Information Services Corporation

101113475
Entity Number

# Certificate of Amendment

*THE BUSINESS CORPORATIONS ACT*

I certify that

49 NORTH RESOURCES INC.

has amended its articles in accordance with the attached.

Given under my hand and seal

this 27th day of May, 2015

Director of Corporations

Information Services Corporation of Saskatchewan

# Articles of Amendment

*The Business Corporations Act*

**Form 4**

1. Name of Corporation: Entity No.:

**49 NORTH RESOURCES INC.** **101113475**

2. The articles of the corporation are amended as follows:

☐ Change of name to:

☒ Other: By replacing Schedule I and Schedule II of the Restated Articles of Incorporation with the attached Schedule I and Schedule II.

PROVINCE OF SASKATCHEWAN
REGISTERED
MAY 27 2015
CORPORATE REGISTRY

3. Each amendment has been duly authorized pursuant to the requirements of the Act.

I, John H. Pringle (Type or print name) being Solicitor & Agent (Director/Solicitor and Agent/Authorized Officer) of the corporation, certify that the Articles of Amendment and any attachments are correct and that I have the authority to request these Articles be filed pursuant to *The Business Corporations Act*.

Date: May 27, 2015 Signature:

*207201079*

## SCHEDULE I

1. AUTHORIZED CAPITAL

The authorized share capital of **49 NORTH RESOURCES INC.** (the "**Corporation**") shall consist of:

(a) an unlimited number of Common Shares;

(b) an unlimited number of Preferred Shares designated as First Preferred Shares, issuable in series ("**First Preferred Shares**") , including an unlimited number of a series of First Preferred Shares designated "**First Preferred Series 1 Shares**"; and

(c) an unlimited number of Preferred Shares designated as Second Preferred Shares, issuable in series ("**Second Preferred Shares**").

2. COMMON SHARES

The Common Shares of the Corporation shall have attached thereto the following rights, privileges, restrictions and conditions:

2.1 *Dividends*

Subject to the prior rights of the holders of the First Preferred Shares and Second Preferred Shares of the Corporation, the holders of Common Shares shall be entitled to receive dividends and the Corporation shall pay dividends thereon, as and when declared by the board of directors of the Corporation out of moneys properly applicable to the payment of dividends, in such amount and in such form as the board of directors of the Corporation may from time to time determine and all dividends which the board of directors of the Corporation may declare on the Common Shares shall be declared and paid in equal amounts per share on all Common Shares at the time outstanding.

2.2 *Dissolution*

In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, subject to the prior rights of the holders of the First Preferred Shares and Second Preferred Shares of the Corporation upon dissolution, liquidation, winding-up or distribution for the purpose of winding-up, the holders of the Common Shares shall be entitled to receive the remaining property and assets of the Corporation.

2.3 *Voting Rights*

The holders of Common Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and shall have one vote for each Common Share held at all meetings of the shareholders of the Corporation, except meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series.

## 3. FIRST PREFERRED SHARES

The First Preferred Shares shall, as a class, have attached thereto the following rights, privileges, restrictions and conditions:

### 3.1 *Directors' Authority to Issue in One or More Series*

The directors of the Corporation may issue the First Preferred Shares at any time and from time to time in one or more series. Before any shares of a particular series are issued (other than the First Preferred Series 1 Shares referred to in section 5 below), the directors of the Corporation shall fix the number of shares that will form such series and shall determine, subject to the limitations set out in *The Business Corporations Act* (Saskatchewan) (the "**Act**") and the Corporation's articles, the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or rates, amount or method or methods of calculation of dividends thereon, the currency or currencies of payment of dividends, the time and place of payment of dividends, the consideration and the terms and conditions of any purchase for cancellation, retraction or redemption rights (if any), the conversion or exchange rights attached thereto (if any), the voting rights attached thereto (if any) and the terms and conditions of any share purchase plan or sinking fund with respect thereto. Before the issue of the first shares of a series (other than the First Preferred Series 1 Shares referred to in section 5 below), the directors shall send to the Director (as defined in the Act) articles of amendment containing a description of such series including the designation, rights, privileges, restrictions and conditions determined by the directors.

### 3.2 *Ranking of First Preferred Shares*

No rights, privileges, restrictions or conditions attached to a series of First Preferred Shares shall confer upon a series a priority in respect of dividends or return of capital over any other series of First Preferred Shares. The First Preferred Shares shall be entitled to priority over the Second Preferred Shares and the Common Shares of the Corporation with respect to priority in the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs. If any cumulative dividends or amounts payable on a return of capital in respect of a series of First Preferred Shares are not paid in full, the First Preferred Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the First Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The First Preferred Shares of any series may also be given such other preferences not inconsistent with Subsections 3.1 to 3.4 hereof over the Second Preferred Shares and Common Shares as may be determined in the case of such series of First Preferred Shares.

