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Ontario Corporation Number
Numéro de la société en Ontario

1390007

1.

Ontario Ministry of Consumer and Commercial Relations
Ministère de la Consommation et du Commerce

CERTIFICATE
This is to certify that these articles are effective on

CERTIFICAT
Ceci certifie que les présents statuts entrent en vigueur le

MARCH 23 MARS, 2000

Director / Directeur
Business Corporations Act / Loi sur les sociétés par actions

Form 3
Business Corporations Act

Formule 3
Loi sur les sociétés par actions

ARTICLES OF AMENDMENT
STATUTS DE MODIFICATION

1. The name of the corporation is: *Dénomination sociale de la société:*

HIP INTERACTIVE CORP.

2. The name of the corporation is changed to (if applicable): *Nouvelle dénomination sociale de la société (s'il y a lieu):*

3. Date of incorporation/amalgamation: *Date de la constitution ou de la fusion:*

1999 12 10

(Year, Month, Day)
(année, mois, jour)

4. The articles of the corporation are amended as follows: *Les statuts de la société sont modifiés de la façon suivante:*

SEE SCHEDULE "A" ATTACHED HERETO

Dyecare Software Ltd.
(416)368-6888 04/1999

HIP INTERACTIVE CORP.

Articles of Amendment

SCHEDULE "A"

The Articles of Amalgamation of the Corporation dated December 10, 1999 (the "Articles") are amended as follows:

BY CREATING a series of Preference Shares designated as "Series A Preference Shares". The maximum number of Series A Preference Shares that the Corporation is authorized to issue shall be unlimited.

Subject to and without limiting the generality of the rights and restrictions attached to the Preference Shares as a class, the Series A Preference Shares of the Corporation shall have the following rights, privileges, restrictions and conditions:

1. **Dividends**

   The Series A Preference Shares shall not be entitled to receive dividends.

2. **Conversion of Series A Preference Shares**

   (a) The holders of the Series A Preference Shares shall have the right to convert their Series A Preference Shares into Common Shares of the Corporation, on a one-for-one basis, in accordance with, but subject to, the provisions of (i) Section 2.5 of that certain agreement made as of the 24th day of March, 2000 between the Corporation and various other parties (the "SJS Agreement") and (ii) Section 3.6 of those certain employment agreements made as of the 24th day of March, 2000 between the Corporation, SJS Group Ltd. and each of Jatinder (Jack) Lamba, Preet (Sanjay) Singh and Stanley Samole, respectively.

   (b) The conversion privilege herein provided for may be exercised by notice in writing given to the Corporation at its registered office, accompanied by the certificate or certificates representing the Series A Preference Shares in respect of which the holder thereof is entitled to exercise such right of conversion. Such notice shall be signed by such holder or the holder's duly authorized attorney and shall specify the number of Series A Preference Shares which the holder is entitled to have converted. If less than all the Series A Preference Shares represented by a certificate or certificates accompanying any such notice are to be converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the number of Series A Preference Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be converted.

(c) On any conversion of Series A Preference Shares the share certificates for the Common Shares of the Corporation resulting therefrom shall be issued in the name of the registered holder of the Series A Preference Shares converted or in such name or names as such registered holder may direct in writing (either in the notice herein referred to or otherwise). In either instance the transfer form on the back of the certificates in question shall be endorsed by the registered holder of the Series A Preference Shares or the holder's duly authorized attorney, with signature guaranteed in a manner satisfactory to the Corporation, provided that the Corporation may waive the requirement for any such guarantee.

(d) If and whenever at any time the outstanding Series A Preference Shares of the Corporation or the outstanding Common Shares of the Corporation shall be subdivided, redivided or changed into a greater or consolidated into a lesser number of shares or reclassified into different shares, the basis of conversion then in effect shall be appropriately adjusted and any holder of Series A Preference Shares who has not exercised his right of conversion prior to the effective date of such subdivision, redivision, change, consolidation or reclassification shall be entitled to receive and shall accept, upon the exercise of such right at any time on the effective date or thereafter, in lieu of the number of Common Shares to which the holder was theretofore entitled upon conversion, the aggregate number of shares of the Corporation that such holder of Series A Preference Shares would have been entitled to receive as a result of such subdivision, redivision, change, consolidation or reclassification if, on the effective date thereof, the holder had been the registered holder of the number of Common Shares to which the holder was theretofore entitled upon conversion.

