

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 11
NEW GULF RESOURCES, LLC, <i>et al.</i>	)	Case No. 15-12566 (BLS)
Debtors. <sup>1</sup>	)	Jointly Administered
	)	RE: Docket No. 25, 204, 231

**ORDER GRANTING MOTION FOR (I) AUTHORITY TO ASSUME THE BACKSTOP  
NOTE PURCHASE AGREEMENT, (II) APPROVAL OF (A) THE PUT OPTION  
NOTES, (B) THE LIQUIDATED DAMAGES PAYMENT, (C) TRANSACTION  
EXPENSES, AND (D) INDEMNIFICATION OBLIGATIONS, AND  
(III) (A) APPROVING PROCEDURES FOR RIGHTS OFFERING AND (B)  
AUTHORIZING THE DEBTORS TO CONDUCT THE RIGHTS OFFERING IN  
CONNECTION WITH THE DEBTORS' JOINT PLAN OF REORGANIZATION**

Upon the motion (the "Motion")<sup>2</sup> of the Debtors in the above-captioned cases for an order (i) authorizing the Debtors to assume and perform under the Backstop Note Purchase Agreement, dated as of December 17, 2015, by and among the Debtors and the Backstop Parties, a copy of which was attached to the Motion as Exhibit A (as amended by the *First Omnibus Amendment to Restructuring Support Agreement and Backstop Note Purchase Agreement*, dated as of January 27, 2016, a copy of which was filed with the Court on February 1, 2016 [Docket No. 231] and as may be further amended, the "Backstop Agreement"), and (ii) approving the Put Option Notes, the Liquidated Damages Payment, the Transaction Expenses and the Indemnification Obligations; and (iii) approving the Rights Offering Procedures, all as more fully described in the Motion and the Backstop Agreement, pursuant to sections 105(a), 363, 365 and 503 of the

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: NGR Holding Company LLC (81-0781782), New Gulf Resources, LLC (27-5431365); NGR Finance Corp. (61-1735563) and NGR Texas, LLC (a disregarded entity for tax purposes). The Debtors' mailing address is 10441 S. Regal Boulevard, Suite 210, Tulsa, Oklahoma 74133.

<sup>2</sup> Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to them in the Motion.

Bankruptcy Code and Bankruptcy Rules 6003, 6004 and 6006; and upon the First Day Declaration; and upon the record of the hearing held by the Court, if any; and after due deliberation and sufficient cause appearing therefor,

**IT IS FOUND AND DETERMINED THAT:<sup>3</sup>**

A. The Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157(a)-(b) and 1334(b). Consideration of the Motion and the relief requested therein is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409. The Court may enter a final order consistent with Article III of the United States Constitution.

B. The notice given by the Debtors of the Motion and the hearing with respect to the Motion constitutes proper, timely, adequate and sufficient notice thereof and complies with the Bankruptcy Code, the Bankruptcy Rules and applicable Local Rules, and no other or further notice is necessary.

C. The terms and conditions of the Backstop Agreement and the Rights Offering Procedures are incorporated as if fully set forth herein in the first instance. The terms and conditions thereunder are fair, reasonable, and the best available to the Debtors under the circumstances, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, are based on good, sufficient, and sound business purposes and justifications, and are supported by reasonably equivalent value and fair consideration. The Backstop Agreement and the Rights Offering Procedures were negotiated in good faith and at arms' length among the Debtors, the Backstop Parties and their respective professional advisors.

D. The amount and terms and conditions of each of the Put Option Notes, Liquidated Damages Payment, Transaction Expenses and Indemnification Obligations are reasonable and

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<sup>3</sup> Findings of fact shall be construed as conclusions of law, and conclusions of law shall be construed as findings of fact, pursuant to Bankruptcy Rule 7052.

customary for this type of transaction and constitute actual and necessary costs to preserve the Debtors' estates. The Put Option Notes, Liquidated Damages Payment, Transaction Expenses and Indemnification Obligations are each bargained for and integral parts of the transactions specified in the Backstop Agreement and, without such inducement, the Backstop Parties would not have agreed to the terms and conditions of the Backstop Agreement. Accordingly, the foregoing transactions are reasonable and enhance the value of the Debtors' estates.

E. The entry into the Backstop Agreement by the parties thereto, and the performance and fulfillment of their respective obligations thereunder, do not constitute the solicitation of a vote on a chapter 11 plan and comply with the Bankruptcy Code and any and all other applicable statutes, laws, regulations, or orders.

F. All parties in interest have been afforded a reasonable opportunity to object and be heard with respect to the Motion and the transactions set forth in the Backstop Agreement, the Rights Offering Procedures and all of the relief granted herein.

G. The Backstop Agreement and all accompanying relief requested in the Motion serve to maximize estate value for the benefit of all the Debtors' stakeholders and parties in interest, and are otherwise in the best interests of the Debtors, their estates, equity holders, creditors, and all parties in interest.

**BASED ON THE FOREGOING, IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED to the extent set forth herein.
2. All objections to the Motion or the relief requested therein, if any, that have not been withdrawn, waived or settled, and all reservations of rights included therein, are overruled with prejudice.

3. The Backstop Agreement is approved in its entirety, the Debtors' entry into the Backstop Agreement is approved, and the Debtors are authorized and directed (and are hereby deemed) to assume the Backstop Agreement and to fully perform any and all obligations thereunder.

4. The Backstop Agreement shall be binding and enforceable against the parties thereto in accordance with its terms.

5. Any cure amount or other requirements of section 365 of the Bankruptcy Code are hereby deemed satisfied.

6. The failure to describe specifically or include any particular provision of the Backstop Agreement in the Motion or this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Backstop Agreement be assumed by the Debtors in its entirety and that the Debtors fully perform their obligations thereunder.

7. The Debtors are authorized and directed to pay the premiums, liquidated damages, fees and expenses and indemnification obligations provided for or permitted by the Backstop Agreement (including, without limitation, the Put Option Notes, Liquidated Damages Payment, Transaction Expenses and Indemnification Obligations) in accordance with, and to the extent they become payable under, the terms of the Backstop Agreement. Without limiting any other provision of this Order, the Court finds that the Put Option Notes, the Liquidated Damages Payment, the Transaction Expenses and the Indemnification Obligations provided under the Backstop Agreement: (i) are approved and allowed as administrative expenses pursuant to sections 503(b) and 507(a) of the Bankruptcy Code; and (ii) shall be payable pursuant to the terms of the Backstop Agreement; *provided, however*, that such payments shall be junior in all respects to the superpriority administrative expense claims granted with respect to the DIP

Facility. Under no circumstances shall the Put Option Notes, the Liquidated Damages Payment, the Transaction Expenses and the Indemnification Obligations be subject to any avoidance, disgorgement, reduction, setoff, recoupment, offset, recharacterization, subordination (whether contractual, equitable, or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, or any other challenges under any theory at law or in equity by any person or entity. Each of the Put Option Notes, the Liquidated Damages Payment, the Transaction Expenses and the Indemnification Obligations shall not be subject to further approval of the Court and no recipient of any Put Option Notes, the Liquidated Damages Payment, the Transaction Expenses or the Indemnification Obligations shall be required to file any interim or final application with the Court as a condition precedent to the Debtors' obligation to pay such amounts.

8. For the avoidance of doubt, the Put Option Notes, Liquidated Damages Payment, Transaction Expenses and Indemnification Obligations shall survive any termination of the Backstop Agreement in accordance with, and subject to, the terms specified in the Backstop Agreement and constitute valid, binding and enforceable obligations against the Debtors and their estates.

9. The Backstop Agreement shall be solely for the benefit of the parties thereto and no other person or entity shall be a third-party beneficiary thereof. No entity, other than the parties to the Backstop Agreement, shall have any right to seek or enforce specific performance of the Backstop Agreement.

10. The Debtors irrevocably waive any right to seek any modification, stay, vacatur or amendment of this Order without the prior written consent of the Requisite Backstop Parties (as defined in the Backstop Agreement), and no such consent shall be implied by any other action, inaction or acquiescence of any of the Backstop Parties.

11. The failure of any Backstop Party to seek relief or otherwise exercise its rights and remedies under this Order, the Backstop Agreement, or applicable law, as the case may be, shall not constitute a waiver of any of the rights hereunder, thereunder, or otherwise of any of the Backstop Parties.

12. To the extent the automatic stay provisions of section 362 of the Bankruptcy Code would otherwise apply, such provisions are vacated and modified to effectuate all of the terms and provisions of the Backstop Agreement and this Order, including, without limitation, permitting the Backstop Parties to exercise all rights and remedies under the Backstop Agreement in accordance with its terms, terminate the Backstop Agreement in accordance with its terms, and deliver any notice contemplated thereunder, in each case, without further order of the Court.

