



## Certificate of Incorporation

*Canada Business Corporations Act*

## Certificat de constitution

*Loi canadienne sur les sociétés par actions*

SilverWillow Energy Corporation

Corporate name / Dénomination sociale

802751-0

Corporation number / Numéro de société

I HEREBY CERTIFY that the above-named corporation, the articles of incorporation of which are attached, is incorporated under the *Canada Business Corporations Act*.

JE CERTIFIE que la société susmentionnée, dont les statuts constitutifs sont joints, est constituée en vertu de la *Loi canadienne sur les sociétés par actions*.

Marcie Girouard

Director / Directeur

2012-01-05

Date of Incorporation (YYYY-MM-DD)

Date de constitution (AAAA-MM-JJ)



Industry Canada Industrie Canada  
 Canada Business Loi canadienne sur les  
 Corporations Act (CBCA) sociétés par actions (LCSA)

**FORM 1**  
**ARTICLES OF INCORPORATION**  
**(SECTION 6)**

**FORMULAIRE 1**  
**STATUTS CONSTITUTIFS**  
**(ARTICLE 6)**

**Form 1**  
 1 -- Name of the Corporation

Dénomination sociale de la société

SilverWillow Energy Corporation

2 -- The province or territory in Canada where the registered office is situated (do not indicate the full address)  
 Alberta

La province ou le territoire au Canada où est situé le siège social (n'indiquez pas l'adresse complète)

3 -- The classes and any maximum number of shares that the corporation is authorized to issue

Catégories et tout nombre maximal d'actions que la société est autorisée à émettre

See attached Schedule 1.

4 -- Restrictions, if any, on share transfers

Restrictions sur le transfert des actions, s'il y a lieu

See attached Schedule 2.

5 -- Minimum and maximum number of directors (for a fixed number of directors, please indicate the same number in both boxes)

Nombre minimal et maximal d'administrateurs (pour un nombre fixe, veuillez indiquer le même nombre dans les deux cases)

Minimum:  Maximum:

Minimal:  Maximal:

6 -- Restrictions, if any, on the business the corporation may carry on

Limites imposées à l'activité commerciale de la société, s'il y a lieu

See attached Schedule 3.

7 -- Other provisions, if any

Autres dispositions, s'il y a lieu

See attached Schedule 4.

8 -- Incorporator's Declaration: I hereby certify that I am authorized to sign and submit this form.

Déclaration des fondateurs: J'affirme que je suis autorisé à signer et à soumettre le présent formulaire.

Print Name(s) - Nom(s) en lettres moulées

Signature

Jina D. Abells Morissette

**Note:**

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

**Nota:**

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ ou d'un emprisonnement maximal de six mois, ou de ces deux peines (paragraphe 250(1) de la LCSA).

## SCHEDULE 1

### THE CLASSES AND THE MAXIMUM NUMBER OF SHARES THAT THE CORPORATION IS AUTHORIZED TO ISSUE

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. The rights, privileges, restrictions and conditions attaching to the Common Shares and the Preferred Shares are as follows:

#### A. Common Shares

##### 1. The holders of the Common Shares shall be entitled:

- (a) to vote at all meetings of shareholders of the Corporation except meetings at which only holders of a specified class of shares are entitled to vote;
- (b) to receive, subject to the rights of the holders of another class of shares, any dividend declared by the Corporation; and
- (c) to receive, subject to the rights of the holders of another class of shares, the remaining property of the Corporation on the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary.

#### B. Preferred Shares

##### 1. One or More Series

The Preferred Shares may at any time and from time to time be issued in one or more series.

##### 2. Terms of Each Series

Subject to the Act, the directors may fix, before the issue thereof, the number of Preferred Shares of each series, the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each series, including, without limitation, any voting rights, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms and conditions of redemption or purchase, any conversion rights, and any rights on the liquidation, dissolution or winding-up of the Corporation, any sinking fund or other provisions, the whole to be subject to the issue of a certificate of amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of the series.

3. Ranking of Preferred Shares

The Preferred Shares of each series shall, with respect to 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, rank on a parity with the Preferred Shares of every other series and be entitled to preference over the Common Shares. If any amount of cumulative dividends (whether or not declared) or declared non-cumulative dividends or any amount payable on any such distribution of assets constituting a return of capital in respect of the Preferred Shares of any series is not paid in full, the Preferred Shares of such series shall participate ratably with the Preferred Shares of every other series in respect of all such dividends and amounts.

SCHEDULE 2  
RESTRICTIONS ON TRANSFER OF SHARES

None.

SCHEDULE 3

RESTRICTIONS, IN ANY, ON BUSINESS THE CORPORATION MAY CARRY ON

None.

SCHEDULE 4

OTHER PROVISIONS

1. Authorization to Appoint Additional Directors

The directors may, within the maximum number permitted by the articles, appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of the shareholders, but 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.



## Certificate of Arrangement

*Canada Business Corporations Act*

**SilverBirch Energy Corporation**

## Certificat d'arrangement

*Loi canadienne sur les sociétés par actions*

**757341-3**

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Corporate name(s) of CBCA Act applicants /  
Dénomination(s) sociale(s) de la ou des sociétés LCSA  
requérantes

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Corporation number(s) / Numéro(s) de la ou  
des sociétés

I HEREBY CERTIFY that the arrangement set out in the attached articles of arrangement has been effected under section 192 of the *Canada Business Corporations Act*.

JE CERTIFIE que l'arrangement mentionné dans les clauses d'arrangement annexées a pris effet en vertu de l'article 192 de la *Loi canadienne sur les sociétés par actions*.

