

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	§	
	§	
TRANSMERIDIAN	§	CASE NO. 09-31859-H1-11
EXPLORATION INCORPORATED	§	(Chapter 11)
	§	
TRANSMERIDIAN	§	CASE NO. 09-31864-H5-11
EXPLORATION, INC./ (BVI)	§	(Chapter 11)
	§	
BRAMEX MANAGEMENT, INC.	§	CASE NO. 09-31866-H3-11
	§	(Chapter 11)
Debtors.	§	
		JOINTLY ADMINISTERED
		CHAPTER 11 CASE
		UNDER CASE NO. 09-31859

**DEBTORS' FIRST AMENDED JOINT CONSOLIDATED PLAN OF
LIQUIDATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

Dated: Houston, Texas
June 30, 2009

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Transmeridian Exploration Incorporated, Transmeridian Exploration, Inc./(BVI) and Bramex Management, Inc. (collectively, the “Debtors”), hereby propose the following Joint Consolidated Chapter 11 Plan of Liquidation (the “Plan”) pursuant to Section 1121(a) of the Bankruptcy Code.

The Plan provides for the liquidation of the Debtors’ property, including a sale of the Debtors’ interest in Caspi Neft, its downstream subsidiary, a joint stock company organized under the laws of the Republic of Kazakhstan, pursuant to Bid Procedures allowing for a “go shop” period and overbid procedures to UFEX Advisors Corp. (“UFEX”) or the Prevailing Purchaser (if UFEX is not the Prevailing Purchaser under the Bid Procedures) free and clear of all claims and liens and the distribution of the consideration therefrom to the Senior Secured Noteholders, secured creditors with a security interest/pledge in and to the shares. The remaining property of the Debtors will be liquidated, including litigation and bankruptcy claims, with the net proceeds thereof to be distributed to the creditors and, if applicable, to any equity security holders.

Reference is made to the Disclosure Statement accompanying the Plan, including the exhibits thereto, for a discussion of the Debtors’ history, business, properties, results of operations, and risk factors, together with a summary and analysis of the Plan. All Claim holders entitled to vote on the Plan are encouraged to consult the Disclosure Statement and to read the Plan carefully before voting to accept or reject the Plan.

NO SOLICITATION MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH AND APPROVED BY THE COURT HAVE BEEN AUTHORIZED BY THE COURT FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN.

ARTICLE I

DEFINITIONS AND CONSTRUCTION OF TERMS

A. Definitions.

Unless otherwise defined herein, or the context otherwise requires, the following terms shall have the respective meanings set forth below:

<i>Acquisition Proposal</i>	means any proposal or offer for a merger, recapitalization, share exchange, consolidation or similar transaction involving a purchase (directly or through a proposed investment in equity securities, debt securities or claims of creditors) of all or substantially all of the Purchased Shares.
<i>Administrative Claim</i>	means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases of a kind specified under section 503(b) of the Bankruptcy Code and entitled to priority under section 507(a)(1) or 507(b) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the Estates,

any actual and necessary costs and expenses of operating the Debtors' business, any indebtedness or obligations incurred or assumed by the Debtors in Possession in connection with the conduct of their business, including, without limitation, for the lease of property or an interest in property or the rendition of services, all compensation and reimbursement of expenses to the extent awarded by the Court under sections 330, 331 or 503 of the Bankruptcy Code, and any fees or charges assessed against the Estates under section 1930 of title 28 of the United States Code and includes any right to payment or claim arising under the UFEX DIP Financing, which claim has priority over other Administrative Claims.

Administrative Claim Bar Date means the last day to file an application for allowance of an Administrative Claim, which shall be forty-five (45) days after the Effective Date.

Administrative Claim Reserve means a fund created on the Effective Date in the estimated amount necessary to pay all Administrative Claims in full.

Administrative Expense Claimant means any person entitled to payment of an Administrative Claim.

Allowed Administrative Claim means an Administrative Claim to the extent that it is or has become an Allowed Administrative Claim.

Affiliate of a Person means a Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the first Person.

Allowable § 506(b) Amounts means all fees, costs, expenses, interest and other charges due or coming due in respect of a Secured Claim to the extent allowable under Code § 506(b).

Allowed means, with reference to any Claim, (a) any Claim against any of the Debtors that has been listed by the Debtors in the Schedules, as such Schedules may have been amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009 and the Global Settlement Agreement, as liquidated in amount and not disputed or contingent, and with respect to which no contrary proof of claim has been filed, (b) any Claim specifically allowed under the Plan, (c) any Claim the amount or existence of which has been determined or allowed by a Final Order, (d) any Claim for which a Creditor was not required to file a proof of claim in accordance with the Bar Date Order, or (e) any Claim as to which a proof of claim has been timely filed before the Bar Date, provided that at the time of the

Initial Distribution Date the Debtors have not identified such Claim as being objectionable in part or in whole and no objection to the allowance thereof has been filed by the Claims Objection Deadline; provided, however, that the term Allowed, with reference to any Claim, shall not include (x) any Unliquidated Claim or (y) interest or attorneys' fees on or related to any Claim that accrues from and after the Petition Date unless otherwise expressly provided for in the Plan.

Ancillary Agreements

means the documents and instruments entered into by the parties in connection with and as contemplated under the Stock Purchase Agreement.

Auction

has the meaning set forth in the Bidding Procedures made a part of the Stock Purchase Agreement.

Available Cash

means Distributions available and payable in cash or other consideration such as Notes after satisfaction of the Administrative Expense Claims, Professional Fee Claims, Other Priority Claims, the UFEX DIP Financing Claim, the Priority Tax Claims and the Class 3 Other Secured Claims.

Avoidance Action Recoveries

means any recovery, net of all costs and expenses, including attorneys' fees incurred in connection with obtaining that recovery on any cause of action under Article V of the Code which is not released under this Plan or by separate prior order of the Court.

Ballots

means the ballots for voting to accept or reject the Plan approved by the Court and prepared and distributed by the Debtors.

Bankruptcy Code

means title 11 of the United States Code, 11 U.S.C. § 101 et seq., as in effect on the Petition Date or as otherwise applicable to the Chapter 11 Cases.

Bankruptcy Court

means the United States Bankruptcy Court for the Southern District of Texas, Houston Division.

Bankruptcy Rules

means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, and local rules of the Court, as the context may require, as in effect on the Petition Date or as otherwise applicable to the Chapter 11 Cases.

Bar Date

means with respect to all Claims, the deadline established pursuant to the Bar Date Order or such other deadline as

has been established by order of the Court, by which proofs of Claim of the type described in such order must be filed in the Chapter 11 Cases.

Bar Date Order

means that certain order entered by the Court pursuant to the Debtors' Motion to Establish an Early Bar Date, establishing the Bar Date (a date earlier than the date of August 18, 2009) with respect to the Claims described therein.

Bidding Procedures

means the Bid Procedures made a part of the Stock Purchase Agreement and the process for sale of the Purchased Shares, as approved by the Court pursuant to the Bid Procedures Order.

Bidding Procedures Order

means the Order Pursuant to Sections 105 and 1123 of the Bankruptcy Code and Bankruptcy Rules 2002 and 6004 Approving Bidding and Sale Procedures made a part of the Stock Purchase Agreement and the process for sale of the Purchased Shares, entered by the Court on June 1, 2009.

Break Up Fee

means the Break Up Fee to be paid pursuant to the provisions of the Stock Purchase Agreement and the Bid Procedures in the event that a Prevailing Purchaser, other than UFEX, is the successful purchaser of the shares of Caspi Neft.

Budget

means the budget attached as Exhibit B to the Final Order Authorizing Debtors to Enter Into Debtor-in-Possession Financing Pursuant to 11 U.S.C. §§ 364(c)(1) and attached hereto as Exhibit "A" or such amended Budget as may be agreed upon by UFEX and the Debtors and approved by the Bankruptcy Court, but not to exceed the \$700,000.00 limit.

Business

means the developing and producing of oil and natural gas by Caspi Neft in Kazakhstan.

Business Day

means any day not designated as a legal holiday by Bankruptcy Rule 9006(a) and any day on which commercial banks are open for business, and not authorized, by law or executive order, to close, in the City of New York, New York.

Cash

means cash and cash equivalents denominated in legal tender of the United States of America.

Caspi Neft

means the wholly-owned subsidiary of the Debtors and its Business.

- Caspi Neft Sale*** means the sale of all of the ownership interest of the Debtors in 100% of the stock of Caspi Neft, the downstream subsidiary of Debtors, to UFEX or to the Prevailing Purchaser in accordance with the Stock Purchase Agreement with UFEX and Erlan Sagadiev and with the Bidding Procedures made a part thereof.
- Causes of Action*** means any and all actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, bonds, bills, specialties, covenants, contracts, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims, belonging to the Estates, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise, now owned or hereafter acquired by the Debtors, and the Cash and non-Cash proceeds thereof, whether arising under the Bankruptcy Code or other federal, state or foreign law, equity or otherwise, including, without limitation, any causes of action arising under sections 510, 542, 544, 545, 547, 548, 549, 550, 551, 553 or any other section of the Bankruptcy Code.
- Chapter 11 Cases*** means the chapter 11 cases commenced by the Debtors.
- Claim*** means any claim, as such term is defined in section 101(5) of the Bankruptcy Code.
- Claims Objection Deadline*** means the last day for filing objections to, or otherwise commencing proceedings challenging the allowance of, Claims, which day shall be one hundred-eighty (180) days after the Effective Date or such later date as the Court may order.
- Class*** means each category or group of Claims or Equity Interests as classified or designated in Article III of the Plan.
- Closing*** has the meaning given in Section 2.2 of the Stock Purchase Agreement or such similar agreement for the Caspi Net Sale to a Prevailing Purchaser.
- Closing Date*** has the meaning given in Section 2.2 of the Stock Purchase Agreement or such similar agreement for the Caspi Neft sale to a Prevailing Purchaser.
- Collateral*** means any property or interest in property of the Estates subject to a Lien to secure the payment or performance of a

Claim, which Lien has not been avoided or is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

Confirmation means “confirmation” as used in section 1129 of the Bankruptcy Code.

Confirmation Date means the date on which the Confirmation Order is entered on the Court’s docket.

Confirmation Hearing means the hearing to consider Confirmation of the Plan pursuant to section 1128 of the Bankruptcy Code, as it may be adjourned or continued with the consent of the Agents from time to time.

Confirmation Order means the order entered by the Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

Consent means any consent, approval, authorization, waiver, permit, exemption or order of, registration or filing with, or report or notice to, any Person, including any Governmental Authority.

Contract means any written contract, agreement, note, mortgage, indenture, license, lease or other instrument.

Control (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.

Court means the United States Bankruptcy Court for the Southern District of Texas, Houston Division, having jurisdiction over the Chapter 11 Cases, or any other court having jurisdiction over the Chapter 11 Cases, or any proceeding within, or appeal of an order entered in the Chapter 11 Cases.

Creditor means “creditor” as defined in section 101(10) of the Bankruptcy Code.

Debtor Release means the release of the Debtor Releasees set forth in Article X.A.

Debtor Releasees means, collectively, the Debtors and the Third Party Releasees, and each of their respective current and former members, officers, directors, agents, financial advisors,

attorneys, employees, partners, Affiliates and representatives, to the extent that none are included in the definition of Non-Released Parties.