13. Nothing in this Order shall relieve any of the Debtors from their obligations to comply with all applicable provisions of the documents governing the DIP Facility and orders approving the same.

14. The Backstop Agreement and the provisions of this Order, including all findings herein, shall be effective and binding upon all parties in interest in the Chapter 11 Cases, including, without limitation, all creditors of any of the Debtors, any statutory or other committee appointed in the Chapter 11 Cases, the Debtors and their respective successors and assigns, including any trustee hereinafter appointed or elected for any of the Debtors, any examiner appointed, a responsible person, officer, or any other party appointed as a legal representative or designee of any of the Debtors or with respect to the property of the Debtors' estates, whether in the Chapter 11 Cases, in any successor chapter 11 or chapter 7 cases, or upon

any dismissal of any such cases, and shall inure to the benefit of the Backstop Parties and the Debtors and their respective successors and assigns.

15. The Debtors are authorized to execute, deliver, and perform one or more amendments, waivers, consents, or other modifications to and under the Backstop Agreement (including any related agreements, documents or papers), in each case in accordance with the terms of the Backstop Agreement, and no further approval of the Court shall be required for any amendment, waiver, consent, or other modification to and under the Backstop Agreement (including any related agreements, documents or papers) that does not have a material adverse effect on the Debtors' estates; *provided, however*, that a copy of any such amendment, waiver, consent, or other modification shall be served by the Debtors on counsel to the administrative agent and collateral agent under the DIP Facility, counsel to the United States Trustee, and counsel to any official committee appointed in the Chapter 11 Cases as soon as reasonably practicable; *provided further, however*, that approval of the Court shall be required if, in connection with any such amendment, waiver, consent, or modification, the amount of the Put Option Notes or Liquidated Damages Payment is increased or any other payment is imposed.

16. The Debtors are authorized to take any and all actions, and to execute any and all instruments, documents and papers necessary to implement the terms of the Backstop Agreement and effectuate the relief granted pursuant to this Order.

17. The Rights Offering Procedures, substantially in the form attached hereto as **Exhibit 1**, are fair and reasonable, and are hereby approved.

18. The Debtors are authorized to commence and conduct the Rights Offering in accordance with the terms and conditions of the Backstop Agreement and the Rights Offering Procedures.



19. The Rights Exercise Forms, substantially in the form attached to the Rights Offering Procedures as Exhibit A thereto, provide sufficient information to enable each Eligible Participant to duly participate in the Rights Offering, and are hereby approved.

20. The Debtors are authorized to distribute the Rights Offering Procedures and the Rights Exercise Forms to each Eligible Participant as of the Rights Offering Record Date.

21. Each Eligible Participant (other than the Backstop Parties) intending to participate in the Rights Offering must affirmatively make a binding election to exercise its Rights on or prior to the Rights Offering Expiration Date and must otherwise timely satisfy each of the terms and conditions set forth in the Rights Offering Procedures and the Rights Exercise Forms, and shall be deemed to have relinquished and waived all rights to participate in the Rights Offering to the extent such Eligible Participant fails to timely satisfy each of the terms and conditions set forth in the Rights Offering Procedures and Rights Exercise Forms.

22. The Rights Offering Procedures may be amended, modified, supplemented or waived by the Debtors (with the prior written consent of the Requisite Backstop Parties), as set forth in the Rights Offering Procedures and subject to the terms of this Order..

23. The Debtors' designation of Prime Clerk, LLC as the Subscription Agent for the Rights Offering is hereby approved.

24. Nothing in this Order shall restrict, impair or otherwise limit the right of any party in interest to assert any objection to confirmation of the Debtors' chapter 11 plan of reorganization filed in the Chapter 11 Cases.

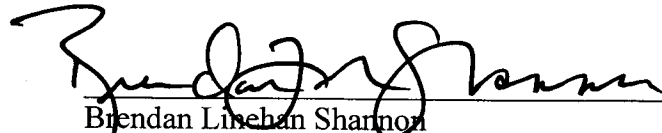
25. The Debtors are authorized and empowered to execute and deliver such documents, and to take and perform all actions necessary to implement and effectuate the Rights Offering.

26. Notwithstanding Bankruptcy Rules 6004(h) and 6006, this Order shall take effect immediately upon its entry.

27. The terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

28. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: February 4, 2016  
Wilmington, Delaware

  
Brendan Linehan Shannon  
United States Bankruptcy Judge

**Exhibit 1**

Rights Offering Procedures

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

<p><b>In re</b></p> <p><b>NEW GULF RESOURCES, LLC., et al.,<sup>1</sup></b></p> <p><b>Debtors.</b></p>	§ § § § § § § § §	<p><b>Chapter 11</b></p> <p><b>Case No. 15-12566</b></p> <p><b>Jointly Administered</b></p>
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**RIGHTS OFFERING PROCEDURES**

To Eligible Participants and Nominees of Eligible Participants:

Whereas, on February 3, 2016, NGR Holding Company LLC (“NGR”) and its affiliated debtors and debtors in possession (collectively, the “**Debtors**”) filed the *Debtors’ First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended, modified or supplemented from time to time, the “**Plan**”) and the *First Amended Solicitation and Disclosure Statement for the Joint Chapter 11 Plan of Reorganization* (as may be amended, modified, or supplemented from time to time, the “**Disclosure Statement**”);

Whereas, on February [4], 2016, the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) entered an order (the “**Rights Offering Procedures Order**”) approving, among other things, these procedures (as may be amended from time to time in accordance with the terms of the Rights Offering Procedures Order, the “**Rights Offering Procedures**”) for the conduct of, and participation in, a rights offering contemplated by, and to be implemented by the Company pursuant to, the Plan and the Backstop Note Purchase Agreement (as defined below) (the “**Rights Offering**”);

Whereas, New Gulf Resources, LLC, a wholly-owned subsidiary of NGR and a Debtor (the “**Company**”), will conduct the Rights Offering by allocating to each Eligible Participant non-transferable, non-certificated rights (the “**Rights**”) to purchase such Eligible Participant’s Pro Rata share of New First Lien Notes issued by the Company;

Whereas, the Debtors and the Backstop Parties have entered into the Amended and Restated Backstop Note Purchase Agreement (as amended, supplemented or otherwise modified from time to time, the “**Backstop Agreement**”), dated as of January 27, 2016, effective as of January 4, 2016, pursuant to which the Backstop Parties have agreed, subject to the terms and conditions therein, to purchase such Backstop Party’s Primary Notes (as defined in the Backstop Agreement) and such Backstop Party’s Backstop Commitment Percentage of all Unsubscribed Notes;

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<sup>1</sup> The Debtors in these cases and their respective tax identification numbers are: NGR Holding Company LLC (81-0781782); New Gulf Resources, LLC (27-5431365); NGR Finance Corp. (61-1735563) and NGR Texas, LLC (a disregarded entity).

Whereas, capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Plan or, if any such term is not defined in the Plan, the meanings set forth in the Backstop Agreement.

The Debtors have designated Prime Clerk, LLC as the subscription agent for the Rights Offering (the "**Subscription Agent**"). All questions relating to these Rights Offering Procedures, other documents associated with the Rights Offering or the requirements for participating in the Rights Offering should be directed to the Subscription Agent at:

**NGR Rights Offering Processing**  
**c/o Prime Clerk LLC**  
**830 3rd Avenue, 3rd Floor**  
**New York, NY 10022**  
**(855) 410-7361**  
**[[newgulfballots@primeclerk.com](mailto:newgulfballots@primeclerk.com)]**

These Rights Offering Procedures have been approved by the Bankruptcy Court pursuant to the Rights Offering Procedures Order.

The Rights Offering, the distribution of each Right and the issuance of each New First Lien Note are being conducted under the Plan.

Each Right is being distributed and issued by the Company without registration under the Securities Act of 1933, as amended (the "**Securities Act**") in reliance upon the exemption provided in section 1145 of the Bankruptcy Code. Each New First Lien Note is being distributed and issued by the Company without registration under the Securities Act in reliance upon the exemption set forth in section 4(a)(2) thereof and/or Regulation D promulgated thereunder.

None of the Rights distributed in connection with these Rights Offering Procedures have been or will be registered under the Securities Act, or any state, local or foreign law requiring registration for offer or sale of a security and no Rights may be sold or independently transferred. None of the New First Lien Notes have been registered or will be registered under the Securities Act, or any state, local or foreign law requiring registration for offer or sale of a security, and no New First Lien Notes may be transferred except pursuant to an available exemption from registration under the Securities Act.