(e) If and whenever at any time there is a capital reorganization of the Corporation or a consolidation or merger or amalgamation of the Corporation with or into any other company including by way of sale whereby all or substantially all of the Corporation's undertaking and assets would become the property of any other company, any holder of Series A Preference Shares who has not exercised his right of conversion prior to the effective date of such reorganization, consolidation, merger, amalgamation or sale, shall be entitled to receive and shall accept, upon the exercise of such right at any time on the effective date or thereafter, in lieu of the number of Common Shares to which the holder was theretofore entitled upon conversion, the aggregate number of shares or other securities or property of the Corporation or of the company resulting from the consolidation, merger or amalgamation or to which such sale may be made, as the case may be, that such holder would have been entitled to receive as a result of such capital reorganization, consolidation, merger, amalgamation or sale if, on the effective date thereof, the holder had been the registered holder of the number of Common Shares to which the holder was theretofore entitled upon conversion.

(f) The issuance of certificates for Common Shares upon the conversion of Series A Preference Shares will be made without charge to the converting holders of Series A Preference Shares of any fee or tax in respect of the issuance of such certificates or the Common Shares represented thereby; provided, however, that the Corporation shall not be required to pay any tax which may be imposed upon the person or persons to whom such Common Shares are issued, in respect of the issuance of such Common Shares.

3. <u>Redemption</u>

(a) If, by the end of the 30 day period referred to in Subsection 2.5(d) of the SJS Agreement in relation to the period ended March 31, 2004, any Series A Preference Shares have not been converted into Common Shares pursuant to Section 2 hereof, the Corporation may, upon giving notice as hereinafter provided, redeem all the outstanding Series A Preference Shares, on payment for all the Series A Preference Shares to be redeemed of $1.00 in the aggregate (herein referred to as the "Redemption Price").

(b) In any case of redemption of the Series A Preference Shares pursuant to this Section 3.0, the Corporation shall send by prepaid first class mail or deliver to each person who is a holder of the Series A Preference Shares to be redeemed, a notice in writing of the intention of the Corporation to redeem the Series A Preference Shares registered in the name of such holder. Accidental failure or omission to give such notice to one or more holders shall not affect the validity of such redemption, but upon such failure or omission being discovered notice shall be given forthwith to such holder or holders and such notice shall have the same force and effect as if given in due time. Such notice given pursuant to this section shall set out the number of Series A Preference Shares which are to be redeemed, the number of Series A Preference Shares held by the person to whom it is addressed, the Redemption Price, the date specified for redemption and the office or offices of the Corporation and any other place or places within Canada at which holders of the Series A Preference Shares may present and surrender certificates representing such shares for redemption. On and after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the holders of the Series A Preference Shares to be redeemed, the Redemption Price of such shares on presentation and surrender at the office of the Corporation designated in the aforesaid notice of redemption and at any other place or places within Canada specified in such notice of redemption, of the certificate or certificates representing the Series A Preference Shares called for redemption.

(c) Such notice required to be given in this Section 3.0 may be waived when and if the registered holders of Series A Preference Shares to be redeemed signify their consent to such waiver and execute a waiver in favour of the Corporation relieving the Corporation from the obligation of giving notice to such registered holders.

(d) Payment in respect of the Series A Preference Shares being redeemed shall be made by cheque in the amount of the Redemption Price payable to the holder thereof at par at any branch in Canada of any Canadian chartered bank in an amount equal to the Redemption Price. Such cheque shall satisfy and discharge all liability of the Corporation for the Redemption Price, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation. From and after the date specified for redemption in any such notice of redemption, the holders of the Series A Preference Shares called for redemption shall cease to be entitled to exercise any of their rights as shareholders in respect thereof unless payment of the Redemption Price shall not be made upon presentation and surrender of the certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing or delivery of notice of its intention to redeem Series A Preference Shares, to deposit the Redemption Price of the Series A Preference Shares so called for redemption, or of such of the Series A Preference Shares which are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account maintained by the Corporation with a branch of a Canadian chartered bank designated by the Corporation in the notice of redemption (the "Trustee") to be paid without interest to or to the order of the respective holders of Series A Preference Shares whose shares have been called for redemption, upon presentation and surrender to the Trustee of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is later, the Series A Preference Shares in respect of which such deposit shall have been made shall be deemed to have been redeemed and the rights of the holders thereof shall be limited to receiving their proportion of the amount so deposited without interest, upon presentation and surrender to the Trustee of the certificate or certificates representing the Series A Preference Shares being redeemed. Any interest allowed on any such deposit shall belong to the Corporation. Notwithstanding the foregoing, the Redemption Price, to the extent that it is represented by a cheque which has not been presented for payment or moneys on deposit with the Trustee which have not been claimed by the second anniversary of the relevant redemption date, shall, subject to applicable legislation, be forfeited to the Corporation.

4. **Dissolution**

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Series A Preference Shares (which have not otherwise been converted into Common Shares) shall not be entitled to receive any property or assets of the Corporation.

5. **Voting Restriction**

Except as otherwise provided by law or in accordance with any voting rights which may from time to time be attached to any series of Preference Shares, the holders of the Series A Preference Shares as a series shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation.

6. **Approval of Holders of Series A Preference Shares**

The approval of the holders of the Series A Preference Shares as a series, as to any matters required by law may be given as specified below:

(a) Any approval given by the holders of Series A Preference Shares shall be deemed to have been sufficiently given if it shall have been given in writing by the holders of all of the outstanding Series A Preference Shares or by a resolution passed at a meeting of holders of Series A Preference Shares duly called and held for such purpose upon not less than twenty-one days' notice at which the holders of at least a majority of the outstanding Series A Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than $66^2/_3\%$ of the votes cast at such meeting. If at any such meeting the holders of a majority of the outstanding Series A Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than fifteen days thereafter and to such time and place as may be designated by the chairman of the meeting and not less than ten days' written notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Series A Preference Shares present or represented by proxy shall form a quorum and may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than $66^2/_3\%$ of the votes cast at such meeting shall constitute the approval of the holders of the Series A Preference Shares.

(b) On every poll taken at any such meeting each holder of Series A Preference Shares shall be entitled to one vote in respect of each Series A Preference Share held. Subject to the foregoing, the formalities to be observed with respect to the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the Act and the by-laws of the Corporation with respect to meetings of shareholders.

5. The amendment has been duly authorized as required by Sections 168 & 170 (as applicable) of the Business Corporations Act.

La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la Loi sur les sociétés par actions.

6. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on

Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2000-03-23

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.

Les présents statuts sont signés en double exemplaire.

HIP INTERACTIVE CORP.

(Name of Corporation)
(Dénomination sociale de la société)

By/*Par:*

(Signature)
(Signature)

Thomas A. Fenton - Director

(Description of Office)
(Fonction)

..ecare Software Ltd.
(416)368-6888 04/1999

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Ontario Corporation Number
Numéro de la société en Ontario

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Ontario Ministry of Consumer and Commercial Relations
Ministère de la Consommation et du Commerce

CERTIFICATE
This is to certify that these articles are effective on

CERTIFICAT
Ceci certifie que les présents statuts entrent en vigueur le

DECEMBER 1 0 DÉCEMBRE, 1999

Director / Directeur
Business Corporations Act / Loi sur les sociétés par actions

Trans Code	Line No	Stat	Comp Type	Method Incorp	Share
A	0	0	A	3	S
18	20	28	29	30	31

Notice Req'd	Jurisdiction	
N	ONTARIO	A
32	33 47	57

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Formule 4
Loi sur les sociétés par actions

ARTICLES OF AMALGAMATION
STATUTS DE FUSION

1. The name of the amalgamated corporation is: Dénomination sociale de la société issue de la fusion :

HIP INTERACTIVE CORP.

2. The address of the registered office is: Adresse du siège social :

828 RICHMOND STREET WEST
(Street and No. or R.R. No. and, if multi-office building, give Room No.)
(Rue et numéro ou numéro de la R.R. et, s'il s'agit d'un édifice à bureaux, numéro du bureau)

TORONTO — M6J 1C9
(Name of Municipality or Post Office) (Nom de la municipalité ou du bureau de poste) — (Postal Code) (Code postal)

3. Number (or minimum and maximum number) of directors is: Nombre (ou nombres minimal et maximal) d'administrateurs :

Minimum three (3); Maximum nine (9).

4. The director(s) is/are: Administrateur(s) :

First name, initials and surname / Prénom, initiales et nom de famille	Address for Service, giving Street and No. (or R.R. No.), Municipality and Postal Code / Domicile élu, y compris la rue et le numéro (ou le numéro de la R.R.), le nom de la municipalité et le code postal	Resident Canadian State Yes or No / Résident canadien Oui/Non
Morey Chaplick	93 Ardwold Gate Toronto, ON M5R 2W1	YES
David M. Hill	76 Lonsdale Road Toronto, ON M4V 1W5	YES
Anthony M. Consentino	7 Sapling Court Toronto, ON M9C 1K9	YES
Rubin Osten	466 Spadina Road Toronto, ON M5P 2W4	YES
Thomas A. Fenton	1526 Royal Oaks Road Mississauga, ON L5H 3R8	YES
Andrew Rivkin	42 Londsale Road Toronto, ON M4W IW5	YES

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5. A) The amalgamation agreement has been duly adopted by the shareholders of each of the amalgamating corporations as required by subsection 176 (4) of the Business Corporations Act on the date set out below. [X]

A) Les actionnaires de chaque société qui fusionne ont dûment adopté la convention de fusion conformément au paragraphe 176 (4) de la Loi sur les sociétés par actions à la date mentionnée ci-dessous.

CHECK A OR B — COCHER A OU B

B) The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 177 of the Business Corporations Act on the date set out below. [ ]

B) Les administrateurs de chaque société qui fusionne ont approuvé la fusion par voie de résolution conformément à l'article 177 de la Loi sur les sociétés par actions à la date mentionnée ci-dessous.

The articles of amalgamation in substance contain the provisions of the articles of incorporation of

Les statuts de fusion reprennent essentiellement les dispositions des statuts constitutifs de

and are more particularly set out in these articles.

et sont énoncés textuellement aux présents statuts.

Names of amalgamating corporations Dénomination sociale des sociétés qui fusionnent	Ontario Corporation Number Numéro de la société en Ontario	Date of Adoption/Approval Date d'adoption ou d'approbation
ASI INTERNET INC.	1160232	December 9, 1999
HIP INTERACTIVE CORP.	1365056	December 9, 1999

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actions

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise:

Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société :

None

7. The classes and any maximum number of shares that the corporation is authorized to issue:

Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preference shares.

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8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :

Common Shares

The holders of the common shares are entitled, among other things:

(i) to one vote per common share at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote; and

(ii) subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive the remaining property of the Corporation on dissolution.

Preference Shares

The preference shares, as a class, have attached to them the following:

(i) the preference shares may from time to time be issued in one or more series and subject to the following provisions, and subject to the sending of articles of amendment in prescribed form, and the endorsement on them of a certificate of amendment in respect of them, the directors may fix from time to time before such issue the number of shares that is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of preference shares, including, without limiting the generality of the foregoing, the rate or amount of dividends or the method of calculating dividends, the dates of payment, the redemption, purchase and/or conversion prices and terms and conditions of redemption, purchase and/or conversion, and any sinking fund or other provisions;

(ii) the preference shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, rank on a parity with preference shares of every other series and be entitled to preference over the common shares and over any other shares of the Corporation ranking junior to the preference shares. The preference shares of any series may also be given such other preferences, not inconsistent with these articles, over the common shares and any other shares of the Corporation ranking junior to such preference shares may be fixed in accordance with clause (b)(i);

(iii) if any cumulative dividends or amounts payable on the return of capital in respect of a series of preference shares are not paid in full, all series of preference shares shall participate ratably in respect of such dividends and return of capital;

(iv) the preference shares of any series may be made convertible into common shares; and

(v) unless the directors otherwise determine in the articles of amendment designating a series, the holder of each share of a series of preference shares shall be entitled to one vote at a meeting of shareholders.