3.3 *Voting Rights*

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

3.4 *Approval of Holders of First Preferred Shares*

The rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of First Preferred Shares given as hereinafter specified.

The approval of the holders of First Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the First Preferred Shares as a class or any other matter requiring the consent of the holders of the First Preferred Shares as a class may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of First Preferred Shares duly called for that purpose. The formalities to be observed in respect of the giving of notice of any such meeting or any adjourned meeting and the conduct thereof shall be those from time to time prescribed by the Act (as from time to time amended, varied or replaced) and the by-laws of the Corporations with respect to meetings of shareholders. On every poll taken at a meeting of holders of First Preferred Shares as a class, or at a joint meeting of the holders of two or more series of First Preferred Shares, each holder of First Preferred Shares entitled to vote thereat shall have one vote in respect of each First Preferred Share held by him.

4. SECOND PREFERRED SHARES

The Second Preferred Shares shall, as a class, have attached thereto the following rights, privileges, restrictions and conditions:

4.1 *Directors' Authority to Issue in One or More Series*

The directors of the Corporation may issue the Second Preferred Shares at any time and from time to time in one or more series. Before any shares of a particular series are issued, the directors of the Corporation shall fix the number of shares that will form such series and shall determine, subject to the limitations set out in the Act and the Corporation's articles, the designation, rights, privileges, restrictions and conditions to be attached to the Second Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or rates, amount or method or methods of calculation of dividends thereon, the currency or currencies of payment of dividends, the time and place of payment of dividends, the consideration and the terms and conditions of any purchase for cancellation, retraction or redemption rights (if any), the conversion or exchange rights attached thereto (if any), the voting rights attached thereto (if any) and the terms and conditions of any share purchase plan or sinking fund with respect thereto. Before the issue of the first shares of a series, the directors shall send to the Director articles of amendment containing a description of such series including the designation, rights, privileges, restrictions and conditions determined by the directors.

4.2 *Ranking of Second Preferred Shares*

No rights, privileges, restrictions or conditions attached to a series of Second Preferred Shares shall confer upon a series a priority in respect of dividends or return of capital over any other series of Second Preferred Shares. The Second Preferred Shares shall be entitled, subject to the prior rights of the holders of the First Preferred Shares, to priority over the Common Shares of the Corporation with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs. If any cumulative dividends or amounts payable or return of capital in respect of a series of Second Preferred Shares are not paid in full, the Second Preferred Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Second Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The Second Preferred Shares of any series may also be given such other preferences not inconsistent with Subsections 4.1 to 4.4 hereof over the Common Shares as may be determined in the case of such series of Second Preferred Shares.

4.3 *Voting Rights*

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

4.4 *Approval of Holders of Second Preferred Shares*

The rights, privileges, restrictions and conditions attaching to the Second Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of Second Preferred Shares given as hereinafter specified.

The approval of the holders of Second Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Second Preferred Shares as a class or of any other matter requiring the consent of the holders of the Second Preferred Shares as a class may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Second Preferred Shares duly called for that purpose. The formalities to be observed in respect of the giving of notice of any such meeting or any adjourned meeting and the conduct thereof shall be those from time to time prescribed by the Act (as from time to time amended, varied or replaced) and the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at a meeting of holders of Second Preferred Shares as a class, or at a joint meeting of the holders of two or more series of Second Preferred Shares, each holder of Second Preferred Shares entitled to vote thereat shall have one vote in respect of each Second Preferred Share held by him.

5. FIRST PREFERRED SERIES 1 SHARES

The First Preferred Series 1 Shares shall, in addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class (the "**First Preferred Shares Class Provisions**"), carry and be subject to the following rights, privileges, restrictions and conditions (collectively, the "**First Preferred Series 1 Share Provisions**"):

5.1 *Interpretation*

5.1.1 Defined Terms

The following words and phrases whenever used in the First Preferred Series 1 Share Provisions shall have the following meanings, unless there be something in the context otherwise inconsistent therewith:

(a) "**applicable securities law**" means *The Securities Act, 1988* (Saskatchewan), as the same may be amended from time to time or any analogous legislation replacing such legislation, the regulations thereunder, and all applicable rules, general rulings, orders and instruments adopted by the Financial and Consumer Affairs Authority thereunder having the force of law;

(b) "**business day**" shall mean a day other than a Saturday, a Sunday or any other day that is treated as a holiday in the municipality where the Corporation's registered office is situated;

(c) "**Common Shares**" shall mean Common Shares of the Corporation as such shares are constituted as of the date of these Articles of Amendment and shares of any other class resulting from any reclassification or change of such shares;

(d) "**conversion basis**" at any time shall mean the number of Common Shares into which at such time one First Preferred Series 1 Share shall be convertible in accordance with the provisions of subsection 5.6 of these First Preferred Series 1 Share Provisions;