The Rights Offering is being conducted in good faith and in compliance with the Bankruptcy Code. In accordance with section 1125(e) of the Bankruptcy Code, a debtor or any of its agents that participates, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security, offered or sold under the plan, of the debtor, of an affiliate participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such participation, for violation of any applicable law, rule, or regulation governing the offer, issuance, sale, or purchase of securities.

Please refer to the Disclosure Statement and the Plan (as the Disclosure Statement and the Plan may be further supplemented from time to time) for information regarding the issuance of New First Lien Notes pursuant to the Plan, including applicable settlement procedures and transfer restrictions. For

a copy of the Disclosure Statement or the Plan (including any Plan Supplement), please contact the Subscription Agent or see the Debtors' restructuring website (<http://cases.primeclerk.com/newgulf/>).

### *Overview of the Rights Offering*

Rights to purchase New First Lien Notes in the Rights Offering (the "**Rights Offering Notes**") at a price per New First Lien Note equal to \$1,000 for each \$1,000 in original principal amount of New First Lien Note (the "**Per Note Price**") are being distributed to the Eligible Participants as preconfirmation distributions under the Plan and in conjunction with the Debtors' solicitation of votes to accept or reject the Plan.

The aggregate principal amount of Rights Offering Notes will be \$50,000,000.

Each Eligible Participant has the right, but not the obligation, to purchase all or a portion of its Available Notes.

### *Eligible Participants*

Only Eligible Participants may participate in the Rights Offering.

An "**Eligible Participant**" means a Person that is the beneficial owner of an Eligible Claim as of February [4], 2016 (the "**Rights Offering Record Date**") and is an Accredited Investor.

An "**Eligible Claim**" means the principal amount of an Allowed Second Lien Notes Claim held by an Eligible Participant on the Rights Offering Record Date.

An "**Accredited Investor**" means an "accredited investor" as such term is defined in Rule 501(a) under the Securities Act.

**In order to participate in the Rights Offering, each Eligible Participant must satisfy all conditions and requirements set forth in these Rights Offering Procedures (including any attached exhibit or other document referenced in these Rights Offering Procedures). If an Eligible Participant does not satisfy all such conditions and requirements on or prior to the Rights Offering Expiration Date, such Eligible Participant shall be deemed to have forever and irrevocably relinquished and waived the right to participate in the Rights Offering and any Rights to be distributed to such Eligible Participant pursuant to the Plan shall be cancelled without any further action by the Company and, to the extent that any subscribing Rights holder has paid the Aggregate Rights Offering Subscription Price with respect to such cancelled Rights, the Subscription Agent shall refund such amounts to such subscribing Rights holder.**

### *The Rights Exercise Form*

In order to exercise Rights, an Eligible Participant must duly complete and timely deliver to the Subscription Agent the enclosed rights exercise form (the "**Rights Exercise Form**"), along with its Aggregate Rights Offering Subscription Price (as defined below), in accordance with these Rights Offering Procedures; provided, however, that Backstop Parties who are Eligible Participants shall

only be required to deliver their respective Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement.

***Determination of an Eligible Participant's Rights Offering Notes***

Each Eligible Participant shall be entitled to subscribe for that number of Rights Offering Notes equal to (X) 50,000, which is the aggregate number of Rights Offering Notes offered in the Rights Offering, multiplied by (Y) the quotient of (i) the Eligible Claims held by such Eligible Participant and (ii) the aggregate principal amount of all Allowed Second Lien Claims, rounded down to the nearest whole number of Rights Offering Notes (such number of Rights Offering Notes with respect to any Eligible Participant, the "Available Notes").

***Restrictions on Transfer of Rights and Claims***

**THE RIGHTS ARE NOT TRANSFERRABLE OR ASSIGNABLE. RIGHTS MAY ONLY BE EXERCISED BY OR THROUGH THE ELIGIBLE PARTICIPANT ENTITLED TO EXERCISE SUCH RIGHTS AS OF THE RIGHTS OFFERING RECORD DATE. ANY TRANSFER OF RIGHTS WILL BE NULL AND VOID, AND THE DEBTORS WILL NOT TREAT ANY PURPORTED TRANSFEREE OF ANY RIGHT AS A HOLDER OF SUCH RIGHT. IN ADDITION, ONCE AN ELIGIBLE PARTICIPANT HAS PROPERLY EXERCISED ITS RIGHTS, SUCH EXERCISE CANNOT BE REVOKED, WITHDRAWN OR CANCELLED EXCEPT IN ACCORDANCE WITH THE PROCEDURES EXPRESSLY PROVIDED HEREIN; PROVIDED, THAT NOTHING HEREIN SHALL AMEND, MODIFY OR OTHERWISE ALTER THE RIGHT OF A BACKSTOP PARTY, PURSUANT TO SECTION 7 OF THE BACKSTOP AGREEMENT, TO THE RETURN OF SUCH BACKSTOP PARTY'S PURCHASE PRICE (AS DEFINED IN THE BACKSTOP AGREEMENT) AFTER A TERMINATION OF THE BACKSTOP AGREEMENT.**

***No Fractional Notes***

No fractional New First Lien Notes will be issued in connection with the Rights Offering. Each Eligible Participant's amount of Available Notes will be rounded down to the nearest whole New First Lien Note. No compensation shall be paid in respect of such adjustment.

***Duration of the Rights Offering***

The Rights Offering will commence on the day upon which the Rights Exercise Form is first mailed or otherwise made available to any Eligible Participant (the "**Rights Offering Commencement Date**").

The Rights Offering will expire at 5:00 p.m. (Eastern Time) on the date that is thirty (30) days after the Rights Offering Commencement Date (as may be extended in accordance with these Rights Offering Procedures, the "**Rights Offering Expiration Date**").

The period commencing on the Rights Offering Commencement Date and ending on the Rights Offering Expiration Date is the "**Rights Exercise Period.**"

Each Eligible Participant intending to participate in the Rights Offering must affirmatively make a binding election to exercise its Rights on or prior to the Rights Offering Expiration Date, and submit payment by wire transfer of immediately available funds in an amount equal to the Per Note Price for each duly subscribed for Available Note (such amount for any Eligible Participant that is exercising Rights, the “**Aggregate Rights Offering Subscription Price**”) so that such payment is actually received by the Subscription Agent on or prior to the Rights Offering Expiration Date; provided, however, that Backstop Parties who are Eligible Participants shall only be required to deliver their respective Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement. Any overpayments actually paid by any Eligible Participant to the Subscription Agent shall be refunded, without interest, as soon as reasonably practicable after refund amounts are determined by the Subscription Agent, provided, that the Subscription Agent shall use commercially reasonable efforts to refund such amounts no later than twenty (20) Business Days after the Effective Date or the date of termination of the Backstop Agreement. In addition to the foregoing, to participate in the Rights Offering, an Eligible Participant must also (i) certify in the Rights Election Form that it will vote to accept the Plan and will not opt out of any releases set forth in Article VII of the Plan, (ii) timely deliver a ballot voting to accept the Plan in accordance with solicitation procedures approved by the Bankruptcy Court and (iii) not opt out of any releases set forth in Article VII of the Plan.

#### ***Unsubscribed Rights Offering Notes***

The Backstop Parties have agreed, subject to the terms and conditions of the Backstop Agreement, to purchase their respective Backstop Commitment Percentage of all Unsubscribed Notes.

#### ***Exercise of Rights***

In order to participate in the Rights Offering, each Eligible Participant must affirmatively make a binding election to exercise all or a portion of its Rights on or prior to the Rights Offering Expiration Date, and such exercise must not have been revoked, withdrawn or cancelled as provided herein. After 5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date, the exercise of the Rights shall be irrevocable unless the Backstop Agreement is terminated as provided therein. In addition to the foregoing, to participate in the Rights Offering, an Eligible Participant must also (i) certify in the Rights Election Form that it will vote to accept the Plan and will not opt out of any releases set forth in Article VII of the Plan, (ii) timely deliver a ballot voting to accept the Plan in accordance with solicitation procedures approved by the Bankruptcy Court and (iii) not opt out of any releases set forth in Article VII of the Plan.

In order to exercise Rights, each Eligible Participant must submit a Rights Exercise Form indicating the whole number of Rights Offering Notes (up to such Eligible Participant’s Available Notes) that such Eligible Participant elects to purchase, along with payment by wire transfer of immediately available funds in an amount equal to the product of (a) the number of Available Notes such Eligible Participant elects to purchase and (b) the Per Note Price, so that the Rights Exercise Form and the Aggregate Rights Offering Subscription Price are actually received by the Subscription Agent on or before the Rights Offering Expiration Date in accordance with the Rights Offering Procedures; provided, however, that Backstop Parties who are Eligible Participants shall only be



required to deliver their respective Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement.