Debtors means Transmeridian Exploration Incorporated, Transmeridian Exploration, Inc./(BVI) and Bramex Management, Inc.

Debtors in Possession means the Debtors in their capacity as debtors in possession in the Chapter 11 Cases pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

Debtors Section 506(c) Claims means the reasonable and necessary costs and expenses of the Debtors in preserving and disposing of the Caspi Neft shares as provided for under Section 506(c) of the Bankruptcy Code and as described further in Article V(O).

Deficiency Amount means the amount by which the total amount of a Claim (other than an Administrative Expense or Professional Fee Claim) asserting secured status exceeds the value of the collateral on which such claimant has a validly perfected and unavoidable lien securing such Claim as of the appropriate date for the valuation of the collateral for purposes of Claim allowance.

Disallowed when used with respect to a Claim, means that the Claim or applicable portion thereof has been determined by a Final Order to be invalid.

Disclosure Statement means the Disclosure Statement for Debtors' Joint Consolidated Plan of Liquidation under Chapter 11 of the Bankruptcy Code and all Schedules and Exhibits attached thereto that relate to the Plan, as approved by the Court, pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017, as such Disclosure Statement may be amended, modified or supplemented from time.

Disclosure Statement Order means the order entered by the Court on June 30_, 2009, approving, among other things, the Disclosure Statement, pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017, the Ballots, the solicitation procedures and the notices.

Disputed Claim means in reference to any Claim, any portion of such Claim that is not an Allowed Claim. Without limiting the foregoing, for purposes of this Plan a Claim shall be a Disputed Claim:

- (i) if no proof of Claim has been filed by the Bar Date:
 - (a) a Claim that has been or hereafter is listed on the

Schedules as disputed, contingent or unliquidated; (b) a Claim that is an Unliquidated Claim or otherwise asserts an unliquidated amount; or (c) a Claim that has been or hereafter is listed on the Schedules as other than disputed, contingent or unliquidated, but as to which the Debtors or any other party in interest has interposed a timely objection or request for estimation in accordance with the Plan, the Bankruptcy Code and the Bankruptcy Rules by the Claims Objection Deadline, which objection or request for estimation has not been withdrawn or determined by a Final Order; or

- (ii) if a proof of Claim has been filed by the Bar Date, (a) a Claim for which a timely objection or request for estimation is interposed by the Debtors or any other party in interest in accordance with the Plan, the Bankruptcy Code and the Bankruptcy Rules by the Claims Objection Deadline which objection or request for estimation has not been withdrawn or determined by a Final Order; (b) a Claim that is an Unliquidated Claim or otherwise asserts an unliquidated amount; or (c) the portion of the Claim amount listed on the proof of Claim that exceeds the Claim amount listed on the Schedules.

Dispute Resolution

has the meaning set forth in Article VIII of the Plan.

Distribution

means the Cash or other distributions to be made pursuant to, and in accordance with, the Plan.

Effective Date

means the later of (i) the Closing Date or (ii) the eleventh day after the Confirmation Date, calculated in accordance with Bankruptcy Rule 9006, unless the Confirmation has been stayed or any of the other conditions set forth in Section V of this Plan have not been met, in which event it is the first day after such stay is no longer in effect or such conditions have been met (that is also eleven days after the Confirmation Date) calculated in accordance with Bankruptcy Rule 9006, or such later date as the Debtors and UFEX or the Prevailing Purchaser shall unanimously agree to in writing.

Estates

means the estates of the Debtors, individually or collectively, as is appropriate in the context, created in the Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code.

Estimated Liquidation Expenses means the amount of Cash estimated by the Debtors, from time to time, to be necessary to fund adequately the administration of the Plan and the Liquidating Trust on and after the Effective Date.

Equity Interest means any equity security within the meaning of section 101(16) of the Bankruptcy Code or any other instrument evidencing an ownership interest in any of the Debtors, whether or not transferable, and any right to acquire any such equity security or instrument, including any option, warrant or other right, contractual or otherwise, to acquire, sell or subscribe for any such security or instrument

Exculpated Parties means (a) the Debtors, (b) the Third Party Releasees, and (c) all of the officers, directors, employees, members, managed funds, investment advisors, attorneys, actuaries, financial advisors, accountants, investment bankers, agents, professionals and representatives of each of the foregoing Persons and entities (whether current or former, and in each case in his, her or its capacity as such); provided, however, that all Non-Released Parties shall be excluded.

Exculpation means the exculpation provision set forth in Article X.C.

Final Distribution Date means the date on which a final distribution to holders of Allowed Claims is made pursuant to Section V of the Plan. The Final Distribution Date shall be a date, as determined by the Liquidating Trustee, (i) which is after the liquidation into cash of all property of the Debtors (other than those abandoned by the Debtors or the Liquidating Trustee) and the collection of other sums due or otherwise remitted or returned to the Liquidating Trustee, and (ii) on or after final resolution of all Disputed Claims and final distributions are made thereon.

Final Order means an order or judgment of the Court, or other court of competent jurisdiction, as entered on the docket of such court, the operation or effect of which has not been stayed, reversed, vacated, modified or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal, petition for certiorari, or seek review or rehearing has expired and as to which no appeal, petition for certiorari, or petition for review or rehearing was filed or, if filed, remains pending; provided, however, that the possibility that a motion may be filed pursuant to Rules 9023 or 9024 of the Bankruptcy Rules or Rules 59 or 60(b) of the Federal Rules of Civil

Procedure shall not mean that an order or judgment is not a Final Order.

General Unsecured Claim

means a Claim against any of the Debtors that is not an Administrative Claim, Priority Tax Claim, Other Priority Claim, Other Secured Claim, Senior Secured Noteholder Claim, Indenture Trustee Claim or Intercompany Claim.

Global Settlement

means that certain settlement of various issues related to the Debtors' Plan and Disclosure Statement and certain issues raised by and against UEGL as provided to the Court on June 29, 2009 and attached to this Plan as Exhibit D.

Governmental Approval

means any Consent of, with or to any Governmental Authority.

Governmental Authority

means any national government, any state, provincial or local political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of government, including any government authority, agency, department, board, commission or instrumentality of the United States or a foreign nation or jurisdiction, any State of the United States or any political subdivision of any thereof and any court, tribunal or arbitrator.

Impaired

has the meaning in section 1124 of the Bankruptcy Code.

Indenture

means that certain Indenture dated December 12, 2005 by and between Transmeridian Exploration, Inc. and the Indenture Trustee, as supplemented by the First Supplemental indenture dated as of December 22, 2005 and the Second Supplemental Indenture dated as of May 24, 2006.

Indenture Trustee

means the The Bank of New York Mellon Trust Company, N.A. (formerly the Bank of New York).

Indenture Trustee Fee and Expense Claim

means the Secured Claim against the Debtors arising under the Indenture relating to any compensation, disbursement, fees and expenses (including any Claim under the Indenture relating to the fees and expenses of counsel and agents of the Indenture Trustee) of the Indenture Trustee payable under the Indenture, which is secured by the same Collateral as the Senior Secured Noteholder Claims, has priority over those claims and shall be satisfied and discharged in accordance with this Plan.

- Initial Distribution Date*** means the Effective Date or as soon thereafter as is practicable.
- Intercompany Claims*** means any Claim held by one Debtor against the other Debtor and claims by the Debtors against Caspi Neft, including, without limitation, (a) any account reflecting intercompany book entries by such Debtor with respect to any other Debtor, (b) any Claim not reflected in book entries that is held by such Debtor, and (c) any derivative Claim asserted or assertable by or on behalf of such Debtor against any other Debtor.
- IRS*** means the Internal Revenue Service.
- Law*** means any federal, state, local, foreign or international law, statute, treaty, ordinance, rule, regulation, order or code on the Effective Date.
- Lien*** has the meaning set forth in Section 101(37) of the Bankruptcy Code.
- Liquidating Trust*** means the liquidating trust established pursuant to Section V of the Plan.
- Liquidating Trust Agreement*** means the agreement to form the Liquidating Trust and set forth its operations and powers in the form attached to this Plan as Exhibit "B".
- Liquidating Trust Property*** means all property of the Debtors' bankruptcy estates as defined by 11 U.S.C. § 341, which except for the net proceeds of the Caspi Neft Sale to be distributed to Allowed Class 2A and 2B Claimants, are to be transferred to the Liquidating Trust.
- Liquidating Trustee*** means the trustee of the Liquidating Trust.
- Litigation*** means any action, cause of action, claim, demand, suit, proceeding or investigation, civil, criminal or regulatory, in law or in equity.
- Non-Released Parties*** means the Persons and entities named on Schedule A to the Plan Supplement, their respective current and former members, officers, directors, managed funds, investment advisors, agents, financial advisors, attorneys, employees, partners, Affiliates and representatives (each of the foregoing in its individual capacity as such).
- Order*** means any order, writ, judgment, injunction, decree, rule, ruling, directive, stipulation, determination or award made,

issued or entered by or with any Governmental Authority, whether preliminary, interlocutory or final, including, without limitation, any Order entered by the Bankruptcy Court in the Chapter 11 Cases.

Ordinary Course Administrative Claims

means Administrative Claims against the Debtors that represent liabilities, payment for which is not yet due on the Effective Date, (a) to a seller of goods or services (but excluding Professional Fee Claims) on account of such seller's post-petition provision of goods and/or services and (b) that were otherwise incurred in the ordinary course of business by the Debtors.

Other Priority Claim

means a Claim entitled to priority pursuant to section 507(a) of the Bankruptcy Code (other than Administrative Claims and Priority Tax Claims).

Other Secured Claim

means any Secured Claim, other than the Indenture Trustee Fee and Expense Claim or a Senior Secured Noteholder Secured Claim or, in the event that a Claim is subject to setoff under section 553 of the Bankruptcy Code, the amount of such Claim that is subject to such setoff.

Person

means a person as defined in section 101(41) of the Bankruptcy Code.

Petition Date

means March 20, 2009, the date on which the Debtors filed their voluntary petitions for relief commencing the Chapter 11 Cases.

Plan

means the Debtors' Joint Consolidated Plan of Liquidation filed with the Court on May 29, 2009, as it may be further amended or modified from time to time, together with all addenda, exhibits, schedules or other attachments, if any.

Plan Supplement

means the supplement to the Plan containing the Plan Supplement Documents.

Plan Supplement Documents

means the compilation of documents and exhibits to the Plan, as such documents and exhibits may be altered, amended, modified or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules and the terms hereof, and each of which shall be in form and substance acceptable to the Debtors, the Agents and the Prevailing Purchaser, as applicable.

Plan Supplement Filing Date

means the date that is not later than ten (10) days prior to the commencement of the Confirmation Hearing or such other date as is ordered by the Court.