**Marcie Girouard**

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Director / Directeur

**2012-04-04**

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Date of Arrangement (YYYY-MM-DD)  
Date de l'arrangement (AAAA-MM-JJ)



Industry Canada Industrie Canada  
 Canada Business Corporations Act Loi canadienne sur les sociétés par actions


FORM 14.1  
 ARTICLES OF ARRANGEMENT  
 (SECTION 192)

FORMULAIRE 14.1  
 CLAUSES D'ARRANGEMENT  
 (ARTICLE 192)

1 -- Name of the applicant corporation(s) - Dénomination sociale de la(des) requérante(s)  SilverBirch Energy Corporation	2 -- Corporation No.(s) - N°(s) de la(des) société(s)  757341-3
3 -- Name of the corporation(s) the articles of which are amended, if applicable Dénomination sociale de la(des) société(s) dont les statuts sont modifiés, le cas échéant  SilverBirch Energy Corporation SilverWillow Energy Corporation	4 -- Corporation No.(s) - N°(s) de la(des) société(s)  757341-3 802751-0
5 -- Name of the corporation(s) created by amalgamation, if applicable Dénomination sociale de la(des) société(s) issue(s) de la(des) fusion(s), le cas échéant  n/a	6 -- Corporation No.(s) - N°(s) de la(des) société(s)
7 -- Name of the dissolved corporation(s), if applicable Dénomination sociale de la(des) société(s) dissoute(s), le cas échéant  n/a	8 -- Corporation No.(s) - N°(s) de la(des) société(s)
9 -- Name of other corporations involved, if applicable Dénomination sociale des autres sociétés en cause, le cas échéant  SilverWillow Energy Corporation, Teck Resources Limited/Ressources Teck Limitée, 8071667 Canada Inc. and 8070423 Canada Inc.	10 -- Corporation No.(s) or Jurisdiction of Incorporation N°(s) de la(des) société(s)/ou loi sous le régime de laquelle elle est constituée  802751-0, 446056-1, 807166-7 and 807042-3

11 -- In accordance with the order approving the arrangement - Conformément aux termes de l'ordonnance approuvant l'arrangement

- a.  The articles of the above named corporation(s) are amended in accordance with the attached plan of arrangement  
 Les statuts de la(des) société(s) susmentionnée(s) sont modifiés en conformité avec le plan d'arrangement ci-joint
- The name of \_\_\_\_\_ is changed to \_\_\_\_\_  
 La dénomination sociale de \_\_\_\_\_ est modifiée pour \_\_\_\_\_
- b.  The following bodies corporate are amalgamated in accordance with the attached plan of arrangement  
 Les personnes morales suivantes sont fusionnées conformément au plan d'arrangement ci-joint
- c.  The above named corporation(s) is(are) liquidated and dissolved in accordance with the attached plan of arrangement  
 La(les) société(s) susmentionnée(s) est(sont) liquidée(s) et dissoute(s) conformément au plan d'arrangement ci-joint
- d.  The plan of arrangement attached hereto, involving the above named body(ies), corporate is hereby effected  
 Le plan d'arrangement ci-joint portant sur la(les) personne(s) morale(s) susmentionnée(s) prend effet

Signature 	Printed Name - Nom en lettres moulées Howard J. Lutley	12 -- Capacity of - En qualité de President	13 -- Tel. No. - N° de tél. (403) 538-7030
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APR 04 2012

**PLAN OF ARRANGEMENT  
UNDER SECTION 192 OF THE  
CANADA BUSINESS CORPORATIONS ACT**

**ARTICLE 1  
DEFINITIONS AND INTERPRETATION**

**Section 1.1 Definitions**

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, terms used herein that are not defined have the meanings ascribed thereto in the Arrangement Agreement, and the following terms shall have the respective meanings set out below and grammatical variations of those terms shall have corresponding meanings:

**"Arrangement"** means an arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out herein, subject to any amendments or variations hereto made in accordance with the terms of the Arrangement Agreement, the provisions of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

**"Arrangement Agreement"** means the agreement made as of January 8, 2012, among the Parent, the Purchaser and the Company as the same may be supplemented or amended from time to time in accordance with its terms;

**"Arrangement Resolution"** means the special resolution of the Company Shareholders approving the Arrangement in accordance with the Interim Order;

**"Articles of Arrangement"** means the articles of arrangement in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director after the Final Order has been granted;

**"Assumed Liabilities"** has the meaning accorded to the term in the Transfer Agreement;

**"Business Day"** means any day, other than a Saturday, a Sunday and a statutory holiday in Calgary, Alberta or Vancouver, British Columbia;

**"Cash Consideration"** means \$8.50 per Company Common Share to be received by a Company Shareholder (other than a Dissenting Shareholder) pursuant to Section 3.1(i) or Section 3.1(n), as applicable;

**"CBCA"** means the Canada Business Corporations Act, R.S.C. 1985, c. C-44 and the regulations thereto, as now in effect and as it may be amended from time to time prior to the Effective Time;

**"Certificate of Arrangement"** means the certificate of arrangement to be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement and giving effect to the Arrangement;

**"Circular"** means the notice of the Company Meeting and the accompanying Company management information circular, including all schedules, appendices and exhibits thereto, and information incorporated by reference therein, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

**"Company"** means SilverBirch Energy Corporation, a corporation existing under the federal laws of Canada and includes its successors thereto, as the context requires;

**"Company Class A Shares"** means the Class A Shares in the capital of the Company to be created and issued pursuant to the terms hereof;

**"Company Class B Shares"** means the Class B Shares in the capital of the Company to be created and issued pursuant to the terms hereof

**"Company Common Shares"** means the common shares in the capital of Company at the time immediately prior to the Effective Time;

**"Company Option Holder"** means a holder of Company Options;

**"Company Options"** means the share purchase options of the Company granted under the Company Option Plan;

**"Company Option Plan"** means the amended and restated stock option plan of the Company effective as of September 30, 2010;

**"Company Preferred Shares, Series 2"** means the Series 2 preferred shares in the capital of the Company having the terms and conditions specified in Schedule 1;

**"Company Preferred Shares, Series 3"** means the Series 3 preferred shares in the capital of the Company having the terms and conditions specified in Schedule 2;

**"Company Shareholder"** means a holder of Company Common Shares, Company Class A Shares or Company Class B Shares, as the case may be;

**"Contributed Amount"** means \$25,000,000, less the amount of the Frontier Costs immediately prior to the Effective Date and less the principal amount outstanding under the Loan immediately prior to the Effective Date;

**"Court"** means the Court of Queen's Bench of Alberta;

**"Depositary"** means such institution as the Purchaser may determine with the approval of the Company, acting reasonably;

**"Director"** means the Director appointed under Section 260 of the CBCA;

**"Dissent Rights"** means the Dissent Rights in respect of the Arrangement described in Section 5.1;

**"Dissenting Shares"** means the Company Common Shares held by Dissenting Shareholders;

**"Dissenting Shareholder"** means a Holder of Company Common Shares who has duly and validly exercised its Dissent Rights pursuant to Article 5 and the Interim Order and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