***Deemed Representations and Acknowledgements***

Any Person exercising any Rights will be required to represent and acknowledge that such Person:

- (i) is an Eligible Participant;
- (ii) recognizes and understands that the Rights are not transferable or assignable, and may only be exercised by an Eligible Participant;
- (iii) acknowledges and agrees that the Rights Offering Notes have not been registered under the Securities Act nor qualified under any state, local or foreign securities laws, are being offered and sold pursuant to an exemption from such registration and qualification based in part on such Person being an Eligible Participant and may not be offered or transferred except pursuant to an available exemption from registration under the Securities Act;
- (iv) acknowledges and agrees that except as provided under applicable state securities laws and in the Rights Offering Procedures, the exercise of the Rights is and shall be irrevocable unless a Withdrawal Form is properly completed, duly executed and delivered to the Subscription Agent prior to 5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date; provided, that nothing in these Rights Offering Procedures shall amend, modify or otherwise alter the right of the Requisite Backstop Parties to terminate the Backstop Agreement pursuant to the terms of the Backstop Agreement;
- (v) has read and understands the Rights Offering Procedures, the Rights Offering Exercise Form, the Plan and the Disclosure Statement and understands the terms and conditions herein and therein and the risks associated with the Debtors and their business as described in the Disclosure Statement;
- (vi) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment with respect to the Rights and the Rights Offering Notes, and it is able to bear the economic risk of an investment in the Company;
- (vii) has sufficient financial resources available to support the loss of all or a portion of its investment in the Company, and has no need for liquidity in its investment in the Company;
- (viii) is not a party to any contract with any person that would give rise to a valid claim against any of the Debtors for a brokerage commission, finder's fee or like payment in connection with the investment;
- (ix) is not relying upon any information, representation or warranty other than as set forth in the Rights Offering Procedures, the Rights Offering Exercise Form, the Plan, or the Disclosure Statement; provided, however, that the Backstop Parties are relying on the representations and warranties of the Debtors made in the Backstop Agreement; and

(x) has consulted, to the extent deemed appropriate, with its own advisors as to the financial, tax, legal and related matters concerning an investment in the Rights Offering Notes and on that basis believes that an investment in the Rights Offering Notes is suitable and appropriate for itself.

***Withdrawal of Exercise of Rights; Withdrawal Form***

An Eligible Participant that has exercised all or a portion of its Rights may revoke, withdraw or otherwise cancel its previous election to exercise its Rights (or any portion thereof) by ensuring that a properly completed and duly executed Withdrawal Form, substantially in the form enclosed herewith (a “**Withdrawal Form**”), is received by the Subscription Agent prior to **5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date.**

THE DELIVERY OF A WITHDRAWAL FORM IS AT THE ELIGIBLE PARTICIPANT’S RISK. ELIGIBLE PARTICIPANTS SHOULD TAKE APPROPRIATE STEPS TO ENSURE THAT THE WITHDRAWAL FORM IS PROPERLY COMPLETED, DULY EXECUTED AND DELIVERED TO THE SUBSCRIPTION AGENT PRIOR TO 5:00 P.M. ON THE RIGHTS OFFERING EXPIRATION DATE. INCOMPLETE OR UNSIGNED FORMS WILL NOT BE ACCEPTED AND, THEREFORE, WILL NOT RESULT IN THE WITHDRAWAL OF AN ELECTION TO EXERCISE RIGHTS.

The amount of any Aggregate Rights Offering Subscription Price (or applicable portion thereof) received by the Subscription Agent from an Eligible Participant who subsequently elects to withdraw the exercise of its Rights (or any portion thereof) and timely returns a properly completed and duly executed Withdrawal Form to the Subscription Agent shall be refunded, without interest, to the Eligible Participant as soon as reasonably practicable after refund amounts are determined by the Subscription Agent, provided that the Subscription Agent shall use commercially reasonable efforts to refund such amounts no later than twenty (20) Business Days after the Rights Offering Expiration Date.

Once an Eligible Participant has withdrawn its election to exercise its Rights (or any portion thereof), the Eligible Participant may again elect to exercise all or a portion of its Rights only by again following the proper exercise procedures described herein and properly completing and delivering a Rights Exercise Form. Following withdrawal, if an Eligible Participant again elects to exercise all or a portion of its Rights, the Eligible Participant bears the risk that it will not yet have received a refund from the Subscription Agent for the withdrawn exercise of Rights and will need to pay additional funds in connection with such new election.

Nothing in these Rights Offering Procedures shall amend, modify or otherwise alter the right of the Requisite Backstop Parties to terminate the Backstop Agreement pursuant to the terms of the Backstop Agreement and the right to the return of such Backstop Party’s Purchase Price (as defined in the Backstop Agreement) after a termination of the Backstop Agreement.

### ***Failure to Exercise Rights***

**Unexercised Rights will be cancelled on the Rights Offering Expiration Date.** An Eligible Participant shall be deemed to have relinquished and waived all rights to participate in the Rights Offering to the extent the Subscription Agent for any reason does not receive from an Eligible Participant, on or before the Rights Offering Expiration Date, (i) a duly completed Rights Exercise Form (that has not been subsequently timely and properly withdrawn) and (ii) immediately available funds by wire transfer for the Aggregate Rights Offering Subscription Price with respect to the Rights such Eligible Participant is exercising in such Rights Exercise Form; provided, however, that Backstop Parties who are Eligible Participants shall only be required to deliver their respective Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement. In addition to the foregoing, an Eligible Participant shall be deemed to have relinquished and waived all rights to participate in the Rights Offering if such Eligible Participant (i) does not certify in the Rights Election Form that it will vote to accept the Plan and that it will not opt out of any releases set forth in Article VII of the Plan, (ii) does not vote to accept the Plan and timely deliver a ballot voting to accept the Plan in accordance with solicitation procedures approved by the Bankruptcy Court or (iii) opts out of any releases set forth in Article VII of the Plan.

Any attempt to exercise any Rights or withdraw the exercise of any Rights after the Rights Offering Expiration Date shall be null and void and the Debtors shall not honor any Rights Exercise Form, Withdrawal Form or other documentation received by the Subscription Agent relating to such purported exercise or withdrawal after the Rights Offering Expiration Date, regardless of when such Rights Exercise Form, Withdrawal Form or other documentation was sent.

***The method of delivery of the Rights Exercise Form, Withdrawal Form and any other required documents by each Eligible Participant is at such Eligible Participant's option and sole risk, and delivery will be considered made only when such Rights Exercise Form, Withdrawal Form or other documentation is actually received by the Subscription Agent. If delivery is by mail, the use of registered mail with return receipt requested, properly insured, is encouraged and strongly recommended. In all cases, each Eligible Participant should allow sufficient time to ensure timely delivery prior to the Rights Offering Expiration Date.***

### ***Disputes, Waivers and Extensions***

Any and all disputes or issues concerning the timeliness, viability, form or exercise or withdrawal of exercise of Rights shall be addressed in good faith by the Debtors with the prior written consent of the Requisite Backstop Parties, not to be unreasonably withheld. Any determination made by the Debtors with respect to such dispute or issue, with the prior written consent of the Requisite Backstop Parties (not to be unreasonably withheld), shall be final and binding. The Debtors, with the prior written consent of the Requisite Backstop Parties, not to be unreasonably withheld, may (i) waive any defect or irregularity, or permit such a defect or irregularity to be corrected, within such times as the Debtors may determine in consultation with the Requisite Backstop Parties to be appropriate, (ii) reject the purported exercise of any Rights for which the Rights Exercise Form, the exercise thereof and/or payment of the Aggregate Rights Offering Subscription Price includes defects or irregularities or (iii) reject the purported withdrawal of the exercise of any Rights with respect to which a Withdrawal Form is received if the Withdrawal Form includes defects or irregularities.

Rights Exercise Forms and Withdrawal Forms shall be deemed not to have been properly completed until all defects and irregularities have been waived or cured within such time as the Debtors determine in their reasonable discretion, with the prior written consent of the Requisite Backstop Parties, not to be unreasonably withheld. The Debtors reserve the right, but are under no obligation, to give notice to any Eligible Participant regarding any defect or irregularity in connection with any purported exercise of Rights or withdrawal of exercise of Rights by such Eligible Participant; provided, however, that none of the Debtors (including any of their respective officers, directors, employees, agents or advisors) or the Subscription Agent shall incur any liability for any failure to give such notification. The Debtors may, but are under no obligation to, permit such defect or irregularity in any Rights Exercise Form or Withdrawal Form to be cured.

The Debtors may extend the Rights Offering Expiration Date, from time to time, with the prior written consent of the Requisite Backstop Parties. The Debtors shall promptly notify Eligible Participants in writing of such extension and of the date of the new Rights Offering Expiration Date.