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9. The issue, transfer or ownership of shares ~~is/~~is not restricted and the restrictions (if any) are as follows:

L'émission, le transfert ou la propriété d'actions ~~est/~~n'est pas restreint. Les restrictions, s'il y a lieu, sont les suivantes :

N/A

10. Other provisions, if any:

Autres dispositions, s'il y a lieu :

(a) Without in any way limiting the powers conferred upon the Corporation and its directors by the *Business Corporations Act*, or any successor statute, the board of directors may from time to time, in such amounts and on such terms as it deems expedient:

(i) borrow money on the credit of the Corporation;

(ii) issue, sell or pledge debt obligations (including bonds, debentures, notes or other similar obligations, secured or unsecured) of the Corporation; and

(iii) charge, mortgage, hypothecate or pledge all or any of the currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including book debts, rights, powers, franchises and undertaking, to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation.

(b) Subject to the *Business Corporations Act*, the board of directors may from time to time delegate to such one or more of the directors and officers of the Corporation as may be designated by the board all or any of the powers conferred on the board above to such extent and in such manner as the board shall determine at the time of such delegation.

11. The statements required by subsection 178 (2) of the Business Corporations Act are attached as Schedule "A".

Les déclarations exigées aux termes du paragraphe 178 (2) de la Loi sur les sociétés par actions constituent l'annexe "A".

12. A copy of the amalgamation agreement or directors resolutions (as the case may be) is/are attached as Schedule "B".

Une copie de la convention de fusion ou les résolutions des administrateurs (selon le cas) constitue(nt) l'annexe "B".

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actions

These articles are signed in duplicate.

Les présents statuts sont signés en double exemplaire.

Names of the amalgamating corporations and signatures and descriptions of office of their proper officers.

Dénomination sociale des sociétés qui fusionnent, signature et fonction de leurs dirigeants régulièrement désignés.

ASI INTERNET INC.

BY: ______________________
Name: Paul C.M. Roberts
Title: President

HIP INTERACTIVE CORP.

BY: ______________________
Name: Michael J. Haines
Title: Executive Vice-President

SCHEDULE "A"

STATEMENT OF DIRECTOR OR OFFICER OF

ASI INTERNET INC.

1. I, Paul C.M. Roberts, am the President of ASI INTERNET INC. (the "Corporation"), one of the amalgamating corporations listed in the Articles of Amalgamation to which this statement is attached.

2. Having conducted such examinations of the books and records of the Corporation and having made such inquiries and investigations as are necessary to enable me to make this statement, I hereby state that there are reasonable grounds for believing that:

(a) the Corporation is and the amalgamated corporation will be able to pay its liabilities as they become due;

(b) the realizable value of the assets of the amalgamated corporation will not be less than the aggregate of its liabilities and stated capital of all classes; and

(c) no creditor will be prejudiced by the amalgamation.

DATED: December 9, 1999

Paul C.M. Roberts

<u>SCHEDULE "A"</u>

STATEMENT OF DIRECTOR OR OFFICER OF

HIP INTERACTIVE CORP.

1. I; Michael J. Haines, am the Executive Vice-President of HIP INTERACTIVE CORP. (the "Corporation"), one of the amalgamating corporations listed in the Articles of Amalgamation to which this statement is attached.

2. Having conducted such examinations of the books and records of the Corporation and having made such inquiries and investigations as are necessary to enable me to make this statement, I hereby state that there are reasonable grounds for believing that:

(a) the Corporation is and the amalgamated corporation will be able to pay its liabilities as they become due;

(b) the realizable value of the assets of the amalgamated corporation will not be less than the aggregate of its liabilities and stated capital of all classes; and

(c) no creditor will be prejudiced by the amalgamation.

DATED: December 9, 1999

Michael J. Haines

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SCHEDULE "B"

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT made as of the 9th day of December, 1999.