(e) "**Conversion Expiry Time**" means, if the Corporation delivers a Redemption Notice pursuant to subsection 5.5.1(b), 5:00 p.m. (Saskatchewan time) on the business day immediately preceding the Redemption Date, provided that if not all of the then outstanding First Preferred Series 1 Shares are redeemed effective as of such Redemption Date, the Conversion Expiry Time in respect of those First Preferred Series 1 Shares that remain outstanding shall be extended to 5:00 p.m. (Saskatchewan time) on the business day immediately preceding the effective date on which such shares are to be redeemed;

(f) "**Conversion Right**" and "**Conversion Notice**" have the respective meanings given those terms in paragraph 5.6.1;

(g) "**dividend payment date**" shall mean the anniversary of the date of issue of the First Preferred Series 1 Shares in each calendar year commencing with the 2016 calendar year;

(h) "**dividend period**" shall mean (i) in the case of the first dividend period, the period from and including the date of issue of the First Preferred Series 1 Shares to but not including the first dividend payment date, and (ii) in the case of any subsequent dividend period, a period from and including a preceding dividend payment date to but not including the next following dividend payment date;

(i) "**dividend rate**" shall mean 2.5%;

(j) "**equivalent conversion price**" at any time shall mean the quotient obtained by dividing the sum of $1.00 by the conversion basis in effect at such time;

(k) "**Exchange**" means, as of any particular date, the stock exchange in Canada on which the Common Shares are then listed;

(l) "**market price**" of the Common Shares as of any particular date means:

(i) except as provided in clause (ii) of this definition, the simple average of the closing price of the Common Shares on the Exchange for each of the trading days on which there was a closing price falling not more than 20 trading days immediately before the day as of which the market price is being determined; or

(ii) if trading of Common Shares has occurred on fewer than 10 of the immediately preceding 20 trading days, the average of the following amounts established for each of the 20 trading days immediately before the day as of which the market price is being determined:

(A) the average of the closing bid and closing ask prices for each day on which there was no trading; and

(B) the closing price for each day that there was trading;

(m) **"Redemption Right"**, **"Redemption Price"**, **"Redemption Notice"** and **"Redemption Date"** have the respective meanings given those terms in paragraph 5.5.1; and

(n) **"Transfer Agent"** means Alliance Trust Company at its principal office in Calgary, Alberta, or its successors and assigns.

5.1.2 Terms Defined by Applicable Securities Law

Terms that are defined by applicable securities law but not otherwise defined in these First Preferred Series 1 Share Provisions shall, unless the context clearly indicates otherwise, have the same meanings in these First Preferred Series 1 Share Provisions that they have under applicable securities law.

5.1.3 Canadian Funds

All references to dollar amounts in these First Preferred Series 1 Share Provisions mean, and all amounts payable pursuant to these First Preferred Series 1 Share Provisions shall be payable in, lawful money of Canada.

5.1.4 Non-Business Day

If any day on which any dividend on the First Preferred Series 1 Shares is payable or by which any other action is required to be taken hereunder is not a business day, then such dividend shall be payable or such other action shall be required to be taken on the next succeeding day that is a business day.

5.1.5 Herein, hereto, etc.

The words "herein", "hereto", "hereof" and similar words refer, unless the context clearly indicates the contrary, to the whole of the First Preferred Series 1 Share Provisions and not to any particular section, subsection, paragraph, subparagraph or clause thereof.

5.1.6 Number and Gender

Words importing the singular number only shall include the plural and vice versa, words importing the use of any gender shall include all genders and words importing persons shall include firms and corporations and vice versa.

5.2 *Issue Price*

5.2.1 Issue Price

The consideration for which each First Preferred Series 1 Share shall be issued is $1.00 and, upon payment of such consideration, each such Share shall be issued as fully paid and non-assessable.

5.3 *Dividends*

5.3.1 Payment of Dividends

The holders of First Preferred Series 1 Shares shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation out of moneys properly applicable to the payment of dividends, cumulative preferential cash dividends in the amounts determined from time to time in accordance with the provisions hereof. Such dividends on the First Preferred Series 1 Shares shall accrue on a day-to-day basis from and including the date of issue thereof and shall be payable on each dividend payment date to the holders of record at the close of business on the third business day immediately preceding such dividend payment date. If on any dividend payment date dividends payable on such date are not paid in full on all the First Preferred Series 1 Shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors on which the Corporation shall have sufficient moneys properly applicable under the provisions of applicable law to the payment of same. The holders of the First Preferred Series 1 Shares shall not be entitled to any dividends other than or in excess of the dividends provided for in this subsection 5.3.