**"Effective Date"** means the effective date of the Arrangement, being the date shown on the Certificate of Arrangement;

**"Effective Time"** means 12:01 a.m. (Calgary time) on the Effective Date or such other time on the Effective Date as may be agreed to in writing by Company and the Purchaser;

**"Final Order"** means the final order of the Court approving the Arrangement pursuant to subsection 192(4) of the CBCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal;

**"Frontier Costs"** has the meaning accorded to the term in the Arrangement Agreement;

**"Frontier Partnership"** means Frontier Energy Partnership, a general partnership formed under the laws of Alberta by the Company and PartnerCo pursuant to and in accordance with Section 5.2 of the Arrangement Agreement;

**"Frontier Partnership Contribution Agreement"** means an agreement in the form approved by the Purchaser to be entered into between the Company, PartnerCo and Frontier Partnership dated as of the Effective Date, pursuant to which, among other things, the Retained Assets will be transferred to Frontier Partnership pursuant to the Arrangement;

**"Holder"** means a registered holder of Company Common Shares or Company Options, as the case may be;

**"Interim Order"** means the interim order of the Court under subsection 192(4) of the CBCA in a form acceptable to the Company and the Purchaser, each acting reasonably, as contemplated by Section 2.3 of the Arrangement Agreement

providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably;

**"ITA"** means the Income Tax Act (Canada), as amended, and any regulations promulgated thereunder;

**"Letters of Transmittal"** means the letter of transmittal forms to be delivered by the Company to Company Shareholders in respect of the Company Common Shares (on blue coloured paper);

**"Liens"** means any mortgage, hypothec, prior claim, lien, pledge, assignment for security, security interest, guarantee, third party right or other charge or encumbrance, or any collateral securing the payment obligations of any person, as well as any other agreement or arrangement with similar effect whatsoever;

**"Loan"** means the senior secured loan in the principal amount of up to \$20 million provided by the Purchaser to the Company as contemplated by Section 5.5 of the Arrangement Agreement;

**"Newco"** means SilverWillow Energy Corporation, a corporation incorporated under the CBCA as a wholly-owned subsidiary of the Company in order to facilitate the Arrangement;

**"Newco Common Shares"** means the common shares in the capital of Newco;

**"Newco Preferred Share"** means a Series B preferred share in the capital of Newco having the terms and conditions specified in Schedule 4;

**"Newco Promissory Note"** means the demand non-interest bearing promissory note of Newco issued pursuant to Section 3.1(h) in a principal amount equal to the Newco Redemption Amount;

**"Newco Redemption Amount"** means the aggregate redemption amount of the Newco Preferred Shares as determined in accordance with the Transfer Agreement;

**"Newco Share Consideration"** means one Newco Common Share per Company Common Share to be received pursuant to Section 3.1(i) by the holders of Company Common Shares who are Non-Resident;

**"Non-Resident"** means: (i) a person who is not a resident of Canada for the purposes of the ITA; or (ii) a partnership that is not a "Canadian partnership" for the purposes of the ITA;

**"Parent"** means Teck Resources Limited, a company existing under the federal laws of Canada;

**"PartnerCo"** means 8070423 Canada Inc., a new company incorporated by the Company under the CBCA for purposes of becoming a partner in Frontier Partnership as contemplated by Section 5.2 of the Arrangement Agreement;

**"PartnerCo Shares"** means common shares in the capital of PartnerCo;

**"Plan of Arrangement"**, **"hereof"**, **"herein"**, **"hereunder"** and similar expressions means this plan of arrangement, including any appendices hereto, and any amendments, variations or supplements hereto made from time to time in accordance with the terms hereof, the Arrangement Agreement or made at the direction of the Court with the consent of the Company and the Purchaser, each acting reasonably;

**"Purchaser"** means 8071667 Canada Inc., a company existing under the federal laws of Canada, a wholly-owned subsidiary of Parent, and includes its successors thereto, as the context requires;

**"Redemption Amount"** means with respect to the Company Class B Shares, the amount determined by the directors at the time of issuance of such Company Class B Shares, being an amount per share equal to (A) the amount by which the fair market value of the Spin-Off Assets exceeds the Assumed Liabilities at the time such Company Class B Shares are issued, divided by (B) the number of such Company Class B Shares so issued;

**"Retained Assets"** has the meaning set out in the Arrangement Agreement;

**"Shareholder Rights Plan"** means the Shareholder Rights Agreement between the Company and Equity Financial Trust Company (formerly Equity Transfer & Trust Company) dated as of September 30, 2010;

**"Spin-Off Assets"** has the meaning set out in the Arrangement Agreement;

**"Transfer Agreement"** means the agreement to be entered into between the Company, Newco and Frontier Partnership dated as of the Effective Date concerning the transfer of the Spin-Off Assets to Newco pursuant to the Arrangement; and

**"Transferred Leases"** has the meaning set out in the Arrangement Agreement.

### **Section 1.2 Interpretation Not Affected by Headings, etc.**

The division of this Plan of Arrangement into Articles, Sections, paragraphs and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article", "Section" or "paragraph" followed by a number and/or a letter refer to the specified Article, Section or paragraph of this Plan of Arrangement.

### **Section 1.3 Number and Gender**

In this Plan of Arrangement, unless the context otherwise requires, words used herein importing the singular include the plural and vice versa. Words importing gender

include all genders. The words "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

**Section 1.4 Date of Any Action**

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

**Section 1.5 Time**

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in the Letter of Transmittal are local time in Calgary, Alberta unless otherwise stipulated herein or therein.

**Section 1.6 Currency**

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

**Section 1.7 Schedules**

The following schedules are attached to this Plan of Arrangement and are incorporated in and form part hereof:

- Schedule 1- Conditions of Company Preferred Shares, Series 2
- Schedule 2- Conditions of Company Preferred Shares, Series 3
- Schedule 3- Conditions of Share Classes of the Company
- Schedule 4- Conditions of Newco Preferred Shares

**ARTICLE 2  
EFFECT OF THE ARRANGEMENT**

**Section 2.1 Arrangement Agreement**

This Plan of Arrangement is made pursuant to, is subject to the provisions of and forms part of, the Arrangement Agreement.