B E T W E E N:

ASI INTERNET INC., a corporation incorporated under the laws of the Province of Ontario,

("ASI")

- and -

HIP INTERACTIVE CORP., a corporation incorporated under the laws of the Province of Ontario,

("Hip")

WHEREAS each of ASI and Hip are corporations to which the *Business Corporations Act* (Ontario), as amended, applies;

AND WHEREAS ASI is authorized to issue an unlimited number of common shares, of which 4,122,084 common shares are presently issued and outstanding;

AND WHEREAS Hip is authorized to issue an unlimited number of common shares of which 30,329,938 common shares are presently issued and outstanding;

AND WHEREAS the parties hereto, acting under the authority set out in the *Business Corporations Act* (Ontario), as amended, have agreed to amalgamate upon the terms and conditions set out hereunder.

NOW THEREFORE THIS AGREEMENT WITNESSETH as follows:

1. **Definitions.** In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the following meaning:

"Amalgamating Corporations" means ASI and Hip;

"Amalgamation Agreement" or **"Agreement"** means this amalgamation agreement;

"Act" means the *Business Corporations Act* (Ontario), as amended;

"Corporation" means the corporation continuing from the amalgamation of the Amalgamating Corporations; and

"Effective Date" means the date set out on the Certificate endorsed by the Director appointed under the *Act* on the Articles of Amalgamation giving effect to the amalgamation herein provided for.

2. **Agreement to Amalgamate.** The Amalgamating Corporations hereby agree to amalgamate as of the Effective Date under the provisions of the *Act* and to continue as one corporation upon the terms and conditions herein set out.

3. **Name of Corporation.** The name of the Corporation shall be Hip Interactive Corp.

4. **Registered Office.** The registered office of the Corporation shall be in the City of Toronto in the Province of Ontario. The address of the registered office of the Corporation shall be 828 Richmond Street West, Toronto, Ontario, M6J 1C9.

5. **Business and Powers.** There shall be no restrictions on the business that the Corporation may carry on or on the powers that the Corporation may exercise.

6. **Authorized Capital.** The authorized capital of the Corporation shall consist of:

(a) an unlimited number of common shares, the holders of which are entitled, among other things:

(ii) to one vote per common share at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote; and

(iii) subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive the remaining property of the Corporation on dissolution; and

(b) an unlimited number of preference shares which, as a class, have attached to them the following:

(i) the preference shares may from time to time be issued in one or more series and subject to the following provisions, and subject to the sending of articles of amendment in prescribed form, and the endorsement on them of a certificate of amendment in respect of them, the directors may fix from time to time before such issue the number of shares that is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of preference shares including, without limiting the generality of the foregoing, the rate or amount of dividends or the method of calculating dividends, the dates of payment, the redemption, purchase and/or conversion prices and terms and conditions of redemption, purchase and/or conversion, and any sinking fund or other provisions;

(ii) the preference shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, rank on a parity with preference shares of every other series and be entitled to preference over the common shares and over any other shares of the Corporation ranking junior to the preference shares. The preference shares of any series may also be given such other preferences, not inconsistent with these articles, over the common shares and any other shares of the Corporation ranking junior to such preference shares may be fixed in accordance with clause (b)(i);

(iii) if any cumulative dividends or amounts payable on the return of capital in respect of a series of preference shares are not paid in full, all series of preference shares shall participate ratably in respect of such dividends and return of capital;

(iv) the preference shares of any series may be made convertible into common shares; and

(v) unless the directors otherwise determine in the articles of amendment designating a series, the holder of each share of a series of preference shares shall be entitled to one vote at a meeting of shareholders.

7. **Directors.** The board of directors of the Corporation shall consist of a minimum of three directors and a maximum of nine directors provided that the directors shall be entitled, subject to the provisions of the *Act*, to determine the number of directors of the Corporation and the number of directors to be elected at the annual meeting of the shareholders of the Corporation from time to time by resolution of the board provided that such number of directors is not greater than nine nor less than three directors. Until changed by resolution of the directors, the board of directors of the Corporation shall be fixed at six directors and the first directors of the Corporation are as follows:

Name and Municipality of Residence	Resident Canadian
Morey Chaplick 93 Ardwold Gate Toronto, Ontario M5R 2W1	Yes
David M. Hill 76 Lonsdale Road Toronto, Ontario M4V 1W5	Yes
Anthony M. Cosentino 7 Sapling Court Toronto, Ontario M9C 1K9	Yes
Rubin Osten 466 Spadina Road Toronto, Ontario M5P 2W4	Yes
Thomas A. Fenton 1526 Royal Oaks Road Mississauga, Ontario L5H 3R8	Yes

Andrew Rivkin
42 Lonsdale Road
Toronto, Ontario
M4W 1W5

Yes

Such first directors shall hold office until the first annual meeting of the Corporation or until their successors are elected or appointed, subject to the Corporation's by-laws.

8. **By-laws.** The by-laws of the Corporation shall be the by-laws of Hip.

9. **Conversion of Shares**

The authorized but unissued shares and the issued shares in the capital of each of the Amalgamating Corporations shall be respectively cancelled and/or converted on the Effective Date into issued and outstanding common shares of the Corporation as follows:

(a) the issued and outstanding common shares of ASI shall be converted into common shares of the Corporation on the basis of 1.7075 common shares of ASI for one common share of the Corporation; and

(b) the issued and outstanding common shares of Hip shall be converted into common shares of the Corporation on the basis of one common share of Hip for one common share of the Corporation;

provided that, if any such share conversion results in a fractional share being issuable, no fractional shares of the Corporation shall be issued and the applicable number of shares of the Corporation to be issued upon any such conversion shall be rounded up to the next full share.

After filing Articles of Amalgamation in respect of this Agreement and the issue of a Certificate of Amalgamation in respect thereof, the shareholders of ASI and Hip when requested by the Corporation shall surrender the certificates respecting the shares held by them in ASI and Hip, subject to the provisions of the *Act*, in return shall be entitled to receive certificates for common shares of the Corporation on the basis aforesaid.

10. **Transfer of Shares.** There shall be no restrictions on the right to transfer shares of the Corporation.

11. **Special Provisions**

(a) Without in any way limiting the powers conferred upon the Corporation and its directors by the *Act*, or any successor statute, the board of directors may from time to time, in such amounts and on such terms as it deems expedient:

(i) borrow money on the credit of the Corporation;

(ii) issue, sell or pledge debt obligations (including bonds, debentures, notes or other similar obligations, secured or unsecured) of the Corporation; and

(iii) charge, mortgage, hypothecate or pledge all or any of the currently owned or subsequently acquired real or personal, movable or immovable, property of the

Corporation, including book debts, rights, powers, franchises and undertaking, to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation.

(b) Subject to the *Act*, the board of directors may from time to time delegate to such one or more of the directors and officers of the Corporation as may be designated by the board all or any of the powers conferred on the board above to such extent and in such manner as the board shall determine at the time of such delegation.

12. **Delivery of Articles.** Upon the shareholders of the Amalgamating Corporations respectively adopting this Agreement in accordance with the requirements of the *Act* and subject to paragraph 15 hereof, Articles of Amalgamation in the prescribed form shall be filed with the Director appointed under the *Act*.

13. **Amalgamation.** Upon the Effective Date:

(a) the Amalgamating Corporations are amalgamated and continued as one corporation under the terms and conditions prescribed in the Amalgamation Agreement;

(b) the property of each of the Amalgamating Corporations continues to be the property of the Corporation;

(c) the Corporation continues to be liable for the obligations of each of the Amalgamating Corporations;

(d) any inter-company debt between the Amalgamating Corporations shall be extinguished;

(e) any existing cause of action, claim or liability to prosecution is unaffected;

(f) a civil, criminal or administrative action or proceeding pending by or against any of the Amalgamating Corporations may be continued to be prosecuted by or against the Corporation;

(g) a conviction against, or ruling, order or judgment in favour of or against, any of the Amalgamating Corporations may be enforced by or against the Corporation; and

(h) the Articles of Amalgamation are deemed to be the Articles of Incorporation of the Corporation and the Certificate of Amalgamation is deemed to Certificate of Incorporation of the Corporation.

15. **Termination.** At any time before the Effective Date, this Amalgamation Agreement may be terminated by the directors of either of the Amalgamating Corporations, notwithstanding the approval of this Amalgamation Agreement by the shareholders of either of the Amalgamating Corporations.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date and year first above written.

ASI INTERNET INC.

By:______________________________
Paul C. M. Roberts,
President

HIP INTERACTIVE CORP.

By:______________________________
Michael J. Haines,
Executive Vice-President

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