5.3.2 Amount of Dividends

Subject as hereinafter provided, the amount of the dividend payable on any dividend payment date on any First Preferred Series 1 Share then outstanding shall be equal to the amount (rounded to the nearest $0.01) calculated by applying the dividend rate to the sum of $1.00. The dividend payable on any dividend payment date or any other date as herein provided to any holder of First Preferred Series 1 Shares shall be calculated by multiplying the amount of the dividend payable on such date on each such share as aforesaid by the total number of First Preferred Series 1 Shares held by such holder and rounding to the nearest $0.01.

For the purposes of calculating the amount of the dividend payable on any day other than a dividend payment date, the period beginning on the immediately preceding dividend payment date (or, prior to the first regular dividend payment date, the date of issue of the First Preferred Series 1 Shares) and ending on the day immediately preceding the date of such dividend payment shall be deemed to be a dividend period and the dividend rate for such deemed dividend period shall be 2.5% multiplied by a fraction the numerator of which is the number of days in such deemed dividend period and the denominator of which is the number of days in the dividend period in which such deemed dividend period is included.

5.4 *Dissolution*

In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the First Preferred Series 1 Shares, in accordance with the First Preferred Shares Class Provisions shall be entitled to receive an amount equal to $1.00 per share together with all unpaid dividends thereon accrued to, but not including, the date of the distribution, which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last dividend period for which dividends thereon have been paid up to the date of such event, the whole before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares. After payment to the holders of the First Preferred Series 1 Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

5.5 *Redemption*

5.5.1 Redemption at the Option of the Corporation

(a) Right of Redemption. The Corporation may not redeem the First Preferred Series 1 Shares or any of them on or prior to the third anniversary of the date of issue of such shares. At anytime thereafter, out of moneys properly applicable to the redemption of shares under the provisions of applicable law, the Corporation shall have the right, at its option (the "**Redemption Right**") to redeem the whole or from time to time any part of the then outstanding First Preferred Series 1 Shares at an amount (the "**Redemption Price**") equal to $1.00 per share together with all unpaid dividends thereon accrued to, but not including, the date of such redemption, which for such purpose shall be calculated as if such dividends were accruing for the period from and including the day of the last dividend period for which dividends thereon have been paid up to, but not including, the date of such redemption.

(b) Redemption Procedure. The Redemption Right may be exercised by the Corporation delivering to the holders of First Preferred Series 1 Shares written notice (an "**Redemption Notice**") of the Corporation's intent to redeem the First Preferred Series 1 Shares and the date on which such redemption is to occur (the "**Redemption Date**"), which Redemption Date shall not be less than 60 days or more than 90 days after the date of such Redemption Notice.

(c) No Redemption Upon Conversion. The Redemption Right may not be exercised for any First Preferred Series 1 Shares if prior to the Redemption Date the Corporation has received a Conversion Notice from the holder of such shares pursuant to this paragraph 5.5.1 and:

(i) where following the delivery of a Redemption Notice a Conversion Notice is delivered by a holder of First Preferred Series 1 Shares in accordance with paragraph 5.6.1 and is received by the Corporation prior to the Conversion Expiry Time, and such holder thereby converts all of its First Preferred Series 1 Shares into Common Shares in accordance with these First Preferred Series 1 Share Provisions, the Redemption Notice shall be deemed to be of no further force or effect; or

(ii) where following the delivery of a Redemption Notice a Conversion Notice is delivered by the holder in accordance with paragraph 5.6.1 of these First Preferred Series 1 Share Provisions and is received by the Corporation prior to the Conversion Expiry Time, and the holder thereby converts less than all of his First Preferred Series 1 Shares into Common Shares:

(A) the First Preferred Series 1 Shares that are to be converted as set forth in the Conversion Notice shall be converted into Common Shares in accordance with paragraph 5.6.1 of these First Preferred Series 1 Share Provisions; and

(B) the First Preferred Series 1 Shares that are not to be converted, shall be redeemed on the Redemption Date in accordance with the foregoing provisions of this paragraph 5.5.1.

5.5.2 Delivery of Certificates and Cancellation of Shares

On or prior to the Redemption Date specified by the Corporation in a Redemption Notice, each holder of First Preferred Series 1 Shares shall deliver to the Transfer Agent or such other place designated in the applicable Redemption Notice, the certificate or certificates representing all of such holders First Preferred Series 1 Shares (with the transfer form on the back of the certificate or certificates in question endorsed by the registered holder of the shares or his duly authorized attorney, with signature guaranteed in a manner satisfactory to the Corporation) and the registered holder may send to the Corporation (either with the certificate or certificates or otherwise) the name and address of the person to whom the Redemption Price is to be paid. On or as soon as reasonably possible after the effective date of redemption of the First Preferred Series 1 Shares represented by such certificate or certificates, the Corporation shall, subject to subsection 6.3 hereof, pay the Redemption Price to the registered holder of such shares or, if applicable, to such other person as may be designated by the registered holder as above contemplated, provided that in such case the Corporation may deduct from the amounts otherwise payable any applicable security transfer taxes. All First Preferred Series 1 Shares redeemed by the Corporation pursuant to any of the foregoing provisions of this subsection 5.4 shall be promptly cancelled.