**Section 2.2 Binding Effect**

This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective at, and be binding upon, the Company, the registered and beneficial Company Shareholders, the registered and beneficial Company Option Holders, Newco, PartnerCo, Frontier Partnership, the Parent and the Purchaser as and from the Effective Time, without any further act or formality required on the part of any person except as expressly provided herein.

**Section 2.3 Certificate of Arrangement**

The Articles of Arrangement and the Certificate of Arrangement shall be filed and issued, respectively, with respect to the Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and

that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.

#### **Section 2.4 Effective Time**

Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any Party or person until the Effective Time. Further, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

### **ARTICLE 3 ARRANGEMENT**

#### **Section 3.1 The Arrangement**

At the Effective Time, without any further act or formality, each of the events set out below shall occur and be deemed to occur in the following sequence and at the times specified below, unless specifically noted:

- (a) At the Effective Time, the Shareholder Rights Plan shall be terminated and all rights issued thereunder shall be extinguished without the payment of any consideration therefor;
- (b) Five minutes following the Effective Time, all unexercised Company Options and the Company Option Plan shall be cancelled and be of no further force and effect and none of the Company, the Parent, the Purchaser, Newco or any of their respective affiliates or successors shall have any liability in respect thereof;
- (c) Ten minutes following the Effective Time and subject to Section 5.1, the Company Common Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred to the Parent (free and clear of any Liens) without any further act or formality in exchange for a debt claim against the Parent to be paid fair value in respect of such Company Common Shares as set out in Section 5.1, and:
  - (i) such Dissenting Shareholders shall cease to be the holders of such Company Common Shares and to have any rights as holders of such Company Common Shares other than the right to be paid fair value for such Company Common Shares as set out in Section 5.1; and
  - (ii) such Dissenting Shareholders' names shall be removed as the holders of such Company Common Shares from the registers of Company Common Shares maintained by or on behalf of Company and the Parent shall be entered in the central securities register of the Company as the holder thereof;

- (d) Fifteen minutes following the Effective Time, the articles of the Company shall be amended to create an unlimited number of Company Preferred Shares, Series 2, and the Company shall issue to the Parent one Company Preferred Share, Series 2 in consideration for the transfer by the Parent of the Transferred Leases to the Company, and the assumption by the Company of all liabilities relating thereto, which Company Preferred Share, Series 2 shall have a redemption amount equal to the amount by which the fair market value of the Transferred Leases exceed the related assumed liabilities at the time of issuance. In connection with such transfer, a joint election under subsection 85(1) of the ITA and under any relevant provincial legislation will be filed in the manner and within the time prescribed by applicable Law, and the agreed amount in respect of such election will be the minimum permitted amount;
- (e) Twenty minutes following the Effective Time, and pursuant to the terms of the Frontier Partnership Contribution Agreement:
- (i) the Company shall transfer a 0.01% interest in the Retained Assets to PartnerCo in consideration for 100 PartnerCo Shares. In connection with such transfer, an election under subsection 85(1) of the ITA and under any relevant provincial legislation shall be filed in the manner and within the time prescribed by applicable Law, and the agreed amount in respect of such election will be the minimum permitted amount, or if Parent and the Company so agree in writing at any time prior to the Effective Time, such other amount as may be determined subsequent to the Effective Date by the Company in its sole discretion;
  - (ii) the Company will contribute a 99.99% interest in the Retained Assets to Frontier Partnership. In connection with such transfer, an election under subsection 97(2) of the ITA, and under any relevant provincial legislation shall be filed in the manner and within the time prescribed by applicable Law, and the agreed amount in respect of such election will be the minimum permitted amount, or if Parent and the Company so agree in writing at any time prior to the Effective Time, such other amount as may be determined subsequent to the Effective Date by the Company in its sole discretion; and
  - (iii) PartnerCo will contribute the interest in the Retained Assets transferred to it by the Company pursuant to Section 3.1(e)(i) to Frontier Partnership. In connection with such transfer, an election under subsection 97(2) of the ITA, and under any relevant provincial legislation shall be filed in the manner and within the time prescribed by applicable Law, and the agreed amount in respect of such election will be the minimum permitted amount, or if Parent and the Company so agree in writing at any time prior to the Effective Time,

such other amount as may be determined subsequent to the Effective Date by the Company in its sole discretion,

such that following such steps, all of the Retained Assets have been contributed to and become the property of Frontier Partnership;

- (f) Twenty-five minutes following the Effective Time, the Purchaser will advance the Contributed Amount to the Company as a non-interest bearing loan, and for this purpose the amount certified by the Purchaser in good faith on the Effective Date to be the amount of the Frontier Costs immediately prior to the Effective Date and the principal amount outstanding under the Loan immediately prior to the Effective Date shall be conclusive;
- (g) Thirty minutes following the Effective Time, the articles of Newco will be amended to create an unlimited number of Newco Preferred Shares, and the Transfer Agreement shall become effective and the Company will transfer the Spin-Off Assets to Newco pursuant to the terms of the Transfer Agreement in consideration for:
  - (i) the issuance by Newco to the Company of one Newco Preferred Share having a redemption amount equal to the Newco Redemption Amount;
  - (ii) the issuance by Newco to the Company of that number of Newco Common Shares equal to:
    - (A) the total number of Company Common Shares held by the Parent thirty minutes following the Effective Time, minus
    - (B) the number of Newco Common Shares outstanding immediately prior the Effective Time; and
  - (iii) the assumption by Newco of the Assumed Liabilities;in each case, all as is more specifically described in the Transfer Agreement. In connection with such transfers, a joint election will be filed under subsection 85(1) of the ITA and under any relevant provincial legislation in accordance with the Transfer Agreement;
- (h) Thirty-five minutes following the Effective Time, the Newco Preferred Shares shall be redeemed by Newco in consideration of the payment of the Newco Redemption Amount, which shall be satisfied by the issuance by Newco to the Company of the Newco Promissory Note;
- (i) Forty minutes following the Effective Time, each issued and outstanding Company Common Share held by a Non-Resident shall be transferred to the Purchaser (free and clear of all Liens) in exchange for:

