For the purpose of calculating the value of the net assets:



(a) no value shall be assigned to goodwill;

(b) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless the Directors shall have determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof in which event the value thereof shall be deemed to be such value as the Directors shall deem to be the reasonable value thereof;

(c) securities and instruments which are listed or quoted on a securities or other exchange market (including the National Association of Securities Dealers National Market System), other than securities and instruments which are in the form of put or call options, shall be valued at their last sales prices on the date of determination, or, if no sales occurred on such date, at the mean between the "bid" and "asked" prices on the most immediate prior date on which such prices were quoted, or if no such prices were quoted during the 15 business days prior to the date of such determination, at the value reasonably assigned to such securities and instrument by the Directors;

(d) securities and instruments which are in the form of put and call options and are listed or quoted on a securities or other exchange or market shall be valued at the mean between the "bid" and "asked" prices on the date of determination, or if no such prices were quoted on such date, at the mean between the "bid" and "asked" prices on the most immediate prior date on which such prices were quoted, or if no such prices were quoted during the 15 business days prior to the date of such determination, at the value reasonably assigned to such securities and instruments by the Directors;

(e) securities and instruments which are not listed or quoted on a securities or other market shall be valued at the mean between the "bid" and "asked" prices on the date of determination, or if no such prices were quoted on such date, on the most immediate prior date on which such prices were quoted, or if no such prices were quoted during the 15 business days prior to the date of such determination, at the value reasonably assigned to such securities and instruments by the Directors;

(f) securities and instruments which are in the form of put and call options and are not listed or quoted on a securities, commodities or futures exchange or market shall be valued at their parity value, except when the have reasonably assigned some other value to such securities and instruments;

(g) the value of any shares of stock held by the Company in an investment company which is, or which is similar to those companies which are registered as investment companies under the United States Investment Company Act of 1940,



as amended, shall be valued in accordance with the manner in which such shares are valued by such investment company; provided, however, that the Directors may make such adjustments in such valuation as the Company may from time to time consider appropriate;

(h) the value of any investment, security or instrument as aforesaid or other property for which not price quotations are available as above provided shall be determined in such manner as the Directors, in their sole discretion, reasonably determine and the basis of such valuation shall be set forth in writing; and

PROVIDED ALWAYS that:-

(i) if the Directors in their discretion consider that the prices ruling on a market other than the Principal Market provide in all the circumstances a fairer criterion of value in relation to any such investment, they may adopt such prices;

(ii) the Directors may, at their absolute discretion, permit some other method of valuation to be used if they consider that such valuation better reflects the fair value; and

(iii) in either event as outlined in sub-paragraph (i) and (ii) above, the Directors shall set forth the basis of such valuation in writing;

(i) preliminary expenses (including the expenses incurred in connection with the initial issue of shares) will be amortised over a period of five years or such shorter period as the Directors may determine from time to time and will be included as an asset at cost less amounts written off; and

(j) any value (whether of a security or cash) otherwise than in US Dollars shall be converted into US Dollars at the rate (whether official or otherwise) which the Directors shall in their absolute discretion deem appropriate to the circumstances having regard inter alia to any premium or discount which they consider may be relevant and to costs of exchange.

(4) The Directors may suspend the determination of the Net Asset Value per Share of any class for the whole or any part of a period:-

(a) during any period when any stock exchange or over-the-counter markets on which any of the investments of the Company are listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such stock exchange or over-the-counter market is restricted or suspended; or



(b) when circumstances exist as a result of which in the opinion of the Directors it is not reasonably practicable for the Company to dispose of Investments or as a result of which any such disposal would be materially prejudicial to shareholders; or

(c) when a breakdown occurs in any of the means normally employed in ascertaining the value of Investments or when for any other reason the value of any of the Investments or other assets cannot reasonably or fairly be ascertained; or

(d) during which the Company is unable to repatriate funds required for the purpose of making payments due on redemption of Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemptions of shares of the relevant class cannot in the opinion of the Directors be effected at normal rates of exchange.

Any such suspension shall take effect at such time as the Directors shall declare but not later than the close of business on the business day next following the declaration, and thereafter there shall be no determination of the Net Asset Value per Share until the Directors shall declare the suspension at an end, except that such suspension shall terminate in any event on the first business day on which (a) the condition giving rise to the suspension shall have ceased to exist; and (b) no other condition under which suspension is authorised under this paragraph shall exist. Each declaration by the Directors pursuant to this paragraph shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Company and as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations, the determination of the Directors shall be conclusive. Whenever the Directors shall declare a suspension of the determination of the Net Asset Value per Share, then as soon as may be practicable after any such declaration, the Directors shall use their best endeavours to cause a notice to be placed in a leading daily newspaper stating that such declaration has been made. At the end of any period of suspension as aforementioned the Directors shall cause another notice to be placed in a leading daily newspaper stating that the period of suspension has ended.