For greater clarity, the failure of a holder to deliver and/or endorse any certificate that is delivered and/or any delay in the delivery of any certificate representing First Preferred Series 1 Shares to be redeemed shall not delay or otherwise affect the effective date of the redemption of such the shares represented thereby and all rights of the holder pertaining to the shares so redeemed shall be cancelled, other than the right to receive the Redemption Price, less any security transfer tax that may be applicable, and then subject to subsection 6.3 of this Schedule I.

5.5.3 Partial Redemption

Where a part only of the then outstanding First Preferred Series 1 Shares is at any time to be redeemed, the First Preferred Series 1 Shares shall be redeemed pro rata disregarding fractions, or, if such shares are at such time listed on an Exchange, with the consent of the Exchange, in such manner as the board of directors of the Corporation in its sole discretion may, by resolution, determine. If less than all of the First Preferred Series 1 Shares are at any time to be redeemed and a holder of First Preferred Series 1 Shares has duly exercised the Conversion Right respecting all or any part of the number of First Preferred Series 1 Shares held by such holder which have been called for redemption by delivering a Conversion Notice prior to the Conversion Expiry Time, the number of First Preferred Series 1 Shares held by such holder of First Preferred Series 1 Shares to be redeemed shall be reduced by the number (but not exceeding the number of First Preferred Series 1 Shares held by such holder called for redemption) of First Preferred Series 1 Shares in respect of which such holder of First Preferred Series 1 Shares has duly exercised the Conversion Right. If only part of the First Preferred Series 1 Shares represented by any certificate shall be redeemed, a new certificate representing the balance of such shares shall be issued to the holder thereof at the expense of the Corporation upon presentation and surrender of the first mentioned certificate.

5.6 *Conversion*

5.6.1 Conversion at Option of Holders

(a) Right of Conversion. Holders of First Preferred Series 1 Shares shall have the right (the "**Conversion Right**") to convert at any time and from time to time on or before the Conversion Expiry Time any or all of the First Preferred Series 1 Shares into Common Shares on the original conversion basis, namely two Common Share for each First Preferred Series 1 Share converted, until such time as the original conversion basis shall be adjusted as hereinafter provided and thereafter on the adjusted conversion basis.

(b) Conversion Procedure. The Conversion Right herein provided for may be exercised by notice in writing (a "**Conversion Notice**") given to the Transfer Agent, which Conversion Notice shall be accompanied by the certificate or certificates representing the number of First Preferred Series 1 Shares in respect of which the holder desires to exercise such Conversion Right. Such Conversion Notice shall be signed by such holder or his duly authorized attorney or agent and shall specify the number of First Preferred Series 1 Shares which the holder desires to have converted. The transfer form on the certificate or certificates in question need not be endorsed, except in the circumstances hereafter contemplated. On any conversion of First Preferred Series 1 Shares, the share certificates for Common Shares of the Corporation resulting therefrom shall be issued in the name of the registered holder of the First Preferred Series 1 Shares converted or in such other name or names as such registered holder may direct in writing (either in the Conversion Notice referred to above or otherwise), provided that in such case the registered holder shall pay any applicable security transfer taxes and provided further that in any such case the transfer form on the back of the certificate in question shall be endorsed by the registered holder of the First Preferred Series 1 Shares or his duly authorized attorney, with signature guaranteed in a manner satisfactory to the Corporation.

(c) Effective Date of Conversion. The Conversion Right shall be deemed to have been exercised, and the registered holder of First Preferred Series 1 Shares to be converted (or any person or persons in whose name or names any such registered holder of First Preferred Series 1 Shares shall have directed certificates representing Common Shares to be issued as provided in subparagraph 5.6.1(b) above) shall be deemed to have become the holder of Common Shares of record of the Corporation for all purposes on the date of surrender of certificates representing the First Preferred Series 1 Shares to be converted accompanied by the Conversion Notice as provided in said subparagraph 5.6.1(b), notwithstanding any delay in the delivery of certificates representing the Common Shares into which such First Preferred Series 1 Shares have been converted.