- (i) the Cash Consideration; and
  - (ii) as additional consideration for each such Company Common Share transferred to the Purchaser, the Purchaser shall transfer to such Non-Resident the Newco Share Consideration pursuant to Section 3.1(m);
- (j) Forty-five minutes following the Effective Time, the capital of the Company shall be reorganized by amending the articles of the Company as follows:
- (i) creating a new class of shares designated as "Class A Shares", in an unlimited number, having the rights, privileges, restrictions and conditions set out in Part 1 of Schedule 3 attached hereto; and
  - (ii) creating a new class of shares designated as "Class B Shares", in an unlimited number, having the rights, privileges, restrictions and conditions set out in Part 2 of Schedule 3 attached hereto;

and concurrently therewith each then issued and outstanding Company Common Share (including those Company Common Shares acquired by the Parent pursuant to Section 3.1(c) and by the Purchaser pursuant to Section 3.1(i)) will be deemed to be exchanged (without any action on the part of the holder of the Company Common Shares) for one Company Class A Share and one Company Class B Share and the Company Common Shares so exchanged shall thereupon be cancelled. No other consideration will be received by any holder of the Company Common Shares. The Company will not file a joint election under subsection 85(1) or subsection 85(2) of the ITA, or any relevant provincial legislation, with any holder of Company Common Shares (other than the Parent or the Purchaser) in respect of this share exchange.

Upon the exchange contemplated by Section 3.1(j), the stated capital account maintained in respect of the Company Class B Shares shall be an amount equal to the lesser of:

- (i) the aggregate paid-up capital (within the meaning of the ITA) of the Company Common Shares immediately before such exchange; and
- (ii) the aggregate Redemption Amount in respect of the Class B Shares,

and the stated capital account maintained in respect of the Company Class A Shares shall be an amount equal to the amount, if any, by which the aggregate paid-up capital (within the meaning of the ITA) of the Company Common Shares immediately before such exchange exceeds the amount allocated to the stated capital of the Company Class B Shares as determined in accordance with the foregoing.

Upon the exchange contemplated by Section 3.1(j), each holder of Company Common Shares so exchanged shall be deemed to cease to be the holder of

the Company Common Shares so exchanged, shall cease to have any rights with respect to such Company Common Shares and shall be deemed to be the holder of the number of Company Class A Shares and Company Class B Shares issued to such holder. The name of each such registered holder shall be removed from the central securities register of the Company in respect of the Company Common Shares so exchanged and shall be added to the central securities register of the Company as the holder of the number of Company Class A Shares and Company Class B Shares so issued to such holder, and each such holder shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such shares as described in Section 3.1(j). Upon completion of such exchange and cancellation of the Company Common Shares, the Company's articles shall be amended to delete the Company Common Shares as an authorized class of shares and the appropriate entries shall be made in the central securities register of the Company;

- (k) Fifty minutes following the Effective Time, each Company Class B Share (other than any Company Class B Shares held by the Parent at such time but including any Company Class B Shares acquired by the Purchaser pursuant to Section 3.1(j)) will be transferred to Newco (free and clear of any Liens) in consideration for the issuance by Newco of one Newco Common Share for each Company Class B Share transferred to it. Newco will not file a joint election under subsection 85(1) or subsection 85(2) of the ITA, or any relevant provincial legislation, with any holder of Company Class B Shares (other than the Purchaser) in respect of this share transfer. The stated capital account of the Newco Common Shares shall be an amount equal to the aggregate stated capital of the Company Class B Shares transferred to Newco pursuant to this Section 3.1(k). In connection with such transfer, each holder of Company Class B Shares so transferred shall be deemed to cease to be the holder of the Company Class B Shares so transferred and shall be deemed to be the holder of the number of Newco Common Shares issued to such holder in consideration for such transfer. The name of each such registered holder shall be removed from the central securities register of the Company in respect of the Company Class B Shares so transferred and shall be added to the central securities register of Newco as the registered holder of the number of the Newco Common Shares so issued to such holder, and Newco shall be and shall be deemed to be the transferee of the Company Class B Shares so transferred and the name of Newco shall be entered in the central securities register of the Company in respect of the Company Class B Shares so transferred to Newco;
- (l) Immediately after completion of the exchange contemplated by Section 3.1(k), the Company Class B Shares held by Newco will be redeemed in consideration of the cancellation of the Newco Promissory Note. The redeemed Company Class B Shares shall be cancelled and the appropriate entry made on the central securities register of the Company. All notices, consents, releases, assignments, waivers (including a waiver of notice of

redemption), statutory or otherwise, required to redeem the Company Class B Shares as described above shall be deemed given by each of the Company and Newco, as applicable;

- (m) Fifty-five minutes following the Effective Time, the Purchaser shall transfer to each Non-Resident whose Company Common Shares were transferred to the Purchaser pursuant to Section 3.1(i) such number of Newco Common Shares as are transferable to such Non-Resident pursuant to Section 3.1(i);
- (n) Sixty minutes following the Effective Time, each issued and outstanding Company Class A Share (other than those held by either the Parent or the Purchaser) shall be transferred to the Purchaser (free and clear of any Liens) in exchange for the Cash Consideration; and
  - (i) the holders of such Company Class A Shares immediately prior to such transfer shall cease to be the holders thereof and to have any rights as holders of such Company Class A Shares other than the right to be paid the Cash Consideration per Company Class A Share in accordance with this Plan of Arrangement;
  - (ii) the name of each such registered holders shall be removed from the central securities register of the Company with respect to such Company Class A Shares; and
  - (iii) the Purchaser shall, and shall be deemed to be, the transferee of such shares (free and clear of any Liens) and shall be entered in the central securities register of the Company as the holder thereof;
- (o) Sixty-five minutes following the Effective Time, the articles of the Company shall be amended to create an unlimited number of Company Preferred Shares, Series 3, and the Company shall issue to the Purchaser one Company Preferred Share, Series 3 in satisfaction of the amounts owing by the Company to the Purchaser in respect of the Loan, the Frontier Costs, and the Contributed Amount contemplated in Section 3.1(f), which Company Preferred Share, Series 3 shall have a redemption amount equal to the aggregate of such amounts owing; and
- (p) Seventy minutes following the Effective Time, all Company Class A Shares, Company Class B Shares, Company Preferred Shares, Series 2 and Company Preferred Shares, Series 3 in the capital of the Company owned by the Parent shall be transferred to the Purchaser in consideration for the issuance by the Purchaser to the Parent of such number of additional common shares of the Purchaser as have a fair market value equal to the shares of the Company so transferred to the Purchaser. In connection with such transfer, a joint election will be filed under subsection 85(1) of the ITA and under any relevant provincial legislation, in the manner and within the time prescribed by applicable law, and at an agreed amount to be determined by Parent.

### **Section 3.2 Letters of Transmittal**

The Letters of Transmittal shall be prepared by the Purchaser and shall be in a form approved and sent by Company to each Company Shareholder of record together with the Circular.

### **Section 3.3 Deemed Fully Paid and Non-Assessable Shares**

All Company Class A Shares, Company Class B Shares, Company Preferred Shares, Series 2, Company Preferred Shares, Series 3, Newco Common Shares and Newco Preferred Shares issued pursuant hereto shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the CBCA.

### **Section 3.4 Supplementary Actions**

Notwithstanding that the transaction and events set out in Section 3.1 shall occur and shall be deemed to occur in the order therein set out without any act or formality, the Company, Newco, PartnerCo, Frontier Partnership, the Parent and the Purchaser shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to further document or evidence any of the transactions or events set out in Section 3.1, including without limitation, any resolutions of directors authorizing the issue, exchange, transfer, redemption or purchase for cancellation of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, any promissory notes and receipts therefor, and any necessary addition to or deletions from share registers or other registries.

## **ARTICLE 4 CERTIFICATES AND DOCUMENTATION**

### **Section 4.1 Company Class A Share Certificates**

No new share certificates shall be issued with respect to the Company Class A Shares issued in connection with the Arrangement.

### **Section 4.2 Company Class B Share Certificates**

Recognizing that all of the Company Class B Shares issued to the Company Shareholders will subsequently be transferred to Newco in exchange for Newco Common Shares and will thereafter be redeemed (other than in each case those issued to the Parent), no share certificates shall be issued with respect to the Company Class B Shares issued and outstanding in connection with the Arrangement to any person other than the Parent.

### **Section 4.3 Newco Common Share Certificates**

As soon as practicable after the Effective Time, Newco shall cause to be issued to the registered holders of Newco Common Shares on the Effective Date following the completion of the steps contemplated by Section 3.1 hereof, share certificates representing the number of the Newco Common Shares to which such holders are entitled following the Effective Date and shall cause such certificates to be delivered or mailed to such holder in accordance with the terms hereof.

## **ARTICLE 5 DISSENT RIGHTS**

### **Section 5.1 Dissent Rights**

Holders of Company Common Shares may exercise Dissent Rights with respect to Company Common Shares in connection with the Arrangement pursuant to the procedure set forth in Section 190 of the CBCA as modified by the Interim Order or the Final Order. Dissenting Shareholders who duly exercise their Dissent Rights shall be deemed to have transferred the Company Common Shares held by them and in respect of which Dissent Rights have been validly exercised to the Parent free and clear of all Liens, as provided in Section 3.1(c) of the Plan of Arrangement, and if they:

- (a) are ultimately entitled to be paid fair value for their Company Common Shares, shall be paid an amount equal to such fair value by the Parent and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such Company Shareholders not exercised their Dissent Rights in respect of such Company Common Shares; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Company Common Shares, shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Company Common Shares and shall be entitled to receive only the consideration contemplated in Section 3.1 hereof that such Company Shareholder would have received pursuant to the Arrangement if such Company Shareholder had not exercised Dissent Rights,

but further provided that in no case shall the Company, the Parent or the Purchaser (or any of their respective successors) or any other person be required to recognize Holders of Company Common Shares who exercise Dissent Rights as holders of Company Common Shares after the Effective Time, and the names of such Holders of Company Common Shares who exercise Dissent Rights shall be deleted from the central securities register as holders of Company Common Shares at the Effective Time.

In addition to any other restrictions under Section 190 of the CBCA, none of the following shall be entitled to exercise Dissent Rights: (i) Company Option Holders; and (ii) holders of Company Common Shares who vote or have instructed a proxyholder to vote such Company Common Shares in favour of the Arrangement Resolution (but only in respect of such Company Common Shares).

## **ARTICLE 6 COMPANY CERTIFICATES**

### **Section 6.1 Effect of Arrangement**

After the Effective Time, certificates formerly representing Company Common Shares shall represent only the right to receive the ultimate consideration which the former

holder of such Company Common Shares is entitled to receive pursuant to Article 3 of this Plan of Arrangement, subject to compliance with the requirements set forth in this Article 6.

#### **Section 6.2 Right of Holder to Receive Cash**

- (1) At or prior to the Effective Time, the Purchaser shall deposit with the Depository, for the benefit of Company Shareholders, cash in an amount sufficient for the purchase of all Company Class A Shares (other than Company Class A Shares owned by the Purchaser or the Parent) and Company Common Shares acquired from Non-Resident Holders pursuant to Section 3.1(i), in accordance with Article 3 (other than Dissenting Shares, if any).
- (2) Subject to Section 6.4, the Purchaser shall cause the Depository, as soon as practicable following the later of the Effective Date and the date of deposit with the Depository of a duly completed Letter of Transmittal and the certificates formerly representing the Company Common Shares or other documentation as provided in the Letter of Transmittal, to deliver to the Holder making such deposit the cash which such Holder has the right to receive under the Arrangement in respect of such deposited Company Common Shares less any amounts withheld under Section 6.2(5) hereof.
- (3) No Holder shall be entitled to receive any consideration with respect to the Company Class A Shares other than the Cash Consideration, which they are entitled to receive in accordance with Article 3 of this Plan of Arrangement and, for greater certainty, no Holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.
- (4) The cash payment to which such Holder is entitled shall, subject to Section 6.4, in each case be delivered or paid to the Depository to be held in trust as of the Effective Time for such Holder for delivery to the Holder, without interest and net of all applicable withholding and other taxes, if any, upon delivery of the Letter of Transmittal and the certificates formerly representing the Company Common Shares.
- (5) The Company, the Parent, the Purchaser and the Depository shall be entitled to deduct and withhold from any consideration otherwise payable to any Holder such amounts as the Company, the Parent, the Purchaser or the Depository are required or entitled to deduct and withhold with respect to such payment under the ITA, or any applicable provision of federal, provincial, state, local or foreign tax Law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Holder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

#### **Section 6.3 Lost Certificates**

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Common Shares that were transferred or cancelled pursuant to Section 3.1 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or

destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the consideration deliverable in accordance with such Holder's Letter of Transmittal and this Plan of Arrangement. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom such consideration is to be delivered shall as a condition precedent to the delivery of such consideration, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such sum as the Purchaser may direct, or otherwise indemnify the Purchaser and Company in a manner satisfactory to the Purchaser and Company, acting reasonably, against any claim that may be made against the Purchaser and Company with respect to the certificate alleged to have been lost, stolen or destroyed.

#### **Section 6.4 Surrender of Rights**

Any certificate formerly representing Company Common Shares not duly surrendered on or prior to the fifth anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature against, the Purchaser or the Company by a former Holder. On such date, subject to applicable Law, all consideration to which the former Holder of such certificates was entitled shall be deemed to have been surrendered and be paid, along with any interest accrued on such consideration, by the Depositary to the Purchaser (or any successor).

### **ARTICLE 7 AMENDMENT**

#### **Section 7.1 Amendment of Plan of Arrangement**

- (1) The Company and the Purchaser reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time, provided that, if required by Law, any amendment, modification or supplement must be contained in a written document which is filed with the Court and, if made following the Company Meeting, approved by the Court and communicated to Holders in the manner required by the Court (if so required).
- (2) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company and the Purchaser at any time prior to or at the Company Meeting with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Company Meeting, shall become part of this Plan of Arrangement for all purposes.
- (3) Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Company Meeting shall be effective only if it is consented to by the Company and the Purchaser (acting reasonably), and if required by the Court, it is consented to by Holders of some or all of the Company Common Shares.
- (4) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

- (5) Notwithstanding the foregoing provisions of this Section 7.1, no amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time except in accordance with the terms of the Arrangement Agreement.

**Section 7.2 Termination**

Notwithstanding any prior approvals by the Court or by Company Shareholders, the board of directors of Company may decide not to proceed with the Arrangement in accordance with the terms of the Arrangement Agreement and to revoke the Arrangement Resolution adopted at the Company Meeting at any time prior to the Effective Time, without further approval of the Court or the Company Shareholders.

**Section 7.3 Effect of Termination**

Upon the termination of this Plan of Arrangement pursuant to Section 7.2 hereof, no party shall have any liability or further obligation to any other party hereunder.

**SCHEDULE 1  
TO PLAN OF ARRANGEMENT  
CONDITIONS OF COMPANY PREFERRED SHARES, SERIES 2**

The second series of Company Preferred Shares shall consist of an unlimited number of shares and shall be designated as Preferred Shares, Series 2. The rights, privileges, restrictions and conditions attaching to the Preferred Shares, Series 2 are as follows:

**1.1 Redemption Amount.**

Redemption Amount means with respect to a Preferred Share, Series 2, the amount determined by the directors at the time of issuance of such Preferred Share, Series 2.

**1.2 Voting.**

Except as otherwise required by law, the holders of the Preferred Shares, Series 2 shall not be entitled to receive notice of, to attend at, or to vote at meetings of shareholders of the Company.

**1.3 Dividends.**

The holders of the Preferred Shares, Series 2 shall be entitled to receive and the Company shall pay thereon, as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends, dividends in such amount and in such form as the directors of the Company may from time to time determine and all dividends which the directors of the Company may declare on the Preferred Shares, Series 2 shall be declared and paid in equal amounts per share on all Preferred Shares, Series 2 at the time outstanding. No dividends shall be declared or paid on the Preferred Shares, Series 2 if such payment will impair the ability of the Company to redeem any of the Preferred Shares, Series 2 then outstanding.

**1.4 Dissolution, Liquidation or Winding-up.**

In the event of the dissolution, liquidation or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction of capital, the holders of the Preferred Shares, Series 2 shall be entitled to receive the Redemption Amount per Preferred Share, Series 2 before any assets of the Company shall be distributed to the holders of shares ranking junior to the Preferred Shares. After payment of the amount so payable to them, the holders of the Preferred Shares, Series 2 shall not be entitled to share in any further distribution of the assets of the Company.

**1.5 Redeemable by the Company.**

- (a) The Company may, upon giving the notice provided for in 1.5(c), redeem at any time the whole or from time to time part of any Preferred Shares, Series 2 then outstanding on payment of the Redemption Amount for each such share to be redeemed.

- (b) If only part of the Preferred Shares, Series 2 is at any time to be redeemed, the shares to be redeemed shall be selected by the directors in their absolute discretion and need not be redeemed pro rata.
- (c) If the Company desires to redeem all or any part of the Preferred Shares, Series 2, the Company shall provide written notice (the "Redemption Notice") to each person who is a registered holder of the Preferred Shares, Series 2 to be redeemed.
- (d) The Redemption Notice shall set out the Redemption Amount, the date specified for the redemption (the "Redemption Date") and if only part of the Preferred Shares, Series 2 held by such holder is to be redeemed, the number thereof so to be redeemed.
- (e) On the Redemption Date, the Company shall pay, or cause to be paid, to or to the order of the registered holders of the class of Preferred Shares, Series 2 to be redeemed, the Redemption Amount for each such share on presentation and surrender, at the Registered Office of the Company or any other place(s) in Calgary, Alberta designated by the Company, of the certificate(s) for the Preferred Shares, Series 2 called for redemption. Such Preferred Shares, Series 2 shall thereupon be deemed to be redeemed and shall be cancelled.
- (f) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.
- (g) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Preferred Shares, Series 2 to be redeemed shall be made by such method as determined by the directors of the Company, including by issuance of a promissory note by the Company or by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such promissory note or cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation.
- (h) The Company shall have the right, at any time on or after the date of the Redemption Notice, to deposit the Redemption Amount of the Preferred Shares, Series 2 called for redemption, or of such of the Preferred Shares, Series 2 which are represented by certificate(s) which have not at the date of such deposit been surrendered by the holders in connection with such redemption to a special account maintained by the Company with any chartered bank or any trust company in Calgary, Alberta designated by the Company (the "Trustee") to be paid without interest to or to the order of the respective holders of such Preferred Shares, Series 2 called for redemption upon presentation and surrender to the Trustee of the certificate(s)

representing such shares. Upon such deposit being made the Preferred Shares, Series 2 in respect of which such deposit shall have been made shall be deemed to be redeemed and shall be cancelled. The rights of the holders thereof after such deposit shall be limited to receiving without interest their proportionate part of the total amount so deposited against presentation and surrender to the Trustee of the certificate(s) representing the Preferred Shares, Series 2 to be redeemed. Any interest allowed on any such deposit shall belong to the Company.