### ***Funds***

All funds (the “**Rights Offering Funds**”) received in connection with an Eligible Participant’s exercise of Rights pursuant to these Rights Offering Procedures shall be deposited when received and held in escrow by the Subscription Agent pending the Effective Date in an account or accounts (a) which shall be separate and apart from the Subscription Agent’s general operating funds and from any other funds subject to any lien or any cash collateral arrangements and (b) which segregated account or accounts will be maintained for the sole purpose of holding the Rights Offering Funds for administration of the Rights Offering.

The Subscription Agent shall not use the Rights Offering Funds (other than funds attributable to the exercise of Rights that have been properly withdrawn in accordance with the procedures set forth herein) for any purpose other than to release such funds as directed by the Debtors pursuant to the Plan on the Effective Date and shall not encumber or permit the Rights Offering Funds to be encumbered by any lien or similar encumbrance. The amount of any Aggregate Rights Offering Subscription Price (or applicable portion thereof) received by the Subscription Agent from an Eligible Participant who subsequently elects to withdraw the exercise of its Rights (or any portion thereof) and timely returns a properly completed and duly executed Withdrawal Form to the Subscription Agent shall be refunded, without interest, to the Eligible Participant as set forth herein. No interest will be paid to Eligible Participants on account of any Rights Offering Funds or other amounts paid in connection with their exercise of Rights under any circumstances (including, without limitation, in connection with any withdrawal of exercise of Rights). The Rights Offering Funds shall not be property of the Debtors’ estates until the occurrence of the Effective Date.

All exercises of Rights are subject to and conditioned upon confirmation of the Plan and the occurrence of the Effective Date. In the event that the Plan is not confirmed and consummated on or prior to termination of the Backstop Agreement all Rights Offering Funds held by the Subscription Agent will be refunded, without interest, to each respective Eligible Participant as soon as reasonably practicable.

***Eligible Participant Release***

Upon the Effective Date, each Eligible Participant that elects to exercise Rights shall waive and release, to the fullest extent permitted under applicable law, all rights, claims or causes of action against the Debtors, Reorganized Debtors, the Backstop Parties and the Subscription Agent, and each of their respective affiliates, officers, directors, counsel and advisors, arising out of or related to the Rights Offering and the receipt, delivery, disbursements, calculations, transmission or segregation of cash, Rights and Rights Offering Notes, except to the extent such rights, claims or causes of action arise from any act of gross negligence or willful or intentional misconduct or fraud; provided, however, that nothing herein shall amend, modify or otherwise alter the rights of the Backstop Parties that survive termination of the Backstop Agreement (including, without limitation, rights to indemnification, reimbursement and contribution).

***Exemption from Securities Act Registration***

Each Right is being distributed and issued by the Company without registration under the Securities Act in reliance upon the exemption provided in section 1145 of the Bankruptcy Code. Each New First Lien Note is being distributed and issued by the Company without registration under the Securities Act in reliance upon the exemption set forth in section 4(a)(2) thereof and/or Regulation D promulgated thereunder.

None of the Rights distributed in connection with these Rights Offering Procedures have been or will be registered under the Securities Act, or any state, local or foreign law requiring registration for offer or sale of a security and no Rights may be sold or independently transferred. None of the New First Lien Notes have been registered or will be registered under the Securities Act, or any state, local or foreign law requiring registration for offer or sale of a security, and no New First Lien Notes may be transferred except pursuant to an available exemption from registration under the Securities Act.

**Please refer to Article VII of the Disclosure Statement and Article IV of the Plan for a more detailed discussion regarding the issuance of the New First Lien Notes pursuant to the Plan, including applicable transfer restrictions.**

***Rights Offering Conditioned Upon Plan Confirmation; Reservation of Rights***

All exercises of Rights are subject to and conditioned upon the confirmation of the Plan and the occurrence of the Effective Date.

Notwithstanding anything contained herein, the Disclosure Statement or the Plan to the contrary, the Debtors, with the consent of the Requisite Backstop Parties, such consent not to be unreasonably withheld, reserve the right to adopt additional procedures to more efficiently administer the Rights Offering or make such other changes to the Rights Offering, including the criteria for eligibility to participate in the Rights Offering, as necessary in the Debtors' or Reorganized Debtors' business judgment to more efficiently administer the distribution and exercise of the Rights, or to comply with applicable law.

***Rights Offering Distribution***

The Rights Offering Notes acquired in connection with the Rights Offering by Eligible Participants that have elected to participate in the Rights Offering and who have validly exercised their Rights shall be distributed in accordance with the distribution provisions contained in Article VIII of the Plan.

***Backstop Agreement***

The Debtors will assume the Backstop Agreement and consummate the transactions contemplated thereby in accordance with the terms and conditions thereof.

There will be no over-subscription privilege in the Rights Offering. Rights Offering Notes that are not subscribed-for in the Rights Offering will not be offered to other Eligible Participants but will be purchased by the Backstop Parties in accordance with the Backstop Agreement. Pursuant to the Backstop Agreement, subject to the terms, conditions and limitations set forth therein, and in reliance on the representations and warranties set forth therein, each of the Backstop Parties has agreed, severally and not jointly, to give the Company the right to require such Backstop Party, and each Backstop Party has agreed, to purchase from the Company, on the Effective Date, at the aggregate Purchase Price (as defined in the Backstop Agreement) therefor, its Backstop Commitment Percentage of all Rights Offering Notes not otherwise subscribed for and purchased by Eligible Participants pursuant to the Rights Offering.

***Inquiries and Transmittal of Documents; Subscription Agent***

Questions relating to these Rights Offering Procedures or otherwise participating in the Rights Offering should be directed to the Subscription Agent at:

**NGR Rights Offering Processing  
c/o Prime Clerk LLC  
830 3rd Avenue, 3rd Floor  
New York, NY 10022  
(855) 410-7361  
[[newgulfballots@primeclerk.com](mailto:newgulfballots@primeclerk.com)]**

All documents relating to the Rights Offering are or will be available from the Subscription Agent as set forth herein. In addition, such documents, together with all filings made with the Bankruptcy Court in the Chapter 11 Cases, are or will be available free of charge from the Debtors' restructuring website (<http://cases.primeclerk.com/newgulf/>).

**Before electing to participate in the Rights Offering, all Eligible Participants should review the Disclosure Statement (including the risk factors described in the section entitled "*Certain Risk Factors to be Considered*") and the Plan in addition to these Rights Offering Procedures and the instructions contained in the Rights Exercise Form.**

**Eligible Participants may wish to seek legal advice concerning the Rights Offering.**

**These Rights Offering Procedures and the accompanying Rights Exercise Form and**

**Withdrawal Form should be read carefully and the instructions therein must be strictly followed. The risk of non-delivery of any documents sent or payments remitted to the Subscription Agent in connection with the exercise of Rights or the withdrawal of any exercise of Rights lies solely with Eligible Participants, and shall not fall on the Debtors, Reorganized Debtors or any of their respective officers, directors, employees, agents or legal or financial advisors, including the Subscription Agent, under any circumstance whatsoever.**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

<p><b>In re</b></p> <p><b>NEW GULF RESOURCES, LLC., et al.,<sup>4</sup></b></p> <p><b>Debtors.</b></p>	§ § § § § § § §	<p><b>Chapter 11</b></p> <p><b>Case No. 15-12566</b></p> <p><b>Jointly Administered</b></p>
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**INSTRUCTIONS TO RIGHTS EXERCISE FORM AND WITHDRAWAL FORM  
IN CONNECTION WITH THE JOINT CHAPTER 11 PLAN OF  
REORGANIZATION OF NEW GULF RESOURCES, LLC,  
AND ITS DEBTOR AFFILIATES**

**RIGHTS OFFERING EXPIRATION DATE**

All Rights Exercise Forms and payments of the Aggregate Rights Offering Subscription Price, or, if applicable, Withdrawal Forms, must be received by the Subscription Agent no later than 5:00 p.m. (Eastern Time) on March [9], 2016 (as may be extended in accordance with the Rights Offering Procedures, the “Rights Offering Expiration Date”).

These Rights Offering Procedures have been approved by the Bankruptcy Court pursuant to the Rights Offering Procedures Order.

The Rights Offering, the distribution of each Right and the issuance of each New First Lien Note are being conducted under the Plan.

Each Right is being distributed and issued by the Company without registration under the Securities Act of 1933, as amended (the “Securities Act”) in reliance upon the exemption provided in section 1145 of the Bankruptcy Code. Each New First Lien Note is being distributed and issued by the Company without registration under the Securities Act in reliance upon the exemption set forth in section 4(a)(2) thereof and/or Regulation D promulgated thereunder.

None of the Rights distributed in connection with these Rights Offering Procedures have been or will be registered under the Securities Act, or any state, local or foreign law requiring registration for offer or sale of a

<sup>4</sup> The Debtors in these cases and their respective tax identification numbers are: NGR Holding Company LLC (81-0781782); New Gulf Resources, LLC (27-5431365); NGR Finance Corp. (61-1735563) and NGR Texas, LLC (a disregarded entity).



security and no Rights may be sold or independently transferred. None of the New First Lien Notes have been registered or will be registered under the Securities Act, or any state, local or foreign law requiring registration for offer or sale of a security, and no New First Lien Notes may be transferred except pursuant to an available exemption from registration under the Securities Act.

The Rights Offering is being conducted in good faith and in compliance with the Bankruptcy Code. In accordance with section 1125(e) of the Bankruptcy Code, a debtor or any of its agents that participates, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security, offered or sold under the plan, of the debtor, of an affiliate participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such participation, for violation of any applicable law, rule, or regulation governing the offer, issuance, sale, or purchase of securities.

Please refer to the Disclosure Statement and the Plan (as the Disclosure Statement and the Plan may be further supplemented from time to time) for information regarding the issuance of New First Lien Notes pursuant to the Plan, including applicable settlement procedures and transfer restrictions. For a copy of the Disclosure Statement or the Plan (including any Plan Supplement), please contact the Subscription Agent or see the Debtors' restructuring website (<http://cases.primeclerk.com/newgulf/>).

On February 3, 2016, NGR Holding Company LLC ("NGR") and its affiliated debtors and debtors in possession (collectively, the "**Debtors**") filed the *Debtors' First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended, modified or supplemented from time to time, the "**Plan**") and the *First Amended Solicitation and Disclosure Statement for the Joint Chapter 11 Plan of Reorganization* (as may be amended, modified or supplemented from time to time, the "**Disclosure Statement**"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Rights Offering Procedures.

An "**Eligible Participant**" means a Person that is the beneficial owner of an Eligible Claim as of February [4], 2016 (the "**Rights Offering Record Date**") and is an accredited investor.

An "**Eligible Claim**" means the principal amount of an Allowed Second Lien Notes Claim held by an Eligible Participant on the Rights Offering Record Date.

An "**Accredited Investor**" means an "accredited investor" as such term is defined in Rule 501(a) under the Securities Act. Please carefully review the definition set forth in the box below for the purposes of determining whether you are an "accredited investor."

#### Definition of "Accredited Investor"

An "accredited investor" as defined in Rule 501(a) under the Securities Act means any person who comes within any of the following categories:

- (1) any bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Exchange Act; any insurance company as defined in Section 2(a)(13) of the Securities Act; any investment company registered under the Investment Company Act or a business development company as defined in Section 2(a)(48) of that Act; any

Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5 million; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5 million or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

- (2) any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act;
- (3) any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5 million;
- (4) any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
- (5) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1 million;<sup>1</sup>
- (6) any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (7) any trust, with total assets in excess of \$5 million, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Securities Act; and
- (8) any entity in which all of the equity owners are accredited investors.

Please use the enclosed Rights Exercise Form to execute your election. In order to participate in the Rights Offering, you *must* duly complete, execute and return the attached Rights Exercise Form, together with your full payment for the exercise of your Rights as set forth below, to Prime Clerk, LLC (the "**Subscription Agent**") on or before the Rights Offering Expiration Date set forth above; provided, however, that Backstop Parties who are Eligible Participants shall only be

<sup>1</sup> For purposes of calculating net worth, (a) a natural person's primary residence shall not be included as an asset, (b) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability), and (c) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

required to deliver their respective Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement. This Rights Exercise Form must indicate the whole number of Rights Offering Notes (up to the applicable amount of Available Notes) that you elect to purchase, and you must pay by wire transfer of immediately available funds (to the account indicated herein) an amount equal to the product of (a) the number of Available Notes you elect to purchase and (b) the Per Note Price (the “**Aggregate Rights Offering Subscription Price**”). In addition to the foregoing, to participate in the Rights Offering, you must also (i) certify in the Rights Election Form that you will vote to accept the Plan and will not opt out of any releases set forth in Article VII of the Plan, (ii) timely deliver a ballot voting to accept the Plan in accordance with solicitation procedures approved by the Bankruptcy Court and (iii) not opt out of any releases set forth in Article VII of the Plan.

An Eligible Participant that has exercised its Rights and returned a Rights Exercise Form may revoke, withdraw or otherwise cancel its previous exercise of Rights (or any portion thereof) by ensuring that a properly completed and duly executed Withdrawal Form, substantially in the form enclosed herewith (a “**Withdrawal Form**”), is received by the Subscription Agent prior to **5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date**. The amount of any Aggregate Rights Offering Subscription Price (or applicable portion thereof) received by the Subscription Agent from an Eligible Participant who subsequently elects to withdraw the exercise of its Rights (or any portion thereof) and timely returns a properly completed and duly executed Withdrawal Form to the Subscription Agent shall be refunded, without interest, to the Eligible Participant as set forth in the Rights Offering Procedures.

Once an Eligible Participant has withdrawn its election to exercise its Rights (or any portion thereof), the Eligible Participant may again elect to exercise all or a portion of its Rights only by again following the proper exercise procedures described herein and properly completing and delivering a Rights Exercise Form. Following withdrawal, if an Eligible Participant again elects to exercise all or a portion of its Rights, the Eligible Participant bears the risk that it will not yet have received a refund from the Subscription Agent for the withdrawn exercise of Rights and will need to pay additional funds in connection with such new election.

**Please refer to the Disclosure Statement and the Plan (as the Disclosure Statement and the Plan may be supplemented, modified or amended from time to time) for information regarding the issuance of New First Lien Notes pursuant to the Plan, including applicable settlement procedures and transfer restrictions. For a copy of the Disclosure Statement, the Plan or any Plan supplement, please contact the Subscription Agent or see the Debtors’ restructuring website (<http://cases.primeclerk.com/newgulf/>).**

For further information on how to participate in the Rights Offering, please see the accompanying Rights Offering Procedures. If you have any questions about the Rights Exercise Form or the Rights Offering Procedures, please contact the Subscription Agent at **(855) 410-7361**.

**If your Rights Exercise Form is not properly completed, executed and received by the Subscription Agent by the Rights Offering Expiration Date, your Rights will terminate and be cancelled.**

To purchase New First Lien Notes pursuant to the Rights Offering:

**SECTION ONE - CERTAIN CERTIFICATIONS AND AGREEMENTS**

1. **Certify** whether you meet the definition of Accredited Investor.
2. **Certify and agree** that you will vote to accept the Plan by timely delivering a ballot in accordance with the solicitation procedures approved by the Bankruptcy Court and will not opt out of any releases set forth in Article VII of the Plan.

**SECTION TWO - EXERCISE OF RIGHTS**

1. **Review** the total amount of your Eligible Claims as indicated in Item 1 by your Nominee.
2. **Complete** the calculations in Items 2a and 2b, indicating the whole number of Available Notes you wish to purchase.
3. **Complete** Item 3.
4. **Carefully review, complete and execute** the certification, representations and acknowledgements in Item 4.
5. **Nominee Certification.** Provide the Nominee Certification in Item 3 on the last page of this Distribution Registration Form to your bank, broker, or other nominee (a "Nominee"). Your Nominee must read and complete this Nominee Certification and return it to you (as you are required to submit this Nominee Certification as part of this form in accordance with Step 4 above). Alternatively, your Nominee may have completed Item 4 prior to distributing the Distribution Registration Form to you.
6. **Return the Rights Exercise Form** in the enclosed pre-addressed envelope or via another approved return method so that it is received by the Subscription Agent on or before the Rights Offering Expiration Date; provided, however, that if you are a Backstop Party, you shall only be required to deliver your Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement. You may also deliver your completed Rights Exercise Form to the Subscription Agent via email at [[newgulfballots@primeclerk.com](mailto:newgulfballots@primeclerk.com)].
7. **Pay the Aggregate Rights Offering Subscription Price** to the Subscription Agent by wire transfer of immediately available funds so that it is received by the Subscription Agent on or before the Rights Offering Expiration Date. Call the Subscription Agent, Prime Clerk, LLC, at (855) 650-7243, to confirm receipt of payment.

To withdraw the exercise of any Rights previously exercised pursuant to a Right Exercise Form:

1. **Complete and execute** the Withdrawal Form enclosed herewith.
2. **Return the Withdrawal Form** via an approved return method so that it is received by the Subscription Agent on or before the Rights Offering Expiration Date. You may also deliver

your completed Withdrawal Form to the Subscription Agent via email at [\[newgulfballots@primeclerk.com\]](mailto:newgulfballots@primeclerk.com).

*Before electing to participate in the Rights Offering, all Eligible Participants should review the Disclosure Statement (including the risk factors described in the section entitled "Certain Risk Factors to be Considered") and the Plan in addition to the accompanying Rights Offering Procedures and the instructions contained herein.*

*You may wish to seek legal advice concerning the Rights Offering.*

**RIGHTS EXERCISE FORM  
IN CONNECTION WITH THE JOINT CHAPTER 11 PLAN OF REORGANIZATION OF  
NEW GULF RESOURCES, LLC, AND ITS DEBTOR AFFILIATES**

**RIGHTS OFFERING EXPIRATION DATE**

**All Rights Exercise Forms and payments of the Aggregate Rights  
Offering Subscription Price  
must be received by the  
Subscription Agent no later than  
5:00 p.m. (Eastern Time) on March [9], 2016  
(as may be extended in accordance with the Rights Offering  
Procedures, the “Rights Offering Expiration Date”).**

**Please refer to the Disclosure Statement  
and the Debtors’ Joint Plan of Reorganization Pursuant to Chapter  
11 of the Bankruptcy Code (as each may be amended, modified or  
supplemented from time to time, the “Disclosure Statement” and  
the “Plan,” respectively) for information regarding the issuance of  
New First Lien Notes pursuant to the Plan,  
including applicable transfer restrictions. For a copy of the  
Disclosure Statement or the Plan (including any Plan Supplement),  
please contact the Subscription Agent or see the Debtors’  
restructuring website (<https://cases.primeclerk.com/newgulf/>).**

**Please consult the accompanying Rights Offering Procedures  
and Instructions for additional information  
with respect to this Rights Exercise Form.**

**These Rights Offering Procedures have been approved by the Bankruptcy Court pursuant to the Rights Offering Procedures Order.**

**The Rights Offering, the distribution of each Right and the issuance of each New First Lien Note are being conducted under the Plan.**

**Each Right is being distributed and issued by the Company without registration under the Securities Act of 1933, as amended (the “Securities Act”) in reliance upon the exemption provided in section 1145 of the Bankruptcy Code. Each New First Lien Note is being distributed and issued by the Company without registration under the Securities Act in reliance upon the exemption set forth in**

section 4(a)(2) thereof and/or Regulation D promulgated thereunder.

None of the Rights distributed in connection with these Rights Offering Procedures have been or will be registered under the Securities Act, or any state, local or foreign law requiring registration for offer or sale of a security and no Rights may be sold or independently transferred. None of the New First Lien Notes have been registered or will be registered under the Securities Act, or any state, local or foreign law requiring registration for offer or sale of a security, and no New First Lien Notes may be transferred except pursuant to an available exemption from registration under the Securities Act.

The Rights Offering is being conducted in good faith and in compliance with the Bankruptcy Code. In accordance with section 1125(e) of the Bankruptcy Code, a debtor or any of its agents that participates, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security, offered or sold under the plan, of the debtor, of an affiliate participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such participation, for violation of any applicable law, rule, or regulation governing the offer, issuance, sale, or purchase of securities.

Pursuant to the Plan, each Eligible Participant (as defined below) is entitled to participate in the Rights Offering to the extent of such Eligible Participant's Eligible Claims (as defined below). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Rights Offering Procedures.

Only Eligible Participants may participate in the Rights Offering.

An "**Eligible Participant**" means a Person that is the beneficial owner of an Eligible Claim as of February [4], 2016 (the "**Rights Offering Record Date**") and is an accredited investor.

An "**Eligible Claim**" means the principal amount of an Allowed Second Lien Notes Claim held by an Eligible Participant on the Rights Offering Record Date.

An "**Accredited Investor**" means an "accredited investor" as such term is defined in Rule 501(a) under the Securities Act.

*[Please proceed to the next page]*

**SECTION 1: CERTAIN CERTIFICATIONS AND AGREEMENTS**

Question 1. Please check “yes” below to certify that you are an Accredited Investor.

\_\_\_\_\_ Yes \_\_\_\_\_ No

Question 2. If the answer to Question 1 above is Yes, please indicate which category (e.g., (1) through (8) found in the “Instructions to the Rights Exercise Form”) of the definition of “accredited investor” applies to the holder:

\_\_\_\_\_

Question 3. Check “yes” below to certify that you will vote to accept the Plan by timely delivering a ballot in accordance with the solicitation procedures approved by the Bankruptcy Court and will not opt out of any releases set forth in Article VII of the Plan.

\_\_\_\_\_ Yes \_\_\_\_\_ No

**IF YOU HAVE NOT ANSWERED “YES” TO QUESTION 1 AND QUESTION 3 ABOVE, THEN YOU ARE NOT ELIGIBLE TO PARTICIPATE IN THE RIGHTS OFFERING AND YOU SHOULD NOT SUBMIT THIS ELECTION FORM.**

**IF YOU ANSWERED “YES” TO QUESTION 1 AND QUESTION 3 ABOVE, THEN PROCEED TO SECTION 2 ON THE NEXT PAGE.**



**SECTION 2: EXERCISE OF RIGHTS**

**Item 1. Amount of Eligible Claims.** For purposes of this Rights Exercise Form, the total amount of your Eligible Claims is:

\$ _____  (Nominee to Enter Amount of Eligible Claim)
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**Item 2. Rights.** Each Eligible Participant is entitled to purchase a number of Rights Offering Notes corresponding to the total amount of its Eligible Claims.

To participate in the Rights Offering, please review Item 2a below, and read and complete Items 2b and 3 below.

To participate in the Rights Offering, please complete Items 2a and 2b below, review and complete Item 3 below and read and complete Item 4 below.

**2a. Calculation of Number of Available Notes.** The number of Rights Offering Notes for which you may subscribe pursuant to the Rights Offering is calculated as follows:

50,000  (The total number of Rights Offering Notes available to all Rights Offering Participants)	X	Eligible Claims [From Item 1]  <u>divided by</u>  [Aggregate Principal Amount of All Allowed Second Lien Claims]	=	[ _____ ] (Enter the Number of Available Notes, rounded down to the nearest whole Rights Offering Note)
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**2b. Rights Offering Note Exercise Amount and Payment of Aggregate Rights Offering Subscription Price.** By filling in the following blanks, you are indicating your intention to purchase the number of Rights Offering Notes specified below (please specify a whole number of Rights Offering Notes not greater than the figure in Item 2a), at a Rights Offering Subscription Price of \$1,000 per Rights Offering Note, on the terms and subject to the conditions set forth in the Plan and Rights Offering Procedures.



**Eligible Participant's Mailing Address:**

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

**Item 4. Certification.** The undersigned certifies, for and on behalf of the Eligible Participant, that the Eligible Participant (i) is an Accredited Investor as such term is defined in Rule 501(a) under the Securities Act, (ii) as of the Rights Offering Record Date, was the holder of the amount of Eligible Claims listed under Item 1 above, (iii) is entitled to participate in the Rights Offering to the extent of my, or such holder's, Eligible Claims as indicated under Item 1 above, (iv) has received and reviewed (or appropriate representatives of the Eligible Participant have received and reviewed) a copy of the Plan, the Disclosure Statement (including the risk factors described in the section entitled "Certain Risk Factors to be Considered") and the Rights Offering Procedures, (v) will vote to accept the Plan by timely delivering a ballot in accordance with the solicitation procedures approved by the Bankruptcy Court and will not opt out of any releases set forth in Article VII of the Plan and (vi) understands that such Eligible Participant's participation in the Rights Offering is subject to all of the terms and conditions set forth in the Plan and Rights Offering Procedures. This certification is not an admission as to the ultimate allowed amount of Eligible Claims.

The undersigned, for and on behalf of the Eligible Participant, represents and warrants that the Eligible Participant:

- (i) is an Eligible Participant;
- (ii) recognizes and understands that the Rights are not transferable or assignable, and may only be exercised by an Eligible Participant;
- (iii) acknowledges and agrees that the Rights Offering Notes have not been registered under the Securities Act nor qualified under any state, local or foreign securities laws, are being offered and sold pursuant to an exemption from such registration and qualification based in part on such Person being an Eligible Participant and may not be offered or transferred except pursuant to an available exemption from registration under the Securities Act;
- (iv) acknowledges and agrees that except as provided under applicable state securities laws and in the Rights Offering Procedures, the exercise of the Rights is and shall be irrevocable unless a Withdrawal Form is properly completed, duly executed and delivered to the Subscription Agent prior to 5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date; provided, that nothing in these Rights Offering Procedures shall amend, modify or otherwise alter the right of the Requisite Backstop Parties to terminate the Backstop Agreement pursuant to the terms of the Backstop Agreement;
- (v) has read and understands the Rights Offering Procedures, the Rights Offering Exercise Form, the Plan and the Disclosure Statement and understands the terms and conditions

herein and therein and the risks associated with the Debtors and their business as described in the Disclosure Statement;

(vi) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment with respect to the Rights and the Rights Offering Notes, and it is able to bear the economic risk of an investment in the Company;

(vii) has sufficient financial resources available to support the loss of all or a portion of its investment in the Company, and has no need for liquidity in its investment in the Company;

(viii) is not a party to any contract with any person that would give rise to a valid claim against any of the Debtors for a brokerage commission, finder's fee or like payment in connection with the investment;

(ix) is not relying upon any information, representation or warranty other than as set forth in the Rights Offering Procedures, the Rights Offering Exercise Form, the Plan, or the Disclosure Statement; provided, however, that the Backstop Parties are relying on the representations and warranties of the Debtors made in the Backstop Agreement; and

(x) has consulted, to the extent deemed appropriate, with its own advisors as to the financial, tax, legal and related matters concerning an investment in the Rights Offering Notes and on that basis believes that an investment in the Rights Offering Notes is suitable and appropriate for itself.

As of the Effective Date, by virtue of my election to exercise Rights, I hereby waive and release, to the fullest extent permitted under applicable law, all rights, claims or causes of action against the Debtors, the Reorganized Debtors, the Backstop Parties and the Subscription Agent, and each of their respective affiliates, officers, directors, counsel and advisors, arising out of or related to the Rights Offering and the receipt, delivery, disbursements, calculations, transmission or segregation of cash, Rights and Rights Offering Notes, except to the extent such rights, claims or causes of action arise from any act of gross negligence or willful or intentional misconduct or fraud; provided, however, that, if the undersigned is a Backstop Party, nothing herein shall amend, modify or otherwise alter the rights of the undersigned that survive termination of the Backstop Agreement (including, without limitation, rights to indemnification, reimbursement and contribution).

**BEFORE ELECTING TO PARTICIPATE IN THE RIGHTS OFFERING, ALL ELIGIBLE PARTICIPANTS SHOULD REVIEW THE DISCLOSURE STATEMENT (INCLUDING THE RISK FACTORS DESCRIBED IN THE SECTION ENTITLED "*CERTAIN RISK FACTORS TO BE CONSIDERED*") AND THE PLAN IN ADDITION TO THE ACCOMPANYING RIGHTS OFFERING PROCEDURES AND THE INSTRUCTIONS CONTAINED HEREIN.**

**YOU MAY WISH TO SEEK LEGAL ADVICE CONCERNING THE RIGHTS OFFERING.**

*[Signature page and Nominee Certification page follow]*

I acknowledge that by executing this Rights Exercise Form the undersigned Eligible Participant will be bound to pay for the Rights Offering Notes that it has subscribed for pursuant to the instructions that will be set forth in a separate notice and that the undersigned Eligible Participant may be liable to the Debtors to the extent of any nonpayment.

Date: \_\_\_\_\_, 2016

Name of Eligible Participant: \_\_\_\_\_  
(Print or Type)

Social Security or Federal Tax I.D. No.: \_\_\_\_\_  
(Optional)

Signature: \_\_\_\_\_

Name of Person Signing: \_\_\_\_\_  
(If other than as given above)

Title (if corporation, partnership or LLC): \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email: \_\_\_\_\_

**PLEASE NOTE: NO EXERCISE OF RIGHTS WILL BE VALID UNLESS A PROPERLY COMPLETED AND SIGNED RIGHTS EXERCISE FORM, TOGETHER WITH YOUR FULL PAYMENT FOR THE EXERCISE OF SUCH RIGHTS, IS RECEIVED BY THE SUBSCRIPTION AGENT ON OR BEFORE 5:00 P.M. (EASTERN TIME) ON THE RIGHTS OFFERING EXPIRATION DATE; PROVIDED, HOWEVER, THAT IF YOU ARE A BACKSTOP PARTY, YOU SHALL ONLY BE REQUIRED TO DELIVER YOUR AGGREGATE RIGHTS OFFERING SUBSCRIPTION PRICE IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT.**

*This page must be completed by the Nominee holding Second Lien Notes (the "Notes").*

**Item 5. Nominee Certification.** Your ownership of the Second Lien Notes (CUSIPS 64455QAC2, 64455QAD0 and U64169AB8) must be confirmed by your Nominee. The Nominee holding your Second Lien Notes as of the Rights Offering Record Date (i.e., February [4], 2016) must complete the box below on your behalf.

<b>To be completed by Nominee only</b>	
DTC Participant Name:  _____	Nominee Contact Name:  _____
DTC Participant Number:  _____	Nominee Authorized Signature:  _____
Principal Amount Held by Nominee (CUSIP 64455QAC2) for account indicated below as of the Rights Offering Record Date:  \$ _____	Nominee Contact Number:  _____
Principal Amount Held by Nominee (CUSIP 64455QAD0) for account indicated below as of the Rights Offering Record Date:  \$ _____	Nominee Email Address:  _____
Principal Amount Held by Nominee (CUSIP U64169AB8) for account indicated below as of the Rights Offering Record Date:  \$ _____	<b>Nominee's Medallion Guarantee (or attach authorized signatory list hereto)</b>

**WITHDRAWAL FORM IN CONNECTION WITH THE  
DEBTORS' JOINT PLAN OF REORGANIZATION  
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

If you previously returned a Rights Exercise Form to exercise all or a portion of your Rights to purchase Rights Offering Notes pursuant to the Rights Offering and would like to change your election to participate in the Rights Offering and withdraw your previously submitted election to purchase all or a portion of the Rights Offering Notes you elected to purchase pursuant to the Rights Exercise Form, you *must* duly complete, execute and return the attached Withdrawal Form to Prime Clerk, LLC (the "Subscription Agent") on or before **5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date**.

Refunds of any applicable Aggregate Rights Offering Subscription Price (or portion thereof) received by the Subscription Agent from an Eligible Participant who subsequently elects to withdraw the exercise of its Rights (or any portion thereof) and timely returns a properly completed and duly executed Withdrawal Form to the Subscription Agent shall be made, without interest, as provided in the Rights Offering Procedures to the applicable Eligible Participant in accordance with the refund delivery instructions specified in Item 3 of the Eligible Participant's Rights Exercise Form.

**RIGHTS OFFERING EXPIRATION DATE**

**All Withdrawal Forms  
must be received by the  
Subscription Agent no later than  
5:00 p.m. (Eastern Time) on March [9], 2016  
(as may be extended in accordance with the Rights Offering  
Procedures, the "Rights Offering Expiration Date").**

**Please refer to the Disclosure Statement  
and the Debtors' Joint Chapter 11 Plan of  
Reorganization (as each may be amended, modified or  
supplemented from time to time, the "Disclosure Statement" and  
the "Plan," respectively) for information regarding the  
issuance of New First Lien Notes pursuant to the Plan,  
including applicable transfer restrictions.**

**Please consult the accompanying Rights Offering Procedures  
and Instructions for additional information  
with respect to this Withdrawal Form.**

**WITHDRAWAL FORM**

The undersigned Eligible Participant previously received a copy of the Rights Offering Procedures and completed, signed and returned a Rights Exercise Form, pursuant to which the undersigned Eligible Participant elected to purchase \_\_\_\_\_ Rights Offering Notes. The undersigned Eligible Participant now wishes to change and withdraw that election with respect to \_\_\_\_\_ Rights Offering Notes (the “**Withdrawn Rights Offering Notes**”). The undersigned Eligible Participant understands that by signing this Withdrawal Form and sending it to the Subscription Agent, the Eligible Participant’s previous election to purchase the Withdrawn Rights Offering Notes will be withdrawn and such Eligible Participant will not purchase the Withdrawn Rights Offering Notes. The undersigned Eligible Participant has read the Rights Offering Procedures and understands all of the terms and conditions of the Rights Offering.

Date: \_\_\_\_\_, 2016

Name of Eligible Participant: \_\_\_\_\_

(Print or Type)

Social Security or Federal Tax I.D. No.: \_\_\_\_\_  
(Optional)

Signature: \_\_\_\_\_

Name of Person Signing: \_\_\_\_\_  
(If other than as given above)

Title (if corporation, partnership or LLC): \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email: \_\_\_\_\_

**PLEASE NOTE: NO WITHDRAWAL OF THE EXERCISE OF RIGHTS WILL BE VALID UNLESS A PROPERLY COMPLETED AND SIGNED WITHDRAWAL FORM IS RECEIVED BY THE SUBSCRIPTION AGENT ON OR BEFORE 5:00 P.M. (EASTERN TIME) ON THE RIGHTS OFFERING EXPIRATION DATE.**