5.6.2 Adjustment of Conversion Basis

(a) Common Share Reorganization. If the Corporation shall declare a dividend or make a distribution on its outstanding Common Shares, in either case payable in Common Shares, other than pursuant to any dividend reinvestment and stock purchase plan, or shall divide its outstanding Common Shares into a greater number of shares, or shall consolidate its outstanding Common Shares into a lesser number of shares (any such event being herein called a **"common share reorganization"**), the conversion basis then in effect shall be adjusted immediately after the effective date or record date at which the holders of Common Shares are determined for purposes of the common share reorganization by multiplying the conversion basis in effect immediately prior to such effective date or record date by a fraction, the numerator of which shall be the number of Common Shares outstanding immediately after giving effect to such common share reorganization and the denominator of which shall be the number of Common Shares outstanding on such effective date or record date before giving effect to such common share reorganization. In calculating the number of outstanding Common Shares of the Corporation for the purposes of subparagraphs 5.6.2(c) and 5.6.2(d) hereof, any dividend or distribution on the Common Shares of the Corporation in Common Shares shall be deemed to have been issued or made immediately prior to the time of the record date for such dividend or distribution.

(b) Capital Reorganization. If and whenever at any time there is a capital reorganization of the Corporation not covered by subparagraph 5.6.2(a) above, or a consolidation or merger or amalgamation of the Corporation with or into any other company or body corporate, including by way of a sale whereby all or substantially all of the Corporation's undertaking and assets would become the property of any other company or body corporate (any of which is herein called a **"capital reorganization"**), any holder of First Preferred Series 1 Shares whose shares have not been converted in accordance with the foregoing provisions of this subsection 5.6 prior to the effective date of such capital reorganization, shall be entitled to receive and shall accept, upon any subsequent exercise of the Conversion Right, in lieu of the number of Common Shares to which he was therefore entitled upon conversion, the aggregate number of shares or other securities or property of the Corporation or of the company or body corporate resulting from or acquiring under the capital reorganization that such holder would have been entitled to receive as a result of such capital reorganization if, on the effective date thereof, he had been the registered holder of the number of Common Shares to which the holder of First Preferred Series 1 Shares was theretofore entitled upon conversion; provided that no such capital reorganization shall be carried into effect unless, in the opinion of the directors, all necessary steps shall have been taken to ensure that the holders of the First Preferred Series 1 Shares shall thereafter be entitled to receive such number of shares or other securities or property of the Corporation or of the company or body corporate resulting from the consolidation, merger or amalgamation or to which such sale may be made, as the case may be, subject to adjustment thereafter in accordance with the provisions similar, as nearly as may be, to those contained in this subsection 5.6.

(c) Rights Offering. If the Corporation shall issue options, rights or warrants to all or substantially all the holders of its outstanding Common Shares pursuant to a rights offering pursuant to which such holders are entitled within a period not to exceed 45 days from the date of such issue to subscribe for or purchase additional Common Shares (or securities convertible or exchangeable into additional Common Shares) at a subscription, purchase, exchange or conversion price per share (the "**rights offering price**") less than 95% of the market price in effect on the record date for such issue (any such event being herein called a "**rights offering**"), then, unless such rights offering is also made to the holders of First Preferred Series 1 Shares on substantially the same terms that it is made to the holder of Common Shares, the conversion basis shall be adjusted immediately after the record date at which the holders of Common Shares are determined for the purpose of the rights offering by dividing into $1.00 the adjusted equivalent conversion price determined by multiplying the equivalent conversion price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number determined by dividing the aggregate subscription price of the total number of additional shares offered for subscription, purchase, exchange or conversion under the rights offering by the market price on such record date and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional shares offered for subscription, purchase, exchange or conversion. The resulting quotient, adjusted to the nearest 1/1000$^{th}$, shall thereafter be the conversion basis until further adjusted as provided in this subsection 5.6. If, at the date of expiry of the options, rights or warrants, less than all of them have been exercised so that less than all of the Common Shares issuable with respect thereto have been issued, then the conversion basis shall be re-adjusted immediately after the date of expiry to the conversion basis which would have been in effect on such date of expiry if the only options, rights or warrants issued had been those that were exercised.

(d) Special Distribution. If the Corporation shall issue or distribute to the holders of its outstanding Common Shares, shares of any class other than Common Shares, or options, rights or warrants, or evidences of indebtedness or any other assets (apart from cash dividends paid in the ordinary course) and such issuance or distribution does not constitute a common share reorganization, a capital reorganization or a rights offering (any such event being herein called a "**special distribution**"), then, unless such shares, options, rights or warrants, or evidences of indebtedness or other assets are also distributed to the holders of First Preferred

Series 1 Shares on substantially the same terms that would have applied had the First Preferred Series 1 Shares been converted into Common Shares immediately prior to such special distribution, the conversion basis shall be adjusted immediately after the record date at which the holders of Common Shares are determined for purpose of the special distribution by dividing into \$1.00 the adjusted equivalent conversion price determined by multiplying the equivalent conversion price in effect on the record date by a fraction, of which the numerator shall be a number determined by multiplying the total number of Common Shares outstanding on such record date by the market price on such date and deducting from the amount so obtained the aggregate fair market value, as determined by the directors, of the shares, options, rights, warrants, evidences of indebtedness or other assets distributed in the special distribution and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by the market price on such record date (provided that no such adjustment shall be made if the result of such adjustment would be to decrease the conversion basis in effect immediately before such record date). The resulting quotient, adjusted to the nearest $1/1000^{th}$, shall thereafter be the conversion basis until further adjusted as provided in this subsection 5.6.