INVESTMENT AND BORROWING POWERS

11. (1) The Directors shall be entitled to apply any part of the assets of the Company in the acquisition of any Investments as they shall in their absolute discretion determine; and

(2) The Directors shall further be entitled to enter in into such borrowing arrangement on behalf of the Company, whether with or without security, as they shall in their absolute discretion determine.

THE MANAGER



12. (1) The Directors may appoint any person or persons as manager of the Company to exercise all or any of the duties, powers and discretions exercisable by the Directors upon such terms and conditions and for such period and with such restrictions as the Directors think fit and whether collaterally with or to the exclusion of their own powers. The Directors shall procure that, if the manager is dismissed or resigns, another person or persons are appointed as soon as possible as manager in its place. The Directors shall procure that in any agreement appointing any person as manager provisions shall be contained restricting the manager and any investment adviser appointed by the manager dealing with the Company as beneficial owner on the sale or purchase of investments to or from the Company except on a basis approved by the Directors from time to time or without the consent of the Directors otherwise dealing with the Company as principal.

(2) The manager shall be entitled to receive for its services such fees, including a fee on the issue of Shares, as may from time to time be agreed between the manager and the Company.

CUSTODIAN

13. The Directors shall appoint a Custodian who or whose nominee shall hold the assets of the Company and in whose name or in the name of whose nominee the same shall be registered in the case of registered securities and who shall perform such other duties upon such terms as the Directors may from time to time (with the agreement of the Custodian) determine. All moneys, bills and notes belonging to the Company shall be paid to or to the order of or deposited with or to the order of the Custodian to an account to be opened in the name of the Company. In the event of the Custodian desiring to retire the Directors shall use their best endeavours to find a corporation having the said qualifications to act as Custodian and upon doing so the Directors shall appoint such corporation to be Custodian in place of the retiring Custodian. The Directors shall not remove the Custodian unless and until a successor corporation shall have been appointed in accordance with this Article to act in the place thereof. The powers of the Directors under this Article shall include a power to appoint joint custodians and/or sub-Custodians.

SHARE CERTIFICATES

14. No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or recognise any equitable, contingent or future interest in any share or any fractional part of a share, or (except only as by these presents otherwise provided or as by law required) any other right in respect of any share or any fractional part of a share, except an absolute right to such share or fractional part in the registered holder.

15. (1) Unless a Member by notice in writing to the Company requests it to issue a certificate or certificates for his shares, the Company will maintain a bookstock account of the shares for which such Member is entered in the Register.



(2) Subject to the foregoing, every person whose name is entered as a Member in the Register shall be entitled if such Member so requests in writing without payment to one certificate for all his shares, or upon payment of such reasonable out-of-pocket expenses as the Directors shall from time to time determine, to several certificates, each for one or more of his shares. Where a Member transfers part only of his holding of shares he shall be entitled without payment to a balance certificate, if applicable, for the shares retained by him. Every certificate shall be issued within two months after allotment or the lodgment with the Company of the transfer of the shares, unless the conditions of issue of such shares otherwise provide, and shall be under the Seal or a facsimile thereof or a securities seal of the Company adopted by the Directors for that purpose and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon. The Company shall not be bound to register more than four persons as the joint holders of any share or shares (except in the case of executors or trustees of a deceased Member) and in the case of a share held jointly by two or more persons, the Company shall not be bound to issue more than one certificate therefor, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all. If a share certificate be defaced, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity as the Directors think fit.

REGISTER OF MEMBERS

16. The Secretary shall enter or procure the entry in the Register of the particulars required by the Act, and the Register shall be kept in such manner as to show at all times the Members of the Company for the time being and the shares respectively held by them. The Register shall be open for inspection at the office of the Company in accordance with the provisions of the Act.

TRANSFER OF SHARES

17. (1) Subject to any limitations in the Memorandum or these Articles, NO registered Shares in the Company may be transferred without the prior written consent of the Directors which may be given or withheld at the sole discretion of the Directors. Any attempt by a Member to transfer all or any of his Shares in contravention of this Article may subject such a Member to compulsory redemption of all his Shares in accordance with these Articles.

(2) Any transfer approved by the Directors shall be by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, but in the absence of such written instrument of transfer the Directors may accept such evidence of a transfer of shares as they consider appropriate.

(3) No transfer of Shares may be made if as a result of such transfer either the transferor or the transferee of such Shares would hold less than the minimum number of Shares as the Directors may from time to time specify.



18. The Company shall not be required to treat a transferee of a registered share in the Company as a Member until the transferee's name has been entered in the share register.

19. Subject to any limitations in the Memorandum or these Articles, the Company must on the application of the transferor or transferee of a registered share in the Company enter in the share register the name and address of the transferee of the share save that the registration of transfers may be suspended and the share register closed at such times and for such periods as the Company may from time to time by resolution of Directors determine provided always that such registration shall not be suspended and the share register closed for more than sixty days in any period of twelve months.

TRANSMISSION OF SHARES

20. The executor or administrator of a deceased Member, the guardian of an incompetent Member or the trustee of a bankrupt Member shall be the only person recognized by the Company as having any title to his share but they shall not be entitled to exercise any rights as a Member of the Company until they have proceeded as set forth in the next following two Articles.

21. Any person becoming entitled by operation of law or otherwise to a share or shares in consequence of the death, incompetence or bankruptcy of any Member may be registered as a Member upon such evidence being produced as may reasonably be required by the Directors. An application by any such person to be registered as a Member shall for all purposes be deemed to be a transfer of shares of the deceased, incompetent or bankrupt Member and the Directors shall treat it as such.

22. Any person who has become entitled to a share or shares in consequence of the death, incompetence or bankruptcy of any Member may, instead of being registered himself, request in writing that some person to be named by him be registered as the transferee of such share or shares and such request shall likewise be treated as if it were a transfer.

23. What amounts to incompetence on the part of a person is a matter to be determined by the court having regard to all the relevant evidence and the circumstances of the case.

REDUCTION OR INCREASE IN AUTHORISED CAPITAL OR CAPITAL

24. The Company may by a resolution of Directors amend the Memorandum to increase or reduce its authorised capital and in connection therewith the Company may in respect of any unissued shares increase or reduce the number of such shares, increase or reduce the par value of any such shares or effect any combination of the foregoing.

25. The Company may amend the Memorandum to



(a) divide the shares, including issued shares, of a class into a larger number of shares of the same class; or

(b) combine the shares, including issued shares, of a class into a small number of shares of the same class,

provided, however, that where shares are divided or combined under (a) or (b) of this Article, the aggregate par value of the new shares must be equal to the aggregate par value of the original shares.

26. The capital of the Company may by a resolution of Directors be increased by transferring an amount of the surplus of the Company to capital, and, subject to the provisions of Articles 27 and 28, the capital of the Company may, by resolution of Directors, be reduced by transferring an amount of the capital of the Company to surplus.

27. No reduction of capital shall be effected that reduces the capital of the Company to an amount that immediately after the reduction is less than the aggregate par value of all outstanding shares with par value and all shares with par value held by the Company as treasury shares and the aggregate of the amounts designated as capital of all outstanding shares without par value and all shares without par value held by the Company as treasury shares that are entitled to a preference, if any, in the assets of the Company upon liquidation of the Company.

28. No reduction of capital shall be effected unless the Directors determine that immediately after the reduction the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business and that the realizable assets of the Company will not be less than its total liabilities, other than deferred taxes, as shown in the books of the Company and its remaining capital, and, in the absence of fraud, the decision of the Directors as to the realizable value of the assets of the Company is conclusive, unless a question of law is involved.

29. Where the Company reduces its capital the Company may:-

(a) return to its Members any amount received by the Company upon the issue of any of its shares;

(b) purchase, redeem or otherwise acquire its shares out of capital, or

(c) cancel any capital that is lost or not represented by assets having a realizable value.

MEETINGS AND CONSENTS OF MEMBERS

30. Subject to Article 2, the Directors of the Company may convene meetings of the Members of the Company at such times and in such manner and places within or outside the British Virgin Islands as the Directors consider necessary or desirable.



31. Upon the written request of Members holding fifty percent or more of the outstanding voting shares in the Company the Directors shall convene a meeting of Members.

32. The Directors shall give not less than three days notice of meetings of Members to those persons whose names on the date the notice is given appear as Members in the share register of the Company.

33. A meeting of Members held in contravention of the requirement in Article 32 is valid:-

(a) if Members holding not less than ninety percent of the total number of shares entitled to vote on all matters to be considered at the meeting, or ninety percent of the votes of each class of shares where Members are entitled to vote thereon as a class together with not less than a ninety percent majority of the remaining votes, have agreed to shorter notice of the meeting or

(b) if all Members holding shares entitled to vote on all or any matters to be considered at the meeting have waived notice of the meeting and for this purpose presence at the meeting shall be deemed to constitute waiver.

34. The inadvertent failure of the Directors to give notice of a meeting to a Member, or the fact that a Member has not received notice, does not invalidate the meeting.

35. A Member may be represented at a meeting of Members by a proxy (who need not be a Member) who may speak and vote on behalf of the Member.

36. The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting as which the person named in such instrument proposes to vote.

37. An instrument appoint a proxy shall be in substantially in the form of Exhibit C or such other form as the chairman of the meeting shall accept as properly evidencing the wishes of the Member appointing the proxy.

38. The following shall apply in respect of joint ownership of shares:

(a) if two or more persons hold shares jointly each of them may be present in person or by proxy at a meeting of Members and may speak as a Member;

(b) if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners, and

(c) if two or more of the joint owners are present in person or by proxy they must vote as one.



39. A Member shall be deemed to be present at a meeting of Members if he participates by telephone or other electronic means and all Members participating in the meeting are able to hear each other.

40. A meeting of Members is duly constituted if, at the commencement of the meeting, there are present two persons representing in person or by proxy one third (1/3) of the outstanding Shares which shall be a quorum for all purposes.

41. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the next business day at the same time and place or to such other time and place as the Directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than one third of the votes of the shares or each class of shares entitled to vote on the resolutions to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved.

42. (1) Subject to paragraph (2) below, any act or thing which in accordance with these Articles is required to be transacted, made, done, approved, determined, decided or passed by the Company in general meeting shall not be effective except by virtue of a resolution passed by a simple majority of the persons voting thereat upon a show of hands, or, if a poll is duly demanded, by a simple majority of the votes given at such poll.

(2) Notwithstanding the foregoing, the (i) dismissal of a Director must be adopted by an affirmative vote of two-thirds of the votes cast at a general meeting of Members at which more than one-half of the total number of Shares then issued and outstanding are represented; (ii) any investment advisory or management contract entered into by the Company may not be terminated by the Company unless such termination is approved by a unanimous vote cast at a meeting at which all the issued and outstanding Shares are represented; (iii) amendments to the Memorandum of Association and the Articles of Association which have a material, adverse effect on the rights of Members must be approved by three-quarters of the votes cast at a meeting at which not less than one-half of the issued and outstanding Shares are represented, except that any amendment to decrease the vote required to terminate an investment advisory or investment management contract requires approval by a unanimous vote cast at a meeting at which all of the issued and outstanding Shares are represented; and (iv) the merger or consolidation of the Company with another corporation or the dissolution of the Company requires the affirmative vote of the holders of three-quarters of the Shares outstanding.

(3) In the case of an equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote.

43. At every meeting of Members, the President or Vice President of the Board of Directors shall preside as chairman of the meeting. If there is no President or Vice President of the board of Directors or if the President or Vice President of the board of Directors is not



present at the meeting, the Members present shall choose some one of their number to be the chairman. If the Members are unable to choose a chairman for any reason, then the person representing the greatest number of voting shares present in person or by prescribed form of proxy at the meeting shall preside as chairman failing which the oldest individual Member or representative of a Member present shall take the chair.

44. The chairman may, with the consent of the meeting, adjourn any meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

45. At any meeting of the Members the chairman shall be responsible for deciding in such manner as he shall consider appropriate whether any resolution has been carried or not and the result of his decision shall be announced to the meeting and recorded in the minutes thereof. If the chairman shall have any doubt as to the outcome of any resolution put to the vote, he shall cause a poll to be taken of all votes cast upon such resolution, but if the chairman shall fail to take a poll then any Member present in person or by proxy who disputes the announcement by the chairman of the result of any vote may immediately following such announcement demand that a poll be taken and the chairman shall thereupon cause a poll to be taken. If a poll is taken at any meeting, the result thereof shall be duly recorded in the minutes of that meeting by the chairman.

46. Any person other than an individual shall be regarded as one Member and subject to these Articles the right of any individual to speak for or represent such Member shall be determined by the law of the jurisdiction where, and by the documents by which, the person is constituted or derives its existence. In case of doubt, the directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the Directors may rely and act upon such advice without incurring any liability to any Member.

47. Any person other than an individual which is a Member of the Company may by resolution in writing (certified or signed by a duly authorized person) of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers of behalf of the person which he represents as that person could exercise if it were an individual Member of the Company.

48. The chairman of any meeting at which a vote is cast by proxy or on behalf of any person other than an individual may call for a notarially certified copy of such proxy or authority which shall be produced within seven days of being so requested or the votes cast by such proxy or on behalf of such person shall be disregarded.

49. Directors of the Company may attend and speak at any meeting of Members of the Company and at any separate meeting of the holders of any class of shares in the Company.



DIRECTORS

50. The first Directors of the Company shall be elected by the subscriber to the Memorandum; and thereafter, the Directors shall be elected by the Members for such term as the Members determine.

51. The minimum number of Directors shall be two and the maximum number shall be seven.

52. Each Director shall hold office for the term, if any, fixed by resolution of Members or until his earlier death, resignation or removal.

53. A Director may be removed from office, with or without cause, by a resolution of Members.

54. A Director may resign his office by giving written notice of his resignation to the Company and the resignation shall have effect from the date the notice is received by the Company or from such later date as may be specified in the notice.

55. A vacancy in the board of Directors may be filled by a resolution of the remaining Directors.

56. With the prior or subsequent approval by a resolution of Shareholders, the Directors may, by a resolution of Directors, fix the emoluments of Directors with respect to services to be rendered in any capacity to the Company.

57. A Director shall not require a share qualification, and may be an individual or a company.

POWERS OF DIRECTORS

58. The business and affairs of the Company shall be managed by the Directors who may pay all expenses incurred preliminary to and in connection with the formation and registration of the Company and may exercise all such powers of the Company as are not by the Act or by the Memorandum or these Articles required to be exercised by the Members of the Company, subject to any delegation of such powers as may be authorised by these Articles and to such requirements as may be prescribed by a resolution of Members; but no requirement made by a resolution of Members shall prevail if it be inconsistent with these Articles nor shall such requirement invalidate any prior act of the Directors which would have been valid if such requirement had not been made.

59. The Directors may, by a resolution of Directors, appoint any person, including a person who is a Director, to be an officer or agent of the Company.



60. Every officer or agent of the Company has such powers and authority of the Directors, including the power and authority to affix the Seal, as are set forth in these Articles or in the resolution of Directors appointing the officer or agent, except that no officer or agent has any power or authority with respect to fixing the emoluments of Directors.

61. Any Director which is a body corporate may appoint any person its duly authorised representative for the purpose of representing it at meetings of the board of Directors or with respect to unanimous written consents.

62. The continuing Directors may act notwithstanding any vacancy in their body, save that if their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum for a meeting of the Directors, the continuing Directors or Director may act only for the purpose of appointing Directors to fill any vacancy that has arisen or summoning a meeting of Members.

63. All cheques, promissory notes, draft, bills or exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by resolution of Directors.

PROCEEDINGS OF DIRECTORS

64. Subject to Article 2, the Directors of the Company or any committee thereof may meet at such times and in such manner and places within or outside the British Virgin Islands as the Directors may determine to be necessary or desirable. Notwithstanding the foregoing a resolution in writing signed by all the Directors which may be in counterparts, shall be as valid as if it had been passed at a meeting of the Directors duly called and constituted, such resolution to be effective on the date on which the last Director signs the resolution.

65. A Director shall be deemed to be present at a meeting of Directors if he participates by telephone or other electronic means and all Directors participating in the meeting are able to hear each other.

66. A Director shall be given not less than three days notice of meetings of Directors, but a meeting of Directors held without seven days notice having been given to all Directors shall be valid if all the Directors entitled to vote at the meeting who do not attend, waive notice of the meeting. The inadvertent failure to give notice of a meeting to a Director, or the fact that a Director has not received the notice, does not invalidate the meeting.

67. A Director may by a written instrument appoint an alternate who need not be a Director and an alternate is entitled to attend meetings in the absence of the Director who appointed him and to vote or consent in place of the Director.

68. The Directors may determine by resolution the quorum necessary for the transaction of business and unless otherwise determined, two Directors shall be a quorum.



69. At every meeting of the Directors the chairman of the board of Directors shall preside as chairman of the meeting. If there is no chairman of the board of Directors or if the chairman of the board of Directors is not present at the meeting the vice chairman of the board of Directors shall preside. If there is no vice chairman of the board of Directors or if the vice chairman of the board of Directors is not present at the meeting the Directors present shall choose some one of their number to be chairman of the meeting.

70. The Directors shall cause the following corporate records to be kept:

(a) minutes of all meetings of Directors, Members, committees of Directors, committees of officers and committees of Members;

(b) copies of all resolutions consented to by Directors, Members, committees of Directors, committees of offices and committees of Members;

(c) such accounts and records as the Directors by resolution of Directors consider necessary or desirable in order to reflect the financial position of the Company; and

(d) a share register in which there shall be recorded the name and address of each Member, the number of shares held by each Member and the par value thereof, the date upon which the holder became a Member and the date upon which the holder ceased to be a Member and otherwise as required by the Act.

71. The books, records, minutes and share register shall be kept at the registered office of the Company or at such other place as the Directors determine.

72. The Directors may, by a resolution of Directors, designate one or more committees, each consisting of one or more Directors.

73. Each committee of Directors has such powers and authorities of the Directors, including the power and authority to affix the Seal, as are set forth in the resolution of Directors establishing the committee, except that no committee has any power or authority either to amend the Memorandum or these Articles or with respect to the matters requiring a resolution of Directors under these Articles.

74. The meetings and proceedings of each committee of Directors consisting of two or more Directors shall be governed mutatis mutandis by the provisions of these Articles regulating the proceedings of Directors so far as the same are not superseded by any provisions in the resolution establishing the committee.

OFFICERS

75. The Company may by resolution of Directors appoint officers of the Company at such times as shall be considered necessary or expedient. Such officers may consist



president and one or more vice presidents, secretaries and treasurers and such other officers as may from time to time be deemed desirable. Any number of offices may be held by the same person.

76. The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by resolution of Directors or resolution of Members, but in the absence of any specific allocation of duties it shall be the responsibility of the chairman of the board of Directors to preside at meetings of Directors and Members, the vice chairman to act in the absence of the chairman, the president to manage the day to day affairs of the Company, the vice presidents to act in order of seniority in the absence of the president but otherwise to perform such duties as may be delegated to them by the president, the secretaries to maintain the share register, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law and the treasurer to be responsible for the financial affairs of the Company.

77. The emoluments of all officers shall be fixed by resolution of Directors.

78. The officers of the Company shall hold office until their successors are duly elected and qualified, but any officer elected or appointed by the Directors may be removed at any time, with or without cause, by resolution of Directors. Any vacancy occurring in any office of the Company may be filled by resolution of Directors.

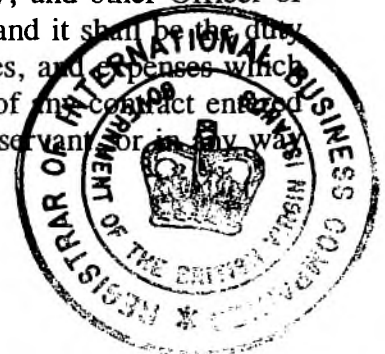
CONFLICT OF INTERESTS

79. No agreement or transaction between the Company and one or more of its Directors or any person in which any Director has a financial interest or to whom any Director is related, including as a Director of that other person, is void or voidable for this reason only or by reason only that the Director is present at the meeting of Directors or at the meeting of the committee of Directors that approves the agreement or transaction or that the vote or consent of the Director is counted for that purpose if the material facts of the interest of each Director in the agreement or transaction and his interest in or relationship to any other party to the agreement or transaction are disclosed in good faith or are known by the other Directors.

80. A Director who has an interest in any particular business to be considered at a meeting of Directors or Members may be counted for purposes of determining whether the meeting is duly constituted.

INDEMNIFICATION

81. Subject to the provisions of the Act, every Director, Secretary, and other Officer or servant of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay, all costs, losses, and expenses which any such Officer or servant may incur or become liable for by reason of any contract entered into, or act or thing done by him as such Officer, Director, Secretary or servant or in any way



in the discharge of his duties, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company, and have priority as between the Members over all other claims, unless the same happened through his own willful negligence, willful default, fraud or dishonesty.

82. No Director, Secretary or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or for any other loss, damage, or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto, unless the same happened through his own wilful neglect, wilful default, fraud or dishonesty.

SEAL

83. The Directors shall provide for the safe custody of the Seal. An imprint thereof shall be kept at the registered office. The Seal when affixed to any written instrument shall be witnessed by a Director or any other person so authorised from time to time by resolution of Directors. The Directors may provide for a facsimile of the Seal and of the signature of any Director or authorised person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been signed as hereinbefore described.

DIVIDENDS

84. The Company may by a resolution of Directors declare and pay dividends in money, shares, or other property but dividends shall only be declared and paid out of surplus. In the event that dividends are paid in specie the Directors shall have responsibility for establishing and recording in the resolution of Directors authorising the dividends, a fair and proper value for the assets to be so distributed.

85. The Directors may from time to time pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company.

86. The Directors may, before declaring any dividend, set aside out of the profits of the Company such sum as they think proper as a reserve fund, and may invest the sum so set apart as a reserve fund upon such securities as they may select.

87. No dividend shall be declared and paid unless the Directors determine that immediately after the payment of the dividend the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business and the realizable value of the assets



of the Company will not be less than the sum of its total liabilities, other than deferred taxes, as shown in its books of account, and its capital. In the absence of fraud, the decision of the Directors as to the realizable value of the assets of the Company is conclusive, unless a question of law is involved.

88. Notice of any dividend that may have been declared shall be given to each Member in the manner hereinafter mentioned and all dividends unclaimed for three years after having been declared may be forfeited by resolution of Directors for the benefit of the Company.

89. No dividend shall bear interest as against the Company.

90. A share issued as a dividend by the Company shall be treated for all purposes as having been issued for money equal to the surplus that is transferred from surplus to capital at the time of the distribution.

91. In the case of a dividend of authorized but unissued shares with par value, an amount equal to the aggregate par value of the shares shall be transferred from surplus to capital at the time of the distribution.

92. In the case of a dividend of authorized but unissued shares with par value, the amount designated by the Directors shall be transferred from surplus to capital at the time of the distribution, except that the Directors must designate as capital an amount that is at least equal to the amount that the shares are entitled to as a preference, if any, in the assets of the Company upon liquidation of the Company.

93. A division of the issued and outstanding shares of a class of shares into a larger number of shares of the same class having a proportionately smaller par value does not constitute a dividend of shares.

ACCOUNTS

94. The Directors shall cause to be kept proper accounts with respect to:-

- (a) all sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure take place;
- (b) all sales and purchases of assets by the Company; and
- (c) the assets and liabilities of the Company.

95. The books of account shall be kept at the office of the Company, or (subject to the provisions of the Act) at such other place as the Directors think fit and shall always be open to inspection by the Directors.



96. No Member (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Act or authorised by the Directors or by the Company in General Meeting.

97. At the annual General Meeting in each year the Directors shall lay before the Members a Profit and Loss Statement of the Company made up to a date not earlier than the date of the meeting by more than six months.

98. The Directors shall cause to be made out in every Fiscal Year and to be laid before the Company in General Meeting a Balance Sheet of the Company as at the date to which the Profit and Loss Statement referred to in the preceding Article is made up to.

99. Every Balance Sheet laid before the Company in General Meeting shall be signed on behalf of the Board by two of the Directors. The Directors' and Auditor's Reports shall be attached to such Balance Sheets and such Reports shall be read to the meeting and shall be open to inspection by any Member.

100. Printed Copies of the Directors' and auditor's Reports accompanied by printed copies of the Balance Sheets including every document required by law to be annexed thereto and Profit and Loss Statements shall, not less than seven days prior to the annual General Meeting, be delivered or sent by post to the registered address of every Member and to the Auditor, and the required number of copies of each of these documents shall at the same time be forwarded to any stock exchange on which all or any of the Shares of the Company are for the time being listed.

101. Every account of the Directors when audited and approved by an annual General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever such an error is discovered within that period, the accounts shall forthwith be corrected and thereupon shall be conclusive.

AUDIT

102. At any annual General Meeting or at a subsequent General Meeting in each year an independent representative of the Members (who shall not be a Member) shall be appointed by them as Auditor of the accounts of the Company and such Auditor shall hold office until the Members shall appoint another Auditor.

103. The remuneration of the Auditor shall be determined by the Members or by the Directors if so authorised by the Members.

104. If the Auditor's office becomes vacant by the resignation or death of the Auditor or by his becoming incapable of acting by reason of illness or otherwise at a time when his services are required, the Directors shall, as early as practicable, convene a General Meeting to appoint an Auditor to fill the vacancy or an Acting Auditor to act during the incapacity of the Auditor.



105. (1) The Auditor shall examine such books, accounts and vouchers as may be necessary for the performance of his duties.

(2) The Auditor shall make a report to the Members in a report to be laid before the Company at any annual General Meeting during his term of office, and shall state in his report whether in his opinion the financial statement presents fairly the financial position of the Company and the results of its operations for the period under review.

106. The Auditor shall be furnished with a list of all books kept by the Company and shall at all times have the right of access to the books and accounts and vouchers of the Company, and shall be entitled to require from the Directors and Officers of the Company such information and explanations as may be necessary for the performance of his duties.

107. The Auditor shall be entitled to attend any General Meeting of the Company at which any accounts which have been examined or reported on by him are to be laid before the Company and to make any statement or explanations he may desire with respect to the accounts, and notice of every such meeting shall be given to the Auditor in the manner prescribed for Members.

NOTICES

108. Any notice, information or written statement to be given by the Company to Members must be served by mail addressed to each Member at the address shown in the share register.

109. Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company, at its registered office, or by leaving it with, or by sending it by registered mail to, the registered agent of the Company.

110. Service of any summons, notice, order, document, process, information or written statement to be served on the Company may be proved by showing that the summons, notice, order, document, process, information or written statement was mailed in such time as to admit to its being delivered in the normal course of delivery within the period prescribed for service and was correctly addressed and the postage was prepaid.

ARBITRATION

111. Whenever any difference arises between the Company on the one hand and any of the Members or their executors, administrators or assigns on the other hand, touching the true intent and construction or the incidence or consequences of these Articles or of the Act, touching anything done or executed, omitted or suffered in pursuance of the Act or touching any breach or alleged breach or otherwise relating to the premises or to these Articles, or to any Act or Ordinance affecting the Company or to any of the affairs of the Company such difference shall, unless the parties agree to refer the same to a single arbitrator, be referred to two arbitrators.



- 32 -

one to be chosen by each of the parties to the difference and the arbitrators shall before entering on the reference appoint an umpire.

112. If either party to the reference makes default in appointing an arbitrator either originally or by way of substitution (in the event that an appointed arbitrator shall die, be incapable of acting or refuse to act) for ten days after the other party has given him notice to appoint the same, such other party may appoint an arbitrator to act in the place of the arbitrator of the defaulting party.

VOLUNTARY WINDING UP AND DISSOLUTION

113. (1) The Company may voluntarily commence to wind up and dissolve by a resolution of Members but if the Company has never issued shares it may voluntarily commence to wind up and dissolve by resolution of Directors.

(2) If the Company shall be wound up the Liquidator shall apply the assets of the Company in satisfaction of creditors' claims in such manner and order as he thinks fit.

(3) The assets available for distribution among the Members shall then be applied first, in the payment to the holders shares of a sum equal to the par value of the shares provided that there are sufficient assets available to enable such payment to be made and second, in the payment of any balance then remaining, such payment being made in proportion to the number of Shares in the Company held.

(4) If the Company shall be wound up (whether the liquidation is altogether voluntary or by or under the supervision of the Supreme Court) the Liquidator may, with the authority of a resolution passed in general meeting divide among the members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the Members or different classes of Members. The Liquidator may with the like authority, vest any part of the assets in trustees upon such trust for the benefit of Members as the Liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no Member shall be compelled to accept any shares in respect of which there is a liability.

CONTINUANCE

114. The Company may by resolution of Members or by a resolution passed unanimously by all Directors of the Company continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.



We, Citco B.V.I. Limited, of Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands for the purpose of incorporating an International Business Company under the laws of the British Virgin Islands hereby subscribe our name to this Memorandum of Association the 27th day of September , 1995 in the presence of:

Witness

Subscriber

[Handwritten signature]
.....
Road Town, Tortola

[Handwritten signature]
.....
Authorized Signatory
Citco B.V.I. Limited



THE SCHEDULE

FORM "A"

TRANSFER OF SHARES

I / W e

.....[the

transferor] in consideration of.....[amount]

D O H E R E B Y T R A N S F E R
TO.....[the

t r a n s f e r e e]
of.....[address].....

.....[number and class of shares] in
the company,

Lander Offshore, Inc., represented by the attached/within certificate.

AS WITNESS my/our hand(s) the day of 19

SIGNED by the above-named transferor(s)
in the presence of:

.....
(Signature of Transferor(s))

.....
(Witness)

.....



(Signature of Transferee(s))

.....
(Witness)

FORM "B"

TRANSFER BY PERSONAL REPRESENTATIVES

I/We having become entitled in consequence of the death of (name of deceased shareholder) to (number) share(s) comprised in certificate(s) numbered standing in the Register of Members of Lancer Offshore, Inc. in the name of the said deceased shareholder, instead of being registered myself/ourselves in consideration of the sum of (state total consideration) paid to me/us by name(s) of transferee(s)

.....
o f (a d d r e s s (e s)
.....

(hereinafter called "the transferee(s)") do hereby transfer to the transferee(s) (number and class of shares transferred) share(s) in the said Company subject to the several conditions on which the same were held immediately before the execution hereof; and I/We the transferee(s) do hereby agree to take the said share(s) hereby transferred subject to the conditions aforesaid.

AS WITNESS my/our hand(s) the day of 19

SIGNED by the above-named person(s)
entitled in the presence of:

.....
(Signatures of person(s) entitled)

SIGNED by the above-named Transferee(s)
in the presence of:

.....
(Signature(s) of Transferee(s))



.....

FORM "C"

PROXY LIMITED TO ONE MEETING

I / W e
.....
.....[name]

t h e h o l d e r o f
.....[number]
shares

h e r e b y a p p o i n t [p r o x y]
of.....

.....
.....[address]

o r f a i l i n g w h o m [p r o x y]
of.....

.....
.....[address]

to be my/our proxy to vote on me/our behalf at the annual/special general meeting of the shareholders of the company to be held on the day of 19 .., and at any adjournment thereof.

This form is to be used in favour of the following resolution(s):

Unless otherwise instructed with respect to any particular resolution(s) the proxy will vote or abstain as he thinks fit.

AS WITNESS my/our hand(s) this day of 19

SIGNED by



.....
(Signature(s) of shareholder(s))

.....
(Witness)