- (i) Notwithstanding the foregoing, the holders of the Preferred Shares, Series 2 to be redeemed may waive notice of any such redemption.
- (j) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Preferred Shares, Series 2 to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the Canada Business Corporations Act or any other applicable law.
- (k) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the Redemption Date shall be forfeited to the Company.

#### **1.6 Retractable by the Holder.**

- (a) Any holder of Preferred Shares, Series 2 may, at the holder's option, at any time, upon giving notice as provided in 1.6(b), require the Company to redeem at any time the whole or from time to time any part of the Preferred Shares, Series 2 held by the holder by payment of the Redemption Amount for each share to be redeemed.
- (b) If a holder of Preferred Shares, Series 2 desires the Company to redeem any of the holder's Preferred Shares, Series 2, the holder shall, at least 60 days before the date specified for redemption (the "Retraction Date"), give to the Company, at its Registered Office written notice thereof (the "Retraction Notice").
- (c) The Retraction Notice shall set out the Retraction Date and if only part of a class of Preferred Shares, Series 2 held by such shareholder is to be redeemed, the number thereof so to be redeemed.
- (d) On the Retraction Date, the Company shall pay or cause to be paid, to the order of the registered holder of the Preferred Shares, Series 2 to be redeemed, the Redemption Amount for each such share, on presentation and

surrender at the Registered Office of the Company of the certificate(s) for such shareholder's Preferred Shares, Series 2 to be redeemed.

- (e) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Preferred Shares, Series 2 to be redeemed shall be made by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation. Such Preferred Shares, Series 2 shall thereupon be deemed to be redeemed and shall be cancelled.
- (f) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.
- (g) If a holder of Preferred Shares, Series 2 gives a Retraction Notice but fails to present the certificate(s) for such holder's Preferred Shares, Series 2 to be redeemed on the Retraction Date, the Retraction Notice given by such holder shall be null and void and the Company shall have no obligation to make the redemption called for in the Retraction Notice. Notwithstanding the foregoing, the Company shall have the right to proceed with such redemption notwithstanding such failure. If the Company elects to proceed, the Company shall deposit the Redemption Amount for the Preferred Shares, Series 2 to be redeemed in a special account maintained by the Company with any chartered bank or trust company in Calgary, Alberta (the "Trustee"), to be paid without interest to or to the order of the holder of such Preferred Shares, Series 2 upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made, the Preferred Shares, Series 2 in respect of which such deposit shall have been made shall thereupon be deemed to be redeemed and shall be cancelled. The rights of the holder thereof after such deposit shall be limited to receiving without interest the amount so deposited upon presentation and surrender to the Trustee of the certificate(s) representing the Preferred Shares, Series 2 to be redeemed. Any interest allowed on any such deposit shall belong to the Company.
- (h) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Preferred Shares, Series 2 to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the Canada Business Corporations Act or any other applicable law.
- (i) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a

period of one year from the Retraction Date shall be forfeited to the Company.

**1.7 Specified Amount.**

The "specified amount" for purposes of subsection 191(4) of the Income Tax Act (Canada) in respect of each Preferred Share, Series 2 shall be the amount specified by a director or an officer of the Company in a certificate that is made effective concurrently with the issuance of the Preferred Shares, Series 2 (expressed in a dollar amount).

**SCHEDULE 2  
TO PLAN OF ARRANGEMENT  
CONDITIONS OF COMPANY PREFERRED SHARES, SERIES 3**

The third series of Company Preferred Shares shall consist of an unlimited number of shares and shall be designated as Preferred Shares, Series 3. The rights, privileges, restrictions and conditions attaching to the Preferred Shares, Series 3 are as follows:

**1.1 Redemption Amount.**

Redemption Amount means with respect to a Preferred Share, Series 3, the amount determined by the directors at the time of issuance of such Preferred Share, Series 3.

**1.2 Voting.**

Except as otherwise required by law, the holders of the Preferred Shares, Series 3 shall not be entitled to receive notice of, to attend at, or to vote at meetings of shareholders of the Company.

**1.3 Dividends.**

The holders of the Preferred Shares, Series 3 shall be entitled to receive and the Company shall pay thereon, as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends, dividends in such amount and in such form as the directors of the Company may from time to time determine and all dividends which the directors of the Company may declare on the Preferred Shares, Series 3 shall be declared and paid in equal amounts per share on all Preferred Shares, Series 3 at the time outstanding. No dividends shall be declared or paid on the Preferred Shares, Series 3 if such payment will impair the ability of the Company to redeem any of the Preferred Shares, Series 3 then outstanding.

**1.4 Dissolution, Liquidation or Winding-up.**

In the event of the dissolution, liquidation or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction of capital, the holders of the Preferred Shares, Series 3 shall be entitled to receive the Redemption Amount per Preferred Share, Series 3 before any assets of the Company shall be distributed to the holders of shares ranking junior to the Preferred Shares. After payment of the amount so payable to them, the holders of the Preferred Shares, Series 3 shall not be entitled to share in any further distribution of the assets of the Company.

**1.5 Redeemable by the Company.**

- (a) The Company may, upon giving the notice provided for in 1.5(c), redeem at any time the whole or from time to time part of any Preferred Shares, Series 3

then outstanding on payment of the Redemption Amount for each such share to be redeemed.

- (b) If only part of the Preferred Shares, Series 3 is at any time to be redeemed, the shares to be redeemed shall be selected by the directors in their absolute discretion and need not be redeemed pro rata.
- (c) If the Company desires to redeem all or any part of the Preferred Shares, Series 3, the Company shall provide written notice (the "Redemption Notice") to each person who is a registered holder of the Preferred Shares, Series 3 to be redeemed.
- (