5.6.3 Conversion Adjustment Rules

The following rules and procedures shall be applicable to conversion basis adjustments made pursuant to paragraph 5.6.2 hereof:

(a) Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding but, for the purposes of this subparagraph 5.6.3(a), any Common Shares owned by a pension plan or share purchase plan or analogous plan for employees of the Corporation or its subsidiaries or affiliates shall not be considered to be owned by or held for the account of the Corporation;

(b) if the purchase price provided for in any rights offering referred to in subparagraph 5.6.2(c) is decreased, the conversion basis shall forthwith be changed so as to increase the conversion basis to such conversion basis as would have applied had the adjustment made upon the issuance of such rights offering been made upon the basis of such purchase price as so decreased, provided that the provisions of this subparagraph 5.6.3(b) shall not apply to any such decrease resulting from provisions in any such rights offering designed to prevent dilution if such decrease shall not have been proportionately greater than the increase, if any, in the conversion basis to be made at the same time pursuant to the provisions of this subsection 5.6;

(c) no adjustment in the conversion basis shall be required unless a decrease of at least 1% in the prevailing equivalent conversion price would result; provided, however, that any adjustment which, except for the provisions of this subparagraph 5.6.3(c) would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment;

(d) the adjustments provided for in subsection 5.5.2 hereof shall be made cumulatively and consecutively in respect of any event contemplated by subsection 5.5.2 as giving rise to any adjustment of the conversion basis;

(e) if any question shall at any time arise with respect to adjustments in the conversion basis, such question shall be conclusively determined by the auditors of the Corporation and any such determination shall be binding upon the Corporation and any transfer agents and all shareholders of the Corporation; and

(f) forthwith after any adjustment in the conversion basis pursuant to the foregoing paragraph 5.6.2, the Corporation shall give written notice to the registered holders of First Preferred Series 1 Shares of the conversion basis and the equivalent conversion price following such adjustment.

5.6.4 Entitlement to Dividends

A holder of First Preferred Series 1 Shares on the record date for any dividend declared payable on such share will be entitled to such dividend notwithstanding that such share is converted after such record date and before the payment date of such dividend, and the registered holder of any Common Share resulting from any conversion shall be entitled to rank equally with the registered holders of all other Common Shares in respect of all dividends declared payable to holders of Common Shares of record on any date after the date of conversion. Subject as aforesaid, no payment or adjustment will be made on account of any dividend, accrued or otherwise, on the First Preferred Series 1 Shares converted or the Common Shares resulting from any conversion.

5.6.5 Notice of Certain Events

If the Corporation intends to fix a record date for any common share reorganization (other than the division of outstanding Common Shares into a greater number of shares or the consolidation of outstanding Common Shares into a smaller number of shares) or for any capital reorganization or for any rights offering or for any special distribution, the Corporation shall, not less than 21 days prior to such record date, notify each registered holder of First Preferred Series 1 Shares of such intention by written notice to the extent that such particulars have been determined at the time of giving the notice.

5.6.6 Avoidance of Fractional Shares

In any case where a fraction of a Common Share would otherwise be issuable on conversion of one or more First Preferred Series 1 Shares, the Corporation shall adjust such fractional interest by the payment of an amount equal to the then current market value of such fractional interest computed on the basis of the last board lot sale price (or the average of the last bid and ask prices if there has been no board lot sale) for the Common Shares on the Exchange next preceding the effective date of the conversion of the First Preferred Series 1 Shares to be converted. In the event that the Common Shares are not listed on any stock exchange, the then current market value of such fractional interest shall be determined by the directors, which determination shall be conclusive.

5.6.7 Postponement of Issuance of Shares Upon Conversion

In any case where the application of the foregoing provisions results in an increase of the conversion basis taking effect immediately after the record date for a specific event, if any First Preferred Series 1 Shares are converted after that record date and prior to completion of the event, the Corporation may postpone the issuance to the holder of the additional Common Shares to which he is entitled by reason of the increase of the conversion basis but such additional Common Shares shall be so issued and delivered to that holder upon completion of the event and the Corporation shall, in the interim, deliver to the holder an appropriate instrument evidencing his right to receive such additional Common Shares.

## 6. GENERAL AND MISCELLANEOUS MATTERS

### 6.1 *Manner of Payment*

Any payment by the Corporation on account of dividends, for the redemption of shares, or for any other matter may be made by electronic funds transfer or cheques drawn on a Canadian chartered bank and payable at par at any branch in Canada of such bank or in such other manner, not contrary to applicable laws, as the Corporation shall reasonably determine. The electronic transfer of funds to an account specified by the holder or the delivery or mailing of such cheques shall be full and complete discharge of the Corporation's obligation for such dividends, or redemption of shares or other matter, as applicable, to the extent of the sums represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority), unless such cheque is not honoured when presented for payment. Subject to applicable law, dividends which are represented by a cheque which has not been presented to the Corporation's banker for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable may be reclaimed and used by the Corporation for its own purposes.

### 6.2 *Replacement Certificates*

Where any shares of the Corporation are redeemed or are converted into another class of shares and in connection therewith the holder of the shares delivers, or the Corporation otherwise receives, a certificate or certificates that includes such shares together with additional shares that are not to be redeemed or converted, the holder of the shares represented by such certificate or certificates shall be entitled to receive, at the expense of the Corporation, a new certificate representing the shares comprised in the certificate or certificates surrendered as aforesaid which are not to be redeemed or converted.

### 6.3 *Deposit of Monies or Securities*

Where pursuant to any provision of the Corporation's articles (a) the Corporation is required to pay any monies on or in respect of the redemption of shares and/or is required or permitted to convert any shares of one class or series into another class or series and/or is required to deliver any certificate for shares of any class or series and/or any other document or instrument (collectively the "**Corporation's Deliveries**") to any person, and (b) as of the effective date of such redemption or conversion or as at the date that the said Corporation's Deliveries are otherwise required or permitted to be delivered, a holder or former holder of shares, or any other person (a "**Holder**") as may be applicable in the circumstances has for any reason failed to deliver to or as directed by the Corporation any share certificate or other document or instrument that by the terms of the articles or applicable law are required to be delivered (collectively the "**Holder's Deliveries**"), the Corporation may, without affecting the effective date of such redemption or conversion, delay the payment and/or the delivery of all or any of the Corporation's Deliveries until such time as it has received all of the Holder's Deliveries. Further, in such event, in lieu of delivering the Corporation's Deliveries as otherwise provided for herein, the Corporation may instead deposit the same with a Canadian chartered bank or trust company (a "**Trustee**") and provide, or cause such Trustee to provide, written notice of such deposit to the Holder. Upon such Closing Deliveries being so deposited and such notice being given, the Corporation shall be released of all obligations hereunder in connection with such Closing Deliveries and, thereafter, the rights of the Holder to receive such Closing Deliveries shall be restricted to receiving the same from the Trustee upon presentation and surrender to the Trustee of all Holder's Deliveries remaining to be delivered. Any interest on monies so deposited shall belong to the Corporation and any monies so deposited shall be forfeited to the Corporation if not claimed by the Holder within six years following such deposit.

6.4 *Purchase for Cancellation*

Subject to applicable laws, the Corporation may at any time purchase (if obtainable) for cancellation the whole or any part of any of its shares outstanding from time to time, in the open market through or from an investment dealer or any firm holding membership on an organized stock exchange, by private agreement, pursuant to tenders perceived by the Corporation upon an invitation for tenders addressed to all holders of a particular class or series, at the lowest price or prices which, in the opinion of the board of directors, such shares are obtainable.

6.5 *Withholding Taxes*

For greater certainty, and not withstanding any other provision of this Schedule 1, the Corporation shall be entitled to deduct and withhold any amounts required to be deducted and withheld on account of any taxes from any amounts (including shares) payable or otherwise deliverable in respect of its shares, including on the redemption, conversion or purchase of its shares. To the extent that any amounts are withheld, such withheld amounts shall be treated for all purposes hereof as having been paid or delivered to the person in respect of whom such withholding was made. The Corporation is hereby authorized to sell or otherwise dispose of any shares otherwise deliverable to holder of shares on the conversion of such shares in order to meet this withholding requirement.

6.6 *Non-Residence*

Upon the exercise by a registered holder of its rights to any shares of one class or series into another class or series and upon an automatic conversion of any shares of one class or series into another class or series, the Corporation reserves the right not to deliver its shares to any person who's address is in, or whom the Corporation has reason to believe is a resident of, any jurisdiction outside of Canada, to the extent that such issue would require the Corporation to take any action to comply with the securities or analogous laws or such jurisdiction.

## 7. RESTRICTIONS ON CLASS AND SERIES VOTING

The holders of shares of a class or of a series are not entitled to vote separately as a class or series on a proposal to amend the Corporation's articles to:

(a) increase or decrease any maximum number of authorized shares of such class, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the shares of such class;

(b) effect an exchange, reclassification or cancellation of all or part of the shares of such class; or

(c) create a new class of shares equal or superior to the shares of such class,

provided the holders of a series of shares of a class are entitled to vote separately as a series if such series is affected by an amendment in a manner different from other shares of the same class.

## SCHEDULE II

1. The directors may appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders of the Corporation, provided that the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders.