Industry Canada Industrie Canada

Certificate of Amendment

Certificat de modification

Canada Business Corporations Act

Loi canadienne sur les sociétés par actions

QUEST CAPITAL CORP.

442119-1

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the articles of the above-named corporation were amended:

Je certifie que les statuts de la société susmentionnée ont été modifiés:

a) under section 13 of the *Canada Business Corporations Act* in accordance with the attached notice;

☐ a) en vertu de l'article 13 de la *Loi canadienne sur les sociétés par actions*, conformément à l'avis ci-joint;

b) under section 27 of the *Canada Business Corporations Act* as set out in the attached articles of amendment designating a series of shares;

☑ b) en vertu de l'article 27 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

c) under section 179 of the *Canada Business Corporations Act* as set out in the attached articles of amendment;

☐ c) en vertu de l'article 179 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes;

d) under section 191 of the *Canada Business Corporations Act* as set out in the attached articles of reorganization;

☐ d) en vertu de l'article 191 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses de réorganisation ci-jointes;

Richard G. Shaw
Director - Directeur

December 30, 2008 / le 30 décembre 2008

Date of Amendment - Date de modification

Canada

Industry Canada Industrie Canada

Canada Business Corporations Act Loi canadienne sur les sociétés par actions

ELECTRONIC TRANSACTION REPORT **RAPPORT DE LA TRANSACTION ÉLECTRONIQUE**

ARTICLES OF AMENDMENT (SECTIONS 27 OR 177) **CLAUSES MODIFICATRICES (ARTICLES 27 OU 177)**

Processing Type - Mode de traitement: E-Commerce/Commerce-É

1. Name of Corporation - Dénomination de la société	2. Corporation No. - N° de la société
QUEST CAPITAL CORP.	442119-1

3. **The articles of the above-named corporation are amended as follows:**
Les statuts de la société mentionnée ci-dessus sont modifiés de la façon suivante:

Section 3 of the articles of the Corporation are amended as follows:

1. To increase the authorized capital of the Corporation by the creation of 20,000,000 First Preferred Shares, Series A shares; and

2. To provide that the First Preferred Shares, Series A shares shall, in addition and subject to, the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, have attached thereto and be subject to the rights, privileges, restrictions and conditions set forth as follows:

Cumulative 13.5% First Preferred Shares, Series A

The first series of the First Preferred Shares in the capital of the Corporation shall be designated as the Cumulative 13.5% First Preferred Shares, Series A (the "Series A Preferred Shares") and shall have the following rights, privileges, restrictions, conditions and limitations (the "Series A Provisions") in addition to the rights, privileges, restrictions, conditions and limitations attaching to the First Preferred Shares as a class:

Amount. 20,000,000 Series A Preferred Shares are authorized to be issued for an aggregate issue price of Cdn.$40,000,000.

Price. The Series A Preferred Shares shall be issued at a price of Cdn.$2.00 per share (the "Issue Price").

Dividends. The holders of the Series A Preferred Shares shall be entitled to cumulative dividends in the amount of 13.5% per annum payable on a quarterly basis on March 31, June 30, September 30 and December 31 of each year if, as and when declared by the directors of the Corporation. The first dividend, if declared by the directors of the Corporation, shall be payable on March 31, 2009 calculated on the basis of the number of days from the issue date to the payment date divided by 365 days multiplied by 13.5% multiplied by the Issue Price per share. The holders of Series A Preferred Shares will have a right, after payment to them of the aforesaid dividends on the Series A Preferred Shares at the above stated prescribed rate an d after payment of dividends in a like amount per share to the holders of the common shares in the capital of the Corporation, to participate pari passu with the holders of the common shares in any further payment of dividends.

Ranking of Shares. The Series A Preferred Shares shall rank, both as regards dividends and return of capital, equal to all other series of First Preferred Shares and in priority to all other shares of the Corporation but shall not confer any further right to participate in profits or assets.

Redemption. The Series A Preferred Shares shall not be redeemable prior to January 11, 2010 without the prior written consent of the Lenders (as such term is defined in the credit agreement among the Corporation and the Bank of Nova Scotia, as administrative agent, among others, made as of January 11, 2008, as amended from time to time, the "Credit Agreement") so long as the Credit Agreement shall not have been terminated. At any time or from time to time on or after January 11, 2010, or prior to January 11, 2010 with consent of the Lenders (as provided above), the Corporation may redeem any or all of the Series A Preferred Shares then outstanding on payment for each share to be redeemed of the sum of the Issue Price, together with all declared but unpaid dividends, which shall have accrued thereon and which, for such purpose, shall be treated as accruing up to the date of such redemption provided that if such amount plus the amount of any dividends paid on a Series A Preferred Share since the date of issue is less than the Prescribed Amount (defined below) then the redemption price shall be the Prescribed Amount minus the amount of any dividends paid on a Series A Preferred Share since the date of issue. "Prescribed Amount" means the Issue Price plus an amount calculated by multiplying the Issue Price by the number of days elapsed since the date of issue of the Series A Preferred Shares divided by 365 multiplied by 0.135. Not less than fifteen bu siness days' notice in writing of such redemption shall be given by mailing such notice to the registered holders of the Series A Preferred Shares to the last known address of each holder, specifying the amount to be redeemed and the date and place or places of redemption and the payment of the redemption price. If notice of any such redemption shall be given by the Corporation in the manner aforesaid and an amount sufficient to redeem the shares shall be deposited with any trust company or chartered bank in Canada as specified in the notice on or before the date fixed for redemption, dividends on the shares to be redeemed shall cease to accrue after the date so fixed for redemption and the holders thereof shall thereafter have no right against the Corporation except, upon the surrender of certificates for such shares, to receive payment therefor out of the monies so deposited. After the redemption price of such shares has been deposited with any trust company or chartered bank in Canada, as aforesaid, notice shall be given to the holders of any Series A Preferred Shares called for redemption who have failed to present the certificates representing such shares within 2 months of the date specified for redemption that the money has been so deposited and may be obtained by the holders of the said Series A Preferred Shares upon presentation of the certificates representing such shares called for redemption at the said trust company or chartered bank.

In the event of any redemption of other than all of the Series A Preferred Shares, such redemption shall occur on a pro rata basis.

Retraction. The Series A Preferred Shares shall not be retractable prior to January 11, 2010, except in the event of the occurrence of a Change of Control Event (as hereinafter defined) and with the prior written consent of the Lenders (so long as the Credit Agreement shall not have been terminated). At any time on or after January 11, 2010, or prior to January 11, 2010 following a Cha nge of Control Event and with the consent of the Lenders (as provided above), a holder of Series A Preferred Shares shall have the right to request the Corporation to purchase any or all of the Series A Preferred Shares owned by such holder of Series A Preferred Shares. The right of retraction shall be exercised by delivering an irrevocable and unconditional notice to the Corporation (a "Retraction Notice") setting forth that number of Series A Preferred Shares owned by such a holder in respect of which the holder intends to exercise the right of retraction and the percentage that such shares represent of the aggregate number of Series A Preferred Shares owned by such holder (the "Retraction Percentage"). If a holder of Series A Preferred Shares delivers a Retraction Notice to the Corporation, such Retraction Notice shall constitute a binding agreement by the holder of such Series A Preferred Shares to sell to the Corporation that number of such holder's Series A Preferred Shares equal to the Retraction Percentage of the aggregate number of such holder's Series A Preferred Shares. The holder's obligation to sell and the Corporation's obligation to purchase such Series A Preferred Shares shall be subject to the following. Within 15 business days of receipt of a Retraction Notice, the Corporation shall make an offer to all holders (other than the holder who has given the Retraction Notice) of the outstanding Series A Preferred Shares to purchase from each holder that number of such holder's Series A Preferred Shares which is equivalent to the Retraction Percentage of the aggregate number of Series A Preferred Shares owned by such holder (an "Offer"). Such Offer shall be open for a period of 15 business days ("Offer Period"). If during the Offer Period, a holder of Series A Preferred Shares (other than the holder that has given the Retraction Notice) delivers a notice to the Corporation agreeing to sell its Series A Preferred Shares pursuant to the Offer (a "Sale Not ice"), such Sale Notice shall constitute a binding agreement by the holder of the Series A Preferred Shares to sell to the Corporation such Series A Preferred Shares, and a binding agreement by the Corporation to purchase the holder's applicable Series A Preferred Shares, subject to the following. In the event that holders of Series A Preferred Shares (including for this purpose the holder of Series A Preferred Shares having delivered the Retraction Notice) representing more than 66 2/3% of the then issued and outstanding Series A Preferred Shares have provided Sale Notices (or a Retraction Notice), the Corporation will then purchase that number of Series A Preferred Shares which is equal to the Retraction Percentage of the aggregate number of Series A Preferred Shares owned by each holder from each holder of Series A Preferred Shares within ten business days after the end of the Offer Period (the "Purchase Date"). In the event that holders of fewer than such percentage of Series A Preferred Shares have provided Sale Notices (or a Retraction Notice), the Corporation shall not be obligated to purchase their Series A Preferred Shares and the Retraction Notice and the Sale Notices (and any agreements to sell and purchase arising therefrom) shall be deemed to be of no further force or effect.
An amount sufficient to purchase the applicable shares shall be deposited with any trust company or chartered bank in Canada as specified in the Retraction Notice on or before the Purchase Date, dividends on the shares to be purchased shall cease to accrue after the Purchase Date and the holders thereof shall thereafter have no right against the Corporation except, upon the surrender of certificates for such shares, to receive payment therefor out of the moneys so deposited. After the purchase price of such shares has been deposited with any trust

company or chartered bank in Canada, as aforesaid, notice shall be given to the holders of any Series A Preferred Shares to be purchase d who have failed to present the certificates representing such shares within 2 months of the Purchase Date that the money has been so deposited and may be obtained by the holders of the said Series A Preferred Shares upon presentation of the certificates representing such shares to be purchased at the said trust company or chartered bank.

"Change of Control Event" shall mean the occurrence of any of the following: (i) the acquisition by an arm's length third party directly or indirectly, by way of take-over bid, merger or other similar transaction, of outstanding shares of the Corporation representing more than fifty percent (50%) of the votes attaching to all outstanding voting shares of the Corporation; or (ii) the acquisition by an arm's length third party, directly or indirectly, of all or substantially all of the assets of the Corporation; or (iii) fifty percent (50%) or more of the members of the board of directors of the Corporation being persons other than Current Directors (for these purposes a "Current Director" shall mean any member of the board of directors of the Corporation elected at or continuing in office after the 2008 annual meeting of shareholders of the Corporation, any successor of a Current Director who has been approved by a majority of the Current Directors then on the board of directors of the Corporation, and any other person who has been approved by a majority of the Current Directors then on the Board of Directors of the Corporation); or (iv) Murray Sinclair and Brian Bayley ceasing to be the co-chairs and directors of the Corporation.

The purchase price for the Series A Preferred Shares purchased by the Corporation pursuant to the right of retraction shall be equal to the then applicable redemption price. No more than one Retraction Notice may be delivered to the Corporation in any 60 day period. All Series A Preferred Shares purchased by the Corporation shall thereafter be cancelled.

Restriction on Transfer. No holder of Ser ies A Preferred Shares may transfer such Series A Preferred Shares unless the prior written consent of the directors of the Corporation shall have been obtained, such consent to be granted only if the transfer of Series A Preferred Shares will not cause the transferee or any other person to become a "specified shareholder" of the Corporation for purposes of paragraph 130(6)(d) of the Income Tax Act (Canada).

Date	Name - Nom	Signature	Capacity of - en qualité
2008-12-30	JIM GROSDANIS		AUTHORIZED OFFICER

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