- Prevailing Purchaser*** means the Person or Persons, which may be UFEX or a third party purchaser or purchasers, whose offer to purchase the Debtors' shares of stock ownership of Caspi Neft, shall have been accepted by the Debtors in accordance with the Bidding Procedures and approved by order of the Court as the highest and best offer.
- Priority Tax Claim*** means a Claim asserted by a governmental unit entitled to priority under Code § 507(a)(8).
- Professional*** means (i) any professional employed in the Chapter 11 Cases pursuant to section 327, 328 or 1103 of the Bankruptcy Code or otherwise and (ii) any professional or other entity seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to section 503(b)(4) of the Bankruptcy Code
- Professional Fee Claim*** means an Administrative Claim under sections 330(a), 331 or 503 of the Bankruptcy Code for compensation of a Professional or other Person for services rendered or expenses incurred in the Chapter 11 Cases on or prior to the Effective Date.
- Pro Rata*** means the proportion that the amount of an Allowed Claim or Allowed Interest in a particular Class or Subclass bears to the aggregate amount of all Allowed Claims or Allowed Interests in such Class or Subclass (including any Contested Claim Reserve) or, where applicable, Classes (with respect to Avoidance Action Recoveries).
- Releasing Parties*** means the holders of Claims in Classes that have accepted the Plan; provided, however Releasing Parties do not include the Non-Released Parties.
- Sagadiev*** means Erlan Sagadiev, a citizen of Kazakhstan, who owns and controls UFEX and who individually was engaged by TMY and Caspi Neft to provide consulting and other services to Caspi Neft pursuant to the Sagadiev Retention Agreement. Sagadiev is an insider of the Debtors.
- Scheduled*** means, with respect to any Claim or Equity Interest, the status and amount, if any, of such Claim or Equity Interest as set forth in the Schedules.
- Schedules*** means the schedules of property and liabilities, statements of financial affairs, and lists of holders of Claims and Equity Interests filed with the Court by the Debtors,

including any amendments, modifications or supplements thereto.

Secured Claim

means a secured Claim within the meaning of Code § 506(a) and shall not include any Deficiency Amount.

Senior Secured Noteholders Secured Claims

means the claims held by owners and holders of the Senior Secured Notes issued by TMY and TMEI that are secured claims, secured by, among other things, the shares of stock in Caspi Neft to be sold to Buyer, and further guaranteed by certain subsidiaries of TMY, including Caspi Neft pursuant to the Indenture and related instruments.

Senior Secured Noteholders Deficiency Claim

means the unsecured Deficiency Amount of the Senior Secured Noteholders Claim.

Special Allocation

means that “Special Allocation” from the Class 2B as defined in the Global Settlement.

Stock Purchase Agreement

means that certain Stock Purchase Agreement between the Debtors and UFEX in substantially the form attached to this Plan as Exhibit “C”, or such other agreement entered into with the Prevailing Purchaser (if other than UFEX) in accordance with the Bidding Procedures and substantially in the form attached to this Plan pursuant to which UFEX or the Prevailing Purchaser (if other than UFEX) shall acquire all of the Debtors stock ownership interest in Caspi Neft.

Subclass

means a subclass of any Class as designated in Article III of the Plan.

Subsequent Distribution Date

means, following the Effective Date, a date which shall occur at the end of each subsequent six month period, or more frequently as may be determined by the Liquidating Trustee, on which a distribution of Cash is made to the holders of Allowed Claims in accordance with Article V of the Plan.

Substantive Consolidation Order

means the Confirmation Order or such other order of the Court providing for the substantive consolidation of the Debtors.

Substantively Consolidated Debtors

means the Debtors, as substantively consolidated pursuant to the Substantive Consolidation Order.

Super Priority

means the claim of UFEX Advisors Corp. arising from the

- Administrative Claim*** post-petition financing provided to the Debtors pursuant to the UFEX DIP Financing and having priority over Administrative Claims.
- Tax Code*** means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.
- Third Party Release*** means the release of the Third Party Releasees set forth in Article X.B.
- Third Party Releasees*** means, collectively, each of the Debtors, the Liquidating Trustee, the Post Confirmation Committee, the Indenture Trustee, the holders of the Senior Secured Noteholder Claims voting to accept the Plan, holders of Claims entitled to vote to accept or reject the Plan who vote to accept the Plan, any person or entity identified in the Global Settlement as a recipient of a release of Causes of Action and each of their respective attorneys, accountants, agents and other professionals, and their officers, directors and employees; provided, however, that the term "Third Party Releasees" shall exclude any and all Non-Released Parties.
- UFEX*** means UFEX Advisors Corporation, a British Virgin Island corporation.
- UFEX DIP Financing*** means the post-petition financing provided to the Debtor, TMY, pursuant to that one Final Order Authorizing Debtors to Enter into Debtor-In-Possession Financing Pursuant to 11 U.S.C. §§ 364(c)(1) entered by the Bankruptcy Court on May 15, 2009 and as may be extended or confirmed by a final order of the Court.
- Unimpaired*** means with respect to any Claim or Equity Interest, such Claim or Equity Interest that is not Impaired.
- Unliquidated Claim*** means a timely and validly filed proof of claim, asserting an unliquidated or contingent Claim against one or more of the Debtors, to the extent and on the basis set forth in the proof of claim, and to the extent such Claim has not been disallowed by the Court and remains unliquidated and/or contingent on and as of the Effective Date. For the avoidance of doubt, except as may be provided in the Global Settlement (i) no Unliquidated Claim shall be an Allowed Claim or a General Unsecured Claim; (ii) no Claim shall be an Unliquidated Claim unless so identified and/or included with the Plan Supplement; and (iii) each of the Claims asserted and reflected in any consolidated proof of claim filed pursuant to the Bar Date Order shall be an Unliquidated Claim.

Unsecured Claim means a Claim other than a Other Priority Claim, a Secured Claim, an Administrative Expense or Professional Fee Claim or a Priority Tax Claim. Unsecured Claim also includes any Claim for a Deficiency Amount.

Voting Record Date means the date fixed by the Court in the Disclosure Statement Order as the record date for determining the holders of Claims and Equity Interests entitled to vote to accept or reject the Plan.

B. Interpretation, Application of Definitions and Rules of Construction.

Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter, such meanings to be applicable to both the singular and plural forms of the terms defined. Capitalized terms in the Plan that are not defined herein shall have the same meanings assigned to such terms by the Bankruptcy Code or Bankruptcy Rules, as the case may be. The words “herein,” “hereof,” and “hereunder” and other words of similar import refer to the Plan as a whole and not to any particular section or subsection in the Plan unless expressly provided otherwise. The words “includes” and “including” are not limiting and mean that the things specifically identified are set forth for purposes of illustration, clarity or specificity and do not in any respect qualify, characterize or limit the generality of the class within which such things are included. Captions and headings to articles, sections and exhibits are inserted for convenience of reference only, are not a part of the Plan, and shall not be used to interpret the Plan. The rules of construction set forth in section 102 of the Bankruptcy Code shall apply to this Plan. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

ARTICLE II

**TREATMENT OF ADMINISTRATIVE CLAIMS
AND PRIORITY TAX CLAIMS**

A. Administrative Claims.

(1) Treatment. Except to the extent that any entity entitled to payment of any Allowed Administrative Claim agrees to a different treatment, each holder of an Allowed Administrative Claim shall receive Cash in an amount equal to such Allowed Administrative Claim on the later of (i) the Effective Date and (ii) the date such Administrative Claim becomes an Allowed Administrative Claim by Final Order.

(2) Funding. On the Effective Date, the Liquidating Trustee will Fund the Administrative Claim Reserve.

(3) Bar Date for Filing Administrative Claims. Each holder of an Administrative Claim must file with the Bankruptcy Court and serve on counsel for the Debtors, the Office of the United States Trustee and Liquidating Trustee a request for payment of such Administrative Claim no later than forty-five (45) days after the Effective Date. Such request for

payment shall include, at a minimum, the name of the holder of the Administrative Claim, the amount of the Administrative Claim, the date on which the Administrative Claim arose, and a detailed explanation of the basis of the Administrative Claim, with all pertinent documents attached. In addition to all Of the foregoing, a request for payment made by an entity seeking an award of compensation for services rendered or reimbursement of expenses incurred under 11 U.S.C. § 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5) or 506(b) shall be in the form of an application and shall comply with the applicable provisions of the Bankruptcy Code and Bankruptcy Rules governing applications for compensation and reimbursement. Administrative Claims filed on a Proof of Claim Form will not constitute a properly filed request for payment of an Administrative Claim and shall be deemed disallowed upon the Effective Date of the Plan without prejudice to such party submitting an application in accordance with this paragraph. An Administrative Claim that is not evidenced by a request for payment that is properly and timely filed and served shall be forever barred and discharged.

B. Professional Fee Claims.

All requests for compensation or reimbursement of Professional Fee Claims pursuant to sections 327, 328, 330, 331, 503 or 1103 of the Bankruptcy Code for services rendered on or after the Petition Date and prior to the Effective Date shall be filed and served on the Debtors and their counsel, the United States Trustee, and such other entities who are designated by the Confirmation Order or any other order(s) of the Court, no later than forty- five (45) days after the Effective Date. Holders of Professional Fee Claims that are required to file and serve applications for final allowance of their Professional Fee Claim and do not file and serve such applications by the required deadline shall be forever barred from asserting such Professional Fee Claims against the Debtors, or their respective properties, and such Professional Fee Claims shall be deemed discharged as of the Effective Date. Objections to any Professional Fee Claims must be filed and served on the requesting Professional and the Debtors and their respective counsel no later than fifteen (15) days after the date such application for a Professional Fee Claim is filed.

Except to the extent that a holder of a Professional Fee Claim fails to (i) file and serve appropriate fee applications in a timely manner and/or (ii) the Court withholds payment of all or any portion of the Professional Fee Claim, each holder of an Allowed Professional Fee Claim shall receive Cash in an amount not to exceed the amount set forth for such Professional in the Budget within ten (10) days from the entry of a Final Order allowing such Professional Fee Claim.

C. Priority Tax Claims.

Any holder of an Allowed Priority Tax Claim shall receive at the Debtors' and Liquidating Trustee's option (i) the amount of the allowed Priority Tax Claim in one Cash payment on or immediately after the Effective Date or (ii) the amount of the Allowed Priority Tax Claim, with interest at a rate to be determined by the Court at the Confirmation Hearing, in equal annual Cash payments on each anniversary of the Effective Date, until the last anniversary of the Effective Date that precedes the sixth anniversary date of the date of assessment of the Allowed Priority Tax Claim. A Priority Tax Claim that is a Contested Claim shall not receive any distribution on the Effective Date or thereafter unless and until such Claim becomes an Allowed Priority Tax Claim. Allowed Secured Claims for taxes will be satisfied first as non-classified Priority Tax claims to the extent they qualify as Priority Tax Claims, but shall retain

any collateral for such Claim until the Priority Tax Claim is paid in full. To the extent that some or all of an Allowed Secured Claim for taxes does not qualify as a Priority Tax Claim, but is a valid Allowed Secured Claim, it will be classified in subclass 3A as a Secured Tax Claim.

ARTICLE III

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

A. Unclassified Claims. As provided in 11 U.S.C. § 1123(a)(1), Administrative Expense Claims and Priority Tax Claims shall not be classified for purposes of voting or receiving distributions under the Plan.

B. Classified Claims and Interests. For purposes of organization, voting, and all confirmation matters, except as otherwise provided herein, all Claims (except for Administrative Expense Claims and Priority Tax Claims) and all Interests shall be classified as follows:

<u>Class</u>	<u>Status</u>
Class 1 – Other Priority Claims	Unimpaired
Class 2 – Senior Secured Noteholder Claims	Impaired
Subclass 2A – Indenture Trustee Fee and Expense Claim	Impaired
Subclass 2B – Senior Secured Noteholder Secured Claims	Impaired
Subclass 2C – Senior Secured Noteholder Deficiency Claims	Impaired
Class 3 – Other Secured Claims	Unimpaired
Class 4 – General Unsecured Claims Other Than Senior Secured Noteholder Deficiency Claim.	Impaired
Class 5 – Equity Interests	Impaired

C. Elimination of Classes. Any impaired class that is not occupied as of the date of the Confirmation Hearing by an Allowed Claim or Allowed Equity Interest or by a Claim or Equity Interest temporarily allowed pursuant to Bankruptcy Rule 3018 shall be deemed deleted from the Plan for purposes of voting on acceptance or rejection of the Plan and determining whether the Plan has been accepted by such class pursuant to 11 U.S.C. § 1129.

D. Controversy Concerning Impairment. In the event of a controversy as to whether any Claim or Interest or Class of Claim or Interest is impaired under the Plan, the Bankruptcy Court shall, after notice and hearing, determine such controversy.

E. Multiple Claims and Interests. To the extent that a Creditor or an Interest Holder has more than one Claim or Interest in a single Class, such Claims or Interests shall be aggregated and treated as a single Claim or as a single Interest. To the extent that a Creditor and/or Interest Holder has Claims and/or Interests in different Classes, such Claims and/or

Interests shall not be aggregated. Notwithstanding the foregoing, Creditors who have filed duplicate claims or for which duplicate claims are scheduled for the same debt against one or more of the Debtors shall be entitled to the allowance of only one Claim in the Debtors' bankruptcy cases.

F. Substantive Consolidation. Debtors shall be deemed substantively consolidated for all purposes as of the Confirmation Date, and all Claims by one Debtor against another Debtor or otherwise existing between any Debtors shall be eliminated.

ARTICLE IV

TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. CLASS 1 – OTHER PRIORITY CLAIMS.

(1) Impairment and Voting. Class 1 is unimpaired by the Plan. Each holder of an Allowed Other Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

(2) Funding. On the Effective Date, the Debtors will fund the Other Priority Claim Reserve.

(3) Distributions. Each holder of an Allowed Other Priority Claim shall receive Cash in an amount equal to such Allowed Other Priority Claim on the later of the Effective Date and the date such Other Priority Claim becomes an Allowed Other Priority Claim by Final Order of the Bankruptcy Court.

(4) Late-Filed Proofs of Claim. Any proof of claim filed by the holder of an Other Priority Claim that is filed after the Bar Date shall be deemed disallowed unless such proof of claim is deemed to be timely filed by Final Order of the Bankruptcy Court issued pursuant to motion of such holder filed no later than thirty (30) days after the Effective Date, after notice and a hearing, upon proving excusable neglect.

B. CLASS 2 – SENIOR SECURED NOTEHOLDERS' CLAIMS.

(1) Impairment and Voting. Class 2 is impaired by the Plan. The Class consists of three subclasses; (i) Subclass 2A consists of the Allowed Indenture Trustee Fee and Expense Claim; (ii) Class 2B consists of the Allowed Secured Claim of the Senior Secured Noteholders; and (iii) Class 2C consist of the Allowed Senior Secured Noteholder Deficiency Claims. Each holder of a claim in Class 2A and 2B is entitled to vote to accept or reject the Plan.

(2) Treatment of Claim. Class 2 Claims shall be paid and satisfied as follows:

(a) The Debtors / Liquidating Trustee shall deliver to the Indenture Trustee for the benefit of Class 2 Claimants within five (5) business days of the Closing Date, or such later date upon which the Debtors/Liquidating Trustee are to receive the consideration under the Stock Purchase Agreement, that portion of the

consideration received by the Debtors in connection with the Closing of the Stock Purchase Agreement as follows:

- (i) In the event of a sale to UFEX, the New Notes, or
- (ii) In the event of a sale to a Prevailing Purchaser, other than UFEX the consideration received by Sellers thereunder, but less the Break Up Fee and less the amounts outstanding under the UFEX DIP Financing.
- (iii) In the event of the approval of the Global Settlement, the Special Allocation shall be deducted from the net distributions in (i) or (ii) and are reserved for and will be transferred to Debtors/Liquidating Trustee to disburse in accordance with this Plan.

In the event of a sale to UFEX, and upon receipt by the Liquidating Trust of funds sufficient to pay the UFEX DIP Financing Claim, the Liquidating Trustee will deliver to the Indenture Trustee for the Class 2 Claimants, cash in the amount of the UFEX DIP Financing less the amount of the Debtors Section 506(c) Claims, unless the Global Settlement has been approved, in which case no Section 506(c) claim will be deducted. .

These deliveries will satisfy in full the Subclass 2A and Subclass 2B Claims.

In satisfaction of the Senior Secured Noteholder Deficiency Claim, within one hundred twenty (120) days after the Effective Date, Subclass 2C Claimants will receive a distribution of Available Cash, which shall be shared Pro Rata with other holders of Subclass 2C Claims and holders of Class 4 Claims; provided, however, that if Class 4 has voted to accept the Plan (thereby entitling Class 4 to receive eighty percent 80% of the Available Cash), then each holder of an Allowed Subclass 2C Claim shall receive its Pro Rata share of the remaining twenty percent (20%) of Available Cash within one hundred twenty (120) days after the Effective Date;. The Liquidating Trustee shall make subsequent distributions of Available Cash, including the Special Allocation under the Global Settlement to holders of Allowed Class 4 Claims and Allowed Class 2C Claims in the same ratio in accordance with the Plan, subject to the conditions and limitations set forth in this Article IV.B.2.

C. Class 3 – OTHER SECURED CLAIMS.

(1) Impairment and Voting. Class 3 is impaired by the Plan. Class 3 Claims consist of all Allowed Secured Claims, if any, held by any persons other than members of Class 2A and 2B under this Plan.

- (a) Subclass 3A – Secured Tax claims. At the applicable Debtor's option (and with the consent of the Liquidating Trustee), a Secured Tax Claim holder will either (i) receive a payment equal to 100% of its Allowed Secured Claim in Subclass 3A, on or immediately after the Effective Date, with such interest as may be properly allowed under Applicable bankruptcy and non-bankruptcy law, in which case the applicable Debtor shall receive the collateral

securing the Claim free and clear of any Liens thereon or claims thereon, or (ii) have its collateral returned. The Debtors reserve their respective rights to seek approval of any settlement with any holder of a Secured Tax Claim prior to Confirmation of this Plan.

- (b) Other Secured Claims. At the applicable Debtor's option (and with the consent of the Liquidating Trustee), on the later of (i) the Effective Date or (ii) the date its Contested Claim is Allowed as A Secured Claim by a Final Order, a holder of Secured Claim in a Subclass of an Allowed Secured Claim not treated under Class 3A and not resolved separately as part of the Global Settlement will either (i) receive the indubitable equivalent of its collateral as determined by the Bankruptcy Court in cash or a note secured by its collateral or (ii) have its collateral returned to it. Any Deficiency Amount in respect of a Subclass of an Allowed Secured Claim will be treated as part of Class 4 below. This election on which treatment option the applicable Debtor will use to treat the miscellaneous secured claim will be made by the later of (i) the Effective Date or (ii) when the Claim is Allowed as a Secured Claim by a Final order. The Allowed Secured Claim may include such interest, attorney's fees and other charges as may be permitted under Section 506 of the Bankruptcy Code and other applicable law.

D. CLASS 4 – GENERAL UNSECURED CLAIMS.

(1) Impairment and Voting. Class 4 is impaired by the Plan. Each holder of an Allowed Class 4 Unsecured Claim is entitled to vote to accept or reject the Plan.

(2) Treatment. Each holder of an Allowed General Unsecured Claim shall receive, in satisfaction of its Allowed General Unsecured Claim, the following:

- a. If Class 4 has voted to accept the Plan, each holder of an Allowed Class 4 Claim shall receive its Pro Rata share of eighty percent [80%] of Available Cash within one hundred twenty (120) days after the Effective Date.
- b. If the Class 4 has voted to reject the Plan, within one hundred twenty (120) days after the Effective Date, each holder of an Allowed Claim 4 Claim shall receive a distribution of Available Cash, which shall be shared Pro Rata with holders of Subclass 2C Claims and other holders of Class 4 Claims

(3) Subsequent Distributions. The Liquidating Trustee shall make subsequent distributions of Available Cash including the Special Allocation under the Global Settlement to holders of Allowed Class 4 Claims and Allowed Class 2C Claims in the same ratio in accordance with the plan, subject to the conditions and limitations set forth in this Article IV.D.2.a. or Article IV.D.2.b.

(4) Late-Filed Proofs of Claim. Any proof of claim filed by the holder of an Unsecured Class 4 Claim that is filed after the Bar Date shall be deemed disallowed unless such proof of claim is deemed to be timely filed by Final Order of the Bankruptcy Court issued pursuant to motion of such holder filed no later than thirty days after the Effective Date, after notice and a hearing, upon proving excusable neglect.

F. CLASS 5 – EQUITY INTERESTS.

(1) Impairment and Voting. Class 5 is impaired by the Plan. Each holder of an Equity Interest shall receive nothing under the Plan and is conclusively presumed to have rejected the Plan as a holder of an Equity Interest, and is not entitled to vote to accept or reject the Plan. Class 5 shall be deemed to have voted to reject the Plan.

(2) Cancellation of Equity Interests. All Equity Interests in each Debtor shall be deemed automatically canceled on the Effective Date.

ARTICLE V

MEANS FOR IMPLEMENTATION OF THE PLAN

A. Stock Purchase Agreement. The Debtors shall close the transactions contemplated by the Stock Purchase Agreement with UFEX, or such similar agreement as may be executed with any Prevailing Purchaser other than UFEX. The Confirmation Order will provide that all transactions identified in and related to the Stock Purchase Agreement are approved pursuant to Section 363 (b) and Section 1129 (a). Debtors propose that the Confirmation Order contain a finding that the purchaser (UFEX or other Prevailing Purchaser) is a good faith acquirer who is taking free and clear of all Claims, Interests, encumbrances and Liens, including all intercompany claims by the Debtors or any subsidiary, the Zere Loan, the Sagadiev Retention Agreement and UFEX DIP Financing Agreement against Caspi Neft. The Confirmation Order shall also include a finding that Caspi Neft is released and discharged of and from all guarantees or other claims held by creditors of the Debtors, including the Senior Secured Noteholders and the Indenture Trustee, except as may be provided in the Global Settlement.

B. Other Implementing Actions. On or before the Effective Date, the following shall occur in implementation of the Plan:

(1) Except to the extent that any entity entitled to payment of any Allowed Administrative Claim agrees to a different treatment, each holder of an Allowed Administrative Claim shall receive Cash in an amount equal to such Allowed Administrative Claim on the later of (i) the Effective Date and (ii) the date such Administrative Claim becomes an Allowed Administrative Claim by Final Order;

(2) the Court shall have approved the Global Settlement pursuant to Bankruptcy Rule 9019;

(3) all actions, documents and agreements necessary to implement the Plan shall have been effected or executed;

(4) the Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are determined by him to be necessary to implement the Plan;

(5) the Liquidating Trust shall have been created; and

(6) the Reserves shall be funded.

C. Establishment of Post-Confirmation Committee. The Post-Confirmation Committee shall consist of two unsecured creditors, and an additional member to be named by the Senior Secured Noteholders. The candidates shall be approved as members of the Post-Confirmation Committee at the Confirmation Hearing and shall thereafter undertake their duties as members of the Post-Confirmation Committee specified under the Liquidating Trust Agreement. In serving as a member of the Post-Confirmation Committee, such members shall not have assumed any liability to Creditors, the Liquidating Trust, the Liquidating Trustee or any other parties in interest in the Cases and shall not be liable for any acts or omissions while acting in that capacity, except for bad faith and acts or omissions which constitute malfeasance or gross negligence. The Post-Confirmation Committee shall have the right to retain counsel which shall be paid reasonable fees and expenses by the Liquidating Trust. The Bankruptcy Court shall retain jurisdiction to hear any dispute relating to the fees and expenses of the Post-Confirmation Committee's counsel. In the event of an objection to the Post-Confirmation Committee's fees by the Liquidating Trustee, the dispute shall be resolved by the Court after notice and hearing.

D. Selection of Liquidating Trustee. Gary Neus shall serve as Liquidating Trustee under the Liquidating Trust Agreement. The Court shall approve the Liquidating Trustee and the fee agreements for that individual at the Confirmation Hearing, and such approved candidate shall thereafter serve as Liquidating Trustee upon execution of the Liquidating Trust Agreement.

E. Vesting of Assets in the Liquidating Trust.

(1) Unless otherwise dealt with under the Plan, or the terms of the agreement of the Prevailing Purchaser, on the Effective Date (i) all property, claims and interests of the Debtors and their estates shall be transferred to and vest in the Liquidating Trust (the "Liquidating Trust Property") subject to such liens as provided herein.

(2) From and after the Effective Date, the Liquidating Trustee may operate the Liquidating Trust pursuant to the terms of the Plan and the Liquidating Trust Agreement.

(3) The Liquidating Trustee may use, acquire and dispose of the Liquidating Trust Property without further order of the Bankruptcy Court. However, the Bankruptcy Court shall retain jurisdiction to hear any contested matter, as that term is used in Bankruptcy Rule 9014, or adversary proceeding relating to or arising from the use, acquisition or disposition of property by the Liquidating Trustee.

(4) The Order confirming the Plan shall provide the Trustee with express authority to convey, transfer and assign any and all Trust Property and to take all actions necessary to effectuate same.

(5) As of the Effective Date, all Trust Property shall be free and clear of all liens, claims and interests of holders of Claims and Equity Interests, except as may be provided in this Plan.

(6) As of the Effective Date, the Financing Order shall be revoked and be of no further force and effect, except that UFEX lender, shall remain obligated to fund all obligations thereunder for administrative and other expenses of the Debtors and the Debtors may, if requested advances are otherwise unfunded, deduct such sums from any consideration such as the Break Up Fee, to be paid to UFEX in connection with the sale of Caspi Neft.

(7) The Liquidating Trust will be organized and will operate in such a manner as to minimize its tax obligations.

(8) The Liquidating Trust shall timely pay post-confirmation quarterly fees assessed in Case No. 09-31859 pursuant to 28 U.S.C. § 1930(a)(6) after the Effective Date until such time as the Bankruptcy Court enters a final decree closing these Chapter 11 cases, or enters an order either converting these cases to pending under Chapter 7 or dismissing these cases. After confirmation, the Liquidating Trust shall file with the Bankruptcy Court and shall transmit to the United States Trustee a true and correct statement of all disbursements made by the Liquidating Trust for each month, or portion thereof, that these Chapter 11 cases remain open in a format prescribed by the United States Trustee. These three cases at confirmation will be substantively consolidated in the one (1) case Case No. 09-31859 post confirmation and the Liquidating Trust shall be obligated to pay one fee covering all disbursements of the Liquidating Trust. .

(9) The Liquidating Trustee shall make all disbursements as and when provided for under this Plan.

(10) The Liquidating Trustee shall serve with bond in the initial amount of \$100,000 (which amount may be increased or reduced by request of the Post-Confirmation Committee or the Bankruptcy Court). The cost of the bond shall be an expense of the Trust.

(11) From and after the Effective Date, and until all payments and distributions to holders of Allowed Claims have been made under the Plan, the Liquidating Trust shall remain constituted and in existence.

(12) After the Effective Date, the affairs of the Liquidating Trust and of all property held or controlled by the Liquidating Trust shall be managed under the direction of the Liquidating Trustee, in consultation with the Post-Confirmation Committee, as provided by the terms of the Plan and Liquidating Trust Agreement.

(13) The Liquidating Trustee shall have authority, with the approval of the Committee pursuant to Article V. H. below, to settle all claims of and against the Debtors, without further approval of the Bankruptcy Court; provided, however, the Bankruptcy Court shall retain jurisdiction to hear any objection filed by the Post-Confirmation Committee to a proposed settlement. The Post-Confirmation Committee shall have 10 days from notice to object to any proposed settlement and, in the event the Post-Confirmation Committee provides written notice of an objection to any proposed settlement, the compromise shall be submitted to the Bankruptcy Court for approval after notice and hearing.

(14) The Liquidating Trustee can resign at any time upon sixty (60) days' written notice to the Post-Confirmation Committee or upon shorter notice with the consent of the Post-Confirmation Committee. Prior to the Effective Date, a successor can be appointed only upon a noticed hearing before the Bankruptcy Court. Subsequent to the Effective Date, the Post-Confirmation Committee can elect a successor. The Bankruptcy Court shall retain jurisdiction to hear any matter relating to the resignation or appointment of a Liquidating Trustee. The Post-Confirmation Committee can remove and replace the Liquidating Trustee for cause after notice and a hearing before the Bankruptcy Court.

(15) The Taxable Income (as defined in the Liquidating Trust Agreement) of the Liquidating Trust (including earnings retained in the disputed claims reserve) will be allocated to the holders of the interests of the Liquidating Trust in accordance with their relative interest in the Liquidating Trust.

(16) Such transfer to the Liquidating Trust will be treated, for all purposes of the Tax Code, as a transfer to the Claimants receiving an interest in the Liquidating Trust, followed by a contribution by such Claimants to the Liquidating Trust. The Claimants receiving an interest in the Liquidating Trust will be treated as the grantors and deemed owners of the trust for purposes of the Tax Code. Taxable Income of the Trust will be allocated to the Creditors in accordance with their relative Beneficial Interests in the Trust.

F. Filing of Tax Returns and Delivery of Data as to Debtors. The Liquidating Trustee shall be authorized to prepare, execute and file on behalf of the Debtors and the Liquidating Trust, and shall use reasonable efforts to do so, any necessary federal, state or local tax returns for 2009 and any preceding years for which no such tax returns have been filed and are due and pay any taxes due in connection with such returns. The Liquidating Trustee shall use his reasonable judgment in determining which tax returns are necessary. The Liquidating Trustee shall file tax returns for the Liquidating Trust as grantor trusts pursuant to Treasury Regulation Section 1.671-4(a). Any refunds due the Debtors and received by the Liquidating Trustee shall be deposited into the Liquidating Trust.

G. Causes of Action.

(1) Liquidating Trust. Pursuant to 11 U.S.C. § 1123(b)(3)(B), as of the Effective Date any Causes of Action that are already pending or that are property of the estate of the Debtors, even if not yet filed, including, without limitation all common law tort, statutory tort, statutory claims and contract claims and claims for equitable relief of all kinds and avoidance or recovery actions under 11 U.S.C. § 544, 545, 547, 548, 549, 550, 551 and 553, that are not released as a part of this Plan, including the Global Settlement, shall become property of the Liquidating Trust. The Liquidating Trustee shall have the authority to prosecute such Causes of Action for the benefit of the estate and its creditors to be distributed pursuant to this Plan; provided, however, the Liquidating Trustee shall give the Post-Confirmation Committee ten (10) days notice and opportunity to object to any proposed settlement or dismissal involving claims in excess of \$100,000. If no objection is served on the Liquidating Trustee within ten (10) days notice of such proposed settlement or dismissal, the Post-Confirmation Committee shall be deemed to have consented to such settlement or dismissal. The Liquidating Trustee shall have the authority to compromise and settle, otherwise resolve, discontinue, abandon or dismiss all such Causes of Action without approval of the Bankruptcy Court. All cash received by the

Liquidating Trust as a result of prosecution or settlement of any Causes of Action or of enforcement of any judgment or order obtained in connection with any Cause of Action shall be the property of the Liquidating Trust to be distributed in accordance with the terms of the Plan and the Liquidating Trust.

(2) Unless a Cause of Action is released as an express term of this Plan or the Global Settlement, no Cause of Action is released by confirmation of this Plan, and confirmation of the Plan shall not have any *res judicata* or collateral estoppel effect on the Liquidating Trustee's prosecution of any Cause of Action.

H. Liquidation of Assets. The Liquidating Trustee shall liquidate the Liquidating Trust Property and distribute the Proceeds of same pursuant to the Plan.

I. Counterclaims. The Trust shall not be subject to any counterclaims with respect to any Causes of Action constituting Trust Property, provided however, that Causes of Action constituting Trust Property will be subject to any recoupment rights to the same extent as if the Debtors themselves had pursued the Causes of Action constituting Trust Property. In the event the creditor has a valid and enforceable counterclaim that is an allowed claim which is in excess of the amount of the Cause of Action, the creditor shall have an unsecured claim for such amount.

J. Governing Document. The Liquidating Trust shall be governed by the Liquidating Trust Agreement. The Liquidating Trust Agreement is attached as Exhibit "B" and is incorporated herein by this reference. The Debtors reserve the right to make additional revisions to the form of the agreements prior to confirmation.

K. Duties of Liquidating Trustee. The Liquidating Trust shall be administered by the Liquidating Trustee in accordance with the Liquidating Trust Agreement. In addition to the rights and obligations of the Liquidating Trustee under the Liquidating Trust Agreement, the Liquidating Trustee shall have standing to monitor and seek to enforce the performance of obligations under the Plan and the performance of other provisions of the Plan that have an effect upon the treatment of all Unsecured Claims and shall execute such documents, instruments or certificates and shall take such other action as necessary to consummate the transactions described in this Plan.

L. Costs and Expenses of the Liquidating Trust. The Liquidating Trust shall bear and pay the costs and expenses incurred by the Liquidating Trustee and any professionals, agents or employees retained by the Liquidating Trustee, with respect to the Liquidating Trust, including without limitation the costs and expenses of establishing, maintaining and administering the Liquidating Trust, the costs and expenses of making distributions pursuant to the Plan, and the costs and expenses of creating and complying with tax return, tax information and other reporting requirements. The Liquidating Trustee shall be compensated in accordance with the terms of the Liquidating Trust Agreement. The Liquidating Trustee shall be authorized, without any supervision or approval of the Bankruptcy Court or the Office of the United States Trustee, as the case may be, to employ and compensate such persons, including professionals, as may be necessary to enable them to perform their functions hereunder, and the fees and costs of such employment and other expenditures shall be paid from the Liquidating Trust without further order of the Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction to hear any

objection filed by the Post-Confirmation Committee relating to the fees and expenses of the Liquidating Trustee or its professionals.

M. Review of Fees and Expenses. As provided in paragraph V(D)(13) above, the Post-Confirmation Committee shall have the right to review the fees and expenses of the Liquidating Trustee and its professionals. The Post-Confirmation Committee shall have 10 days from service of a monthly fee statement submitted by the Liquidating Trustee to object to payment of any fees and expenses of the Liquidating Trustee and his professionals. Any objection must state with specificity by reference to date, task and amount the basis for the objection. The Liquidating Trustee shall be authorized to pay any amounts reflected on the fee statement to which the Post-Confirmation Committee does not timely object without further order of the Bankruptcy Court. In the event the Post-Confirmation Committee provides written notice of an objection within the time allowed which is not resolved by the parties, the objection shall be submitted to the Bankruptcy Court for determination after notice and hearing.

N. Purpose of Liquidating Trust. The Liquidating Trust is created pursuant to the Plan for the primary purpose of liquidating and distributing the property transferred to it with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust. The Liquidating Trust is intended to be classified as a “grantor” or “liquidating trust” for federal income tax purposes under Treasury Regulation Section 301.7701-4(d). The Liquidating Trustee shall ascribe valuations to the property assigned or transferred to the Liquidating Trust on the dates of assignment and transfer of such property to the Liquidating Trust, and such valuations shall be used by the Debtors and the Liquidating Trustee for all federal income tax reporting purposes.

O. Termination of Liquidating Trust. The Liquidating Trust shall terminate on the fifth anniversary of the Effective Date of the Plan unless all property is distributed earlier. In addition, the terms of the Liquidating Trust may be extended beyond five years for cause and with the consent of the Post-Confirmation Committee.

P. Debtors Section 506(c) Claim. Provided the Court shall have approved the Global Settlement, the Debtors shall waive and release any claims arising under Section 506(c) against the collateral of the holders of claims in Classes 2A, 2B and 3A.

ARTICLE VI

DISSOLUTION OF DEBTORS

A. Deemed Dissolution. Upon the Effective Date, except to the extent that the terms of the agreement with the Prevailing Purchaser, provides for a later date after the vesting of the Trust Property in the Liquidating Trust, each of the Debtors shall be deemed to be dissolved without any further action by the Debtors or the Liquidating Trust, including the filing of any documents with the Secretary of State or other appropriate official of any state, territory, country or jurisdiction in which any of the Debtors were organized.

B. Corporate Action. Upon the Effective Date, all matters provided under the Plan involving the corporate structure of the Debtors shall be deemed to be authorized and approved

without any requirement of further action by the Debtors, the Debtors' shareholders, or the Debtors' boards of directors, or general and limited partners, as applicable.

ARTICLE VII

ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF IMPAIRED CLAIMS

A. Classes Entitled to Vote. Each impaired Class of Claims under the Plan shall be entitled to vote separately to accept or reject the Plan.

B. Deemed Acceptance Without Vote. Any unimpaired Class of Claims shall be deemed to have accepted the Plan and shall not be entitled to vote to accept or reject the Plan. Any impaired Class of Claims that has a single member who does not vote to reject the Plan shall be deemed to have accepted the Plan.

C. Claim Class Acceptance Requirement. An impaired Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims in such Class that have voted on the Plan. For purposes of determining the amount voted by the member of a Class, the amount stated on the Schedules shall control, unless a holder of a Claim has timely filed a proof of claim to which no objection is pending at the time of the Confirmation Hearing. If an objection to a proof of claim is pending at the time of the Confirmation Hearing, the vote of such creditor will not be counted unless prior to the beginning of the Confirmation Hearing such creditor has obtained an order from the Bankruptcy Court allowing such Claim for voting purposes or otherwise.

D. Cramdown. If any impaired Class of Claims entitled to vote shall not accept the Plan by the requisite statutory amounts as set forth herein, the Chapter 11 Trustee reserves the right to amend the Plan or undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code or both.

ARTICLE VIII

PROVISIONS REGARDING DISTRIBUTIONS UNDER THE PLAN AND TREATMENT OF DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS

A. Method of Distributions Under the Plan.

(1) In General. Except as provided for the holders of Class 2A and 2B Claimants to receive a portion of the consideration received in connection with the sale of Caspi Neft, all other distributions under the Plan shall be made by the Liquidating Trustee to the holder as of the Confirmation Date of each Allowed Claim at the address of such holder as listed on the Schedules, unless the Trustee has been notified in writing of a change of address before the Confirmation Date, including, without limitation, by the filing of a proof of claim by such holder that provides an address for such holder different from the address reflected on the Schedules for such holder. The Liquidating Trustee shall not recognize any transfer of a Claim occurring after the Confirmation Date, except those transfers of claims made in accordance with Bankruptcy Rule 3001 and where notice of such transfer of claim has been served on the Liquidating Trustee and shall be entitled instead to recognize and deal for all purposes herein with only those holders

listed on the Schedules or on the register of proofs of claim maintained by the Clerk of the Bankruptcy Court as of the close of business on the Confirmation Date.

(2) Distributions of Cash. Any payment of Cash made by the Liquidating Trustee pursuant to the Plan shall be made by check drawn on a domestic bank.

(3) Timing of Distributions. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day. Any payment or distribution required to be made under the Plan on any specific day shall be deemed timely if made no later than twenty (20) Business Days after such date.

(4) Minimum Distributions. The Liquidating Trustee shall make no less than annual distributions under the Liquidating Trust. No payment of Cash less than \$50 shall be made by the Liquidating Trustee to any holder of a Claim unless a request therefor is made in writing to the Liquidating Trustee or such payment constitutes the final distribution to the holder of a Claim under the Plan. The Liquidating Trustee will distribute, on an annual basis, no less than an amount equal to (i) the net income of the trust, increased by (ii) the net proceeds from the sale of property, decreased by (iii) an amount reasonably necessary to maintain the value of the property of the Liquidating Trust or to meet claims and contingent liabilities, including disputed claims. The Liquidating Trust will not retain cash or cash equivalents in excess of a reasonable amount to meet the claims and contingent liabilities, including disputed claims, or to maintain the value of the property during liquidation.

(5) Unclaimed Distributions. Any distributions pursuant to the Plan, including cash, interest or other amounts earned thereon, that are unclaimed for a period of six (6) months after distribution thereof shall be revested in the Trust and any entitlement of any holder of any Claim to such distributions shall be extinguished and forever barred. Failure to claim, cash or negotiate any distribution within six (6) months of such distribution shall relieve the Liquidating Trustee of the obligation to make any further distributions to the holder of the Claim to whom the distribution was made.

B. Dispute Resolution.

(1) Disputed Claim Reserve. Disputed Claims Reserve shall be established and managed by the Liquidating Trustee of the Liquidating Trust for the treatment of Disputed Claims. The Liquidating Trustee shall deposit from the Trust into a Disputed Claims Reserve an amount equal to the Pro Rata share of the distribution allocable to Disputed Claims, as if such Claims were Allowed Claims. The Disputed Claims Reserve shall be held in trust by the Liquidating Trustee for the benefit of the holders of Allowed Claims whose Distributions are unclaimed and the holders of such Disputed Claims pending a determination of their entitlement thereto under the terms of the Plan.

(2) Distributions Upon Allowance of Disputed Claims Entitled to Payment in Full in One Payment. The holder of a Claim entitled to payment in full on one specific payment date, which Claim is a Disputed Claim on such payment date, but which Claim subsequently becomes an Allowed Claim, shall receive payment of its Allowed Claim within thirty (30) Business Days following the date on which such Claim becomes a Allowed Claim pursuant to a Final Order.

(3) Distributions Upon Allowance of Disputed Claims Entitled to Payment in Full in Installment Payments. The holder of a Claim entitled to payment in installments, which Claim is a Disputed Claim on the initial or any later date the installment would otherwise be made, but which Claim subsequently becomes an Allowed Claim, shall receive the amount of any missed installments on the first date payments to other holders of Claims in the same Class are scheduled to be made that arises after the date on which such Claim becomes an Allowed Claim by Final Order. If such Claim does not become an Allowed Claim until after all the other Claims in the Class have received their total distributions as authorized under the Plan, then the holder thereof shall receive payment of its Allowed Claim within ten (10) Business Days following the date on which such Claim becomes an Allowed Claim pursuant to a Final Order.

C. Objections to and Resolution of Disputed Administrative Claims. After the Confirmation Date, the Liquidating Trustee shall have the right but not exclusive right to make and file objections to Administrative Claims and objections to Claims. All objections shall be litigated to Final Order; provided, however, the Liquidating Trustee shall have the authority to compromise, settle, otherwise resolve or withdraw all objections, other than applications for allowance of compensation and reimbursement of expenses under sections 330 and 503 of the Bankruptcy Code, without approval of the Bankruptcy Court. The Bankruptcy Court, however, shall retain jurisdiction to hear and determine any objection to Administrative Claims. Unless otherwise ordered by the Bankruptcy Court, the Liquidating Trustee shall file and serve all objections to Administrative Claims (other than to applications for allowances of compensation and reimbursement of expenses) upon the holder of the Administrative Claim as to which the objection is made no later than (a) thirty (30) days after the later of the Effective Date or the date on which a proof of claim or request for payment is filed with the Bankruptcy Court or (b) such other date as may be approved by the Bankruptcy Court.

D. Objections to and Resolution of Disputed Claims. After the Confirmation Date, the Liquidating Trustee shall have the right but not exclusive right to make and file objections to Claims. Claim objections shall be litigated to Final Order; provided, however, the Liquidating Trustee shall have the authority to compromise, settle, otherwise resolve or withdraw all objections, without approval of the Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction to hear and determine any objection to Administrative Claims. Unless otherwise ordered by the Bankruptcy Court, the Liquidating Trustee shall file and serve all objections to Claims (other than to applications for allowances of compensation and reimbursement of expenses) upon the holder of the Claim as to which the objection is made no later than (a) one hundred twenty (120) days after the later of the Effective Date or the date on which a proof of claim is filed with the Bankruptcy Court or (b) such other date as may be approved by the Bankruptcy Court.

E. Cancellation and Surrender of Existing Securities and Agreements.

(1) Except as provided in the Plan, on the Effective Date, the promissory notes and other instruments evidencing any Claim against the Debtors shall be deemed canceled without further act or action under any applicable agreement, law, regulation, order or rule.

(2) Each holder of a promissory note or other instrument evidencing a Claim against the Debtors shall surrender such promissory note or instrument to the Liquidating Trustee. No distribution of property hereunder shall be made to or on behalf of any such holders unless and until such promissory note or instrument is received by the Liquidating Trustee or the

unavailability of such promissory note or instrument is established to the reasonable satisfaction of the Liquidating Trustee. The Liquidating Trustee may require any holder that is unable to surrender or cause to be surrendered any such promissory notes or instruments to deliver an affidavit of loss and indemnity and/or furnish a bond in form and substance (including, without limitation, with respect to amount) reasonably satisfactory to the Liquidating Trustee. Any holder that fails within the later of one (1) year after the Confirmation Date and the date its Claim is Allowed (i) to surrender or cause to be surrendered such promissory note or instrument, (ii) if requested, to execute and deliver an affidavit of loss and indemnity reasonably satisfactory to the Liquidating Trustee, and (iii) if requested, to furnish a bond reasonably satisfactory to the Liquidating Trustee, shall be deemed to have forfeited all rights, claims and Causes of Action against the Liquidating Trustee and shall not participate in any distribution hereunder.

F. Procedure for Allowance of Late Filed Proofs of Claim. Except as otherwise provided in the Plan, any proof of claim filed by the holder of a Claim after the Bar Date shall be deemed disallowed unless such proof of claim is deemed to be timely filed or otherwise allowed by Final Order of the Bankruptcy Court issued pursuant to motion of such holder filed no later than thirty (30) days after the Effective Date, after notice and a hearing, finding excusable neglect. In proving excusable neglect, the holder of the proof of claim shall be required to satisfy the standard set forth in *Pioneer Investment Services Company v. Brunswick Associates Limited Partnership*, 507 U.S. 380, 395 (1993).

ARTICLE IX

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption or Rejection of Executory Contracts and Unexpired Leases. Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtors and any person, to the extent not previously rejected by order of the Bankruptcy Court, shall be deemed rejected by the Debtors as of the Effective Date except for any executory contract or unexpired lease that (a) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (b) the Sagadiev Retention Agreement that has been renegotiated and assumed on renegotiated terms as part of the Stock Purchase Agreement and the process involving the Bankruptcy Court's approval of the Bid Procedures and sales process under the Stock Purchase Agreement; the consideration to be received by Sagadiev, UFEX and Zere, if any, in connection with the renegotiated contract will be approved pursuant to an order of the Bankruptcy Court entered prior to the Effective Date and providing for a possible Break Up Fee as the only compensation to be paid in connection with the Sagadiev Retention Agreement, (c) was entered into after the Petition Date either in the ordinary course of business by the Debtors pursuant to an order of the Bankruptcy Court, (d) the Debtors reserve the right to designate certain executory contracts and unexpired leases for which the Liquidating Trustee may extend the assumption or rejection date for a period of ninety (90) days after the Effective Date, at which time the executory contracts and unexpired leases will be automatically deemed rejected unless such executory contracts are assumed and assigned or rejected prior to that date and the Liquidating Trustee shall perform all such executory contracts and leases designated by the Debtors until such time as they are assumed and assigned or rejected; or (e) is specifically treated otherwise in the Plan or the Confirmation Order.

B. Approval of Assumption or Rejection. Entry of the Confirmation Order shall constitute the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected or assumed pursuant to section IX.A of the Plan.

C. Bar Date for Filing Proofs of Claim for Rejection Damages. Unless provided by separate order, Claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan shall be filed with the Bankruptcy Court no later than thirty (30) days after the date of entry of the Confirmation Order. Any Claims not filed within such time will be forever barred from assertion against the Debtors, their estates, their property, the Liquidating Trust, the Liquidating Trust's property or the Liquidating Trustee. Unless otherwise ordered by the Bankruptcy Court, all timely filed Claims arising from the rejection of executory contracts and unexpired leases shall be treated as Unsecured Claims under the Plan.

ARTICLE X

CONFIRMATION AND EFFECTIVENESS OF THE PLAN

A. Conditions Precedent to Confirmation.

The Plan shall not be confirmed by the Court unless and until the following conditions have been satisfied in full.

- (1) The UFEX DIP Financing shall be in full force and effect and all funds to be advanced shall have been received by Debtors;
- (2) The Stock Purchase Agreement and all ancillary agreements related thereto for the Caspi Neft Sale shall be in full force and effect;
- (3) A form of Confirmation Order shall have been approved as acceptable to the Debtors, the Prevailing Purchaser and the Liquidating Trustee;
- (4) All documents to be executed, delivered or filed pursuant to the Plan, including all Plan Supplement Documents, shall be in form and substance acceptable to the Debtors, the Liquidating Trustee, and the Prevailing Purchaser; and
- (5) The Court shall have approved the Global Settlement pursuant to Bankruptcy Rule 9019.

B. Conditions Precedent to Effectiveness.

The Plan shall not become effective unless and until it has been confirmed and the following conditions have been satisfied in full.

- (1) The Confirmation Order, in form and substance acceptable to the Debtors, Liquidating Trustee and the Prevailing Purchaser shall have been entered, and no stay or injunction shall be in effect precluding the consummation

of the transactions contemplated by the Plan and such Confirmation Order shall not have been modified or vacated on appeal;

- (2) The Stock Purchase Agreement shall have been complied with and performed in all respects;
- (3) All statutory fees then due and payable to the United States Trustee shall have been paid in full;
- (4) All documents to be executed, delivered or filed pursuant to the Plan, including all Plan Supplement Documents, shall be in form and substance acceptable to the Liquidating Trustee and the Prevailing Purchaser, and such documents shall be executed, delivered or filed, as the case may be;
- (5) All actions, authorizations, filings, consents and regulatory approvals required (if any) shall have been obtained, effected or executed in a manner acceptable to the Debtors, the Liquidating Trustee and the Prevailing Purchaser, and shall remain in full force and effect.

C. Effect of Failure of Conditions.

In the event that the Effective Date does not occur as the result of failure of the Caspi Neft Sale to close as provided under the Stock Purchase Agreement, unless such date is extended in accordance with a modification among the Debtors and the Prevailing Purchaser, upon notification submitted by the Debtors to the court: (a) the Confirmation Order shall be vacated, (b) no Distributions under the Plan shall be made, (c) the Debtors and all holders of Claims and Equity Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred, and (d) the Debtors' obligations with respect to the Claims and Equity Interests shall remain unchanged and nothing contained in the Plan shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors except as otherwise may occur under applicable law.

D. Vacatur of Confirmation Order.

If (i) a Final Order denying confirmation of the Plan is entered, (ii) the Confirmation Order is vacated, or (iii) the Stock Purchase Agreement for the proposed Caspi Neft Sale is terminated in accordance with its terms, then the Plan shall be null and void in all respects. In such event, nothing contained in the Plan shall (a) constitute a waiver or release of any Claims against or Equity Interests in the Debtors; (b) prejudice in any manner the rights of the holder of any Claim against, or Equity Interests in, the Debtors; (c) prejudice in any manner any right, remedy or claim of the Debtors or any Creditor, or (d) be deemed an admission against interest by the Debtors or any Creditor.

ARTICLE XI

EFFECT OF CONFIRMATION OF THE PLAN

A. Releases by the Debtors.

On the Effective Date and effective as of the Effective Date, for the good and valuable consideration provided by each of the Debtor Releasees, including, but not limited to (a) the discharge of debt and all other good and valuable consideration paid pursuant to the Plan or otherwise, (b) the services of the Debtors' present officers and directors in facilitating the expeditious implementation of the restructuring contemplated by the Plan and (c) in view of the consideration provided in the Global Settlement each of the Debtors shall provide a full discharge and release to the Debtor Releasees (and each such Debtor Releasee so released shall be deemed released and discharged by the Debtors) and each such Debtor Releasee's respective properties from any and all claims, Causes of Action and any other debts, obligations, rights, suits, damages, actions, Causes of Action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, at equity, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, based in whole or in part upon any act or omission, transaction, or other occurrence or circumstances existing or taking place prior to or on the Effective Date arising from or related in any way to the Debtors, including, without limitation, those that any of the Debtors would have been legally entitled to assert (whether individually or collectively) or that any holder of a Claim or Equity Interest or other Person or entity would have been legally entitled to assert for or on behalf of any of the Debtors or any of their Estates and further including those in any way related to the Chapter 11 Cases or the Plan; provided, however, that the foregoing Debtor Release shall not operate to waive or release any Causes of Action expressly set forth in and preserved by the Plan or Plan Supplement; and provided, further, however, that the foregoing Debtor Release shall not operate to waive or release the Debtors from their obligations under this Plan or the Confirmation Order.

Notwithstanding anything contained in the Plan to the contrary, the Debtors shall not have released nor be deemed to have released by operation of this Article X.A. or otherwise any claims or Causes of Action that they may have now or in the future against the Non-Released Parties.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Fed.R.Bankr.P. 9019, of the Debtor Release, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that the Debtor Release is: (a) in exchange for good and valuable consideration provided by the Debtor Releasees, and compromise of the claims released by the Debtor Release; (b) in the best interests of the Debtors and all holders of Claims; (c) fair, equitable, and reasonable; (d) approved after due notice and opportunity for hearing; and (e) a bar to the Debtors asserting any Claim released by the Debtor Release against any of the Debtor Releasees or their respective property.

B. Third Party Releases.

On the Effective Date and effective as of the Effective Date, the Releasing Parties shall provide a full discharge and release (and each Person or entity so released shall be deemed released by the

Releasing Parties) to the Third Party Releasees and their respective property from any and all Claims, Causes of Action and any other debts, obligations, rights, suits, damages, actions, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, at equity, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, based in whole or in part upon any act or omission, transaction, or other occurrence or circumstances existing or taking place prior to or on the Effective Date arising from or related in any way to the Debtors, including those in any way related to the Chapter 11 Cases or the Plan; provided, however, that the foregoing Third Party Release shall not operate to waive or release any of the Third Party Releasees from any Causes of Action expressly set forth in and preserved by the Plan or Plan Supplement; and provided, further, however, that the foregoing Third Party Release shall not operate to waive or release the Debtors from their obligations under this Plan or the Confirmation Order.

The Third Party Release shall have no effect on the Claims of Third Party Releasees treated under the Plan, to the extent of allowance of Claims and satisfaction of Claims pursuant to the Plan.

Notwithstanding anything contained in the Plan to the contrary, the Releasing Parties shall not have released nor deemed to have released by operation of this Article X.B. or otherwise any claims or Causes of Action that they or the Debtors may have now or in the future against the Non-Released Parties.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval pursuant to Fed.R.Bankr.P. 9019 of the Third Party Release, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that the Third Party Release is: (a) in exchange for good and valuable consideration provided by the Third Party Releasees, representing good faith settlement and compromise of the claims released by the Third Party Release; (b) in the best interests of the Debtors and all holders of Claims; (c) fair, equitable, and reasonable; (d) approved after due notice and opportunity for hearing; and (e) a bar to any of the Releasing Parties asserting any claim released by the Third Party Release against any of the Third Party Releasees or their property.

C. Exculpation.

The Exculpated Parties shall neither have nor incur any liability to any Person or entity for any prepetition or postpetition act taken or omitted to be taken in connection with or related to formulating, negotiating, preparing, disseminating, implementing or administering the Plan, the Plan Supplement, the Plan Supplement Documents, the Disclosure Statement, the Stock Purchase Agreement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the Chapter 11 Cases or confirming or consummating the Plan; provided, however, that the foregoing provisions of this Article X.C. shall have no effect on the liability of any Person or entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct; provided further, that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning its duties pursuant to, or in connection with, the above referenced

documents; provided still further, that the foregoing Exculpation shall not apply to any Causes of Action expressly set forth in and preserved by the Plan or Plan Supplement.

Notwithstanding anything contained in the Plan to the contrary, the Exculpated Parties shall not include the Non-Released Parties, and the Plan shall not exculpate nor be deemed to have exculpated any of the Non-Released Parties for any acts they have taken, whether in contemplation of the restructuring of the Debtors, in confirming or consummating the Plan, or otherwise.

D. Request for Expedited Determination of Taxes. The Debtors shall have the right to request an expedited determination under Section 505(b) of the Bankruptcy Code with respect to tax returns filed, or to be filed, for any and all taxable periods ending after the Petition Date and prior to the closing of the Debtors' Chapter 11 cases.

E. Deemed Consent. By voting to accept this Plan or accepting any distribution directly under this Plan, each holder of a Claim will be deemed to the fullest extent permitted by applicable law to have specifically consented to the releases and injunctions set forth in this Article X.

F. No Waiver. The release set forth in this Plan does not limit, abridge, or otherwise affect the rights of the Liquidating Trustee or the Post Confirmation Committee to enforce, sue on, settle, or compromise the rights, claims and other matters retained by the Liquidating Trust or the Debtors' estates pursuant to this Plan.

G. Preservation of Rights of Action; Reservation of Rights

(1) Except as otherwise provided pursuant to this Plan or the Confirmation Order, or any other order of the Bankruptcy Court, or in any contract, instrument, release, indenture or other agreement entered into in connection with this Plan, and except with respect to the Third Party Releases, in accordance with section 1123(b) of the Bankruptcy Code, the Liquidating Trustee will reserve and retain and may enforce, sue on, settle, compromise, transfer or assign (or decline to do any of the foregoing) all rights, claims, causes of action, rights of set off, suits, proceedings or other legal or equitable defenses accruing to the Debtors or their Estates pursuant to the Bankruptcy Code or pursuant to any statute or legal theory, including without limitation, any avoidance or recovery actions and, to the extent permissible under applicable non-bankruptcy law, any suits or proceedings for recovery under any policies of insurance issued to or on behalf of the Debtors or any judgment obtained on behalf of any of the Debtors. Except as otherwise expressly set forth in this Plan (including the limitation on the reservation of avoidance and recovery actions set forth in the immediately preceding sentence), nothing contained in this Plan or the Confirmation Order will be deemed to be a waiver or the relinquishment of any right or Causes of Action that the Debtors or the Liquidating Trustee may have or which the Debtors or the Liquidating Trustee may choose to assert on behalf of their respective estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including without limitation, (i) any and all Claims against any Person, to the extent such Person asserts a cross-claim, counterclaim and/or Claim for setoff which seeks affirmative relief against any of the Debtors, the Liquidating Trust, their officers, directors or representatives and (ii) the turnover of any property of any of the Debtors' Estates or the Liquidating Trust. This Plan provides that the Liquidating Trustee will be deemed the appointed representative to, and may pursue, litigate,

compromise, settle, transfer or assign any such rights, claims, causes of action, suits or proceedings as appropriate, in accordance with the best interests of the Debtors and their Estates. Except as otherwise provided in the Plan or Confirmation Order, in accordance with section 1123(b)(3) of the Bankruptcy Code, any rights or Causes of Action that the Debtors may hold against any entity shall vest upon the Effective Date in the Liquidating Trust. The Liquidating Trustee, through its authorized agents and representatives, shall retain and may exclusively enforce any and all such rights and Causes of Action. After the Effective Date, the Liquidating Trustee shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such rights and Causes of Action, without the consent or approval of any third party and without any further order of the Bankruptcy Court.

(2) Unless a Claim or Cause of Action against a holder of a Claim or Equity Interest or other Person or entity is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including the Confirmation Order), the Debtors expressly reserve such Claim or Cause of Action for later prosecution by the Debtors or the Liquidating Trustee (including, without limitation, claims and Causes of Action not specifically identified or of which the Debtors may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtors at this time or facts or circumstances which may change or be different from those the Debtors now believe to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such claims or Causes of Action upon or after the Confirmation or consummation of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such claims or Causes of Action have been released in the Plan (including, without limitation, and for the avoidance of doubt, the Debtor Release contained in Article X.A) or any other Final Order (including the Confirmation Order). In addition, the Debtors and Liquidating Trustee expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which the Debtors are a defendant or an interested party, against any Person or entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

H. Injunction Enjoining Holders of Claims Against the Debtors. Except as expressly provided in this Plan, at all times on and after the Effective Date, all Persons who have been, are, or may be holders of Claims against or Equity Interests in the Debtors arising prior to the Effective Date, shall be enjoined from taking any of the following actions against or affecting the Debtors, their estates, their property, including the Liquidating Trust Property, and the Liquidating Trustee, with respect to such Claims or Interests (other than actions brought to enforce any rights or obligations under the Plan):

(1) commencing, conducting or continuing in any manner, directly or indirectly any suit, action, or other proceeding of any kind against the Debtors, their estates, or their property, including the Liquidating Trust Property (including, without limitation, all suits, actions, and proceedings that are pending as of the Effective Date which shall be deemed to be withdrawn or dismissed with prejudice);

(2) enforcing; levying, attaching, collecting, or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree, or order against the Debtors, their estates, or their property, including the Liquidating Trust Property;

(3) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Lien against the Debtors, their estates, or their property, including the Liquidating Trust Property;

(4) asserting any right of subrogation, or recoupment of any kind, directly or indirectly against any obligation due the Debtors, their estates, or their property, including the Liquidating Trust Property; and

(5) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan.

ARTICLE XII

RETENTION OF JURISDICTION

A. Exclusive Jurisdiction. The Bankruptcy Court shall have sole and exclusive jurisdiction over all matters arising out of, and related to, the Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(1) To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of Claims resulting from rejection;

(2) To hear and determine any contested matter or adversary proceeding relating to or arising from the Liquidating Trustee's use or disposition of Liquidating Trust Property and acquisition of other property;

(3) To determine any and all Causes of Action, adversary proceedings (including avoidance actions), applications and contested matters;

(4) To hear and determine any objection to Administrative Claims or Claims;

(5) To hear and determine any objection to a proposed settlement or compromise;

(6) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(7) To issue orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(8) To consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(9) To hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331 and 503(b) of the Bankruptcy Code and the Plan as provided in Article II and all objections to the fees and

expenses of the Liquidating Trustees or their professionals or counsel retained by the Post-Confirmation Committee as provided in Article V above;

(10) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

(11) To recover all property of the Debtors or the Liquidating Trusts, wherever located;

(12) To hear and determine all matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(13) To hear and determine all issues arising with respect to the Liquidating Trusts or the Liquidating Trustees, including any issues relating to the Liquidating Trustees' duties and rights;

(14) To hear and determine any applications for the assumption and assignment or rejection of executory contracts and leases that may be designated by the Chapter 11 Trustee prior to the Confirmation Hearing, and assumed and assigned or rejected thereafter, and the allowance of Claims resulting therefrom;

(15) To hear any other matter not inconsistent with the Bankruptcy Code; and

(16) To enter a final decree closing the Cases.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

A. Effectuating Documents and Further Transactions. The Liquidating Trust, through the Liquidating Trustee, is authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and the Liquidating Trust.

B. Exemption from Transfer and Other Taxes. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of notes under the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, sales, real estate transfer, mortgage recording or other similar tax.

C. U.S. Trustee Fees The Debtors shall timely pay on the Effective Date all pre-confirmation fees owed to the Office of the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6). The Liquidating Trustee, as part of its operating expenses, shall timely pay post-confirmation fees owed to the Office of the U.S. Trustee and assessed pursuant to 28 U.S.C. § 1930(a)(6) until such time as the court enters a final decree closing these Chapter 11 cases or enters an order

either converting these cases to Chapter 7 or dismissing these cases. After confirmation, reorganized Parent on or before the last day of the month after the end of each calendar quarter, shall file with the Bankruptcy Court and shall transmit to the Office of the U.S. Trustee a true and correct statement, in a format agreed to by the U. S. Trustee, of all disbursements made by the Liquidating Trustee for each quarter or portion thereof that these Chapter 11 cases remain open.

D. Amendment or Modification of the Plan. Alterations, amendments or modifications of the Plan may be proposed in writing by the Chapter 11 Trustee at any time prior to the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of 11 U.S.C. § 1122 and 1123, and the Chapter 11 Trustee shall have complied with 11 U.S.C. § 1125. The Plan may be altered, amended or modified at any time after the Confirmation Date and before Substantial Consummation, provided that the Plan, as altered, amended or modified, satisfies the requirements of 11 U.S.C. § 1122 and 1123 and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under 11 U.S.C. § 1129 and the circumstances warrant such alterations, amendments or modifications. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder. Otherwise, the Chapter 11 Trustee may alter, amend or modify the treatment of Claims and Equity Interests provided for under the Plan if the holders of Claims or Equity Interests affected thereby agree or consent to any such alteration, amendment or modification.

E. Invalid, Void or Unenforceable Provision. In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the holder or holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidness or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

F. Revocation or Withdrawal of the Plan. The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void.

G. Binding Effect. The Plan shall be binding upon and inure to the benefit of the Debtors, the Liquidating Trust, the holders of Claims and Equity Interests, and their successors and assigns.

H. Notices. All notices, requests and demands to or upon the Debtors or the Liquidating Trust to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

To the Debtors:

John Wesley Wauson
Wauson ♦ Probus
One Sugar Creek Center Blvd., Suite 880
Sugar Land, Texas 77498
(281) 242-0303 – Telephone
(281) 242-0306 – Fax
jwwauson@w-plaw.com - email

To the Liquidating Trustee:

Gary Neus
17 Sweetwater Ct.
Sugar Land, Texas 77479
(281) 682-8448 – Telephone
gneus@earthlink.net – email

with a copy to:

John Wesley Wauson
Wauson ♦ Probus
One Sugar Creek Center Blvd., Suite 880
Sugar Land, Texas 77498
(281) 242-0303 – Telephone
(281) 242-0306 – Fax
jwwauson@w-plaw.com - email

I. Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an Exhibit to the Plan provides otherwise, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas, without giving effect to the principles of conflicts of law of such jurisdiction.

J. Withholding and Reverting Requirements. In connection with the consummation of the Plan, the Debtors or the Liquidating Trustee, as the case may be, shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

K. Headings. Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

L. Exhibits. All Exhibits to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

M. Filing of Additional Documents. On or before Substantial Consummation, the Debtors or the Liquidating Trustee shall file with the Bankruptcy Court such agreements and


other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

N. Enforcement of Confirmation Order. Any party in interest shall have standing to seek any such order from the Bankruptcy Court as shall be necessary to implement the Plan and enforce the terms and provisions of the Confirmation Order.

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Dated: June 30, 2009


TRANSMERIDIAN EXPLORATION INCORPORATED

By: 
Gary Neus
Its Co-Chief Restructuring Officer

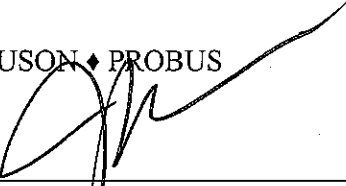
TRANSMERIDIAN EXPLORATION, INC./(BVI)

By: 
Gary Neus
Its Co-Chief Restructuring Officer

BRAMEX MANAGEMENT, INC.

By: 
Gary Neus
Its Co-Chief Restructuring Officer

WAUSON ♦ PROBUS

By: 
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Counsel for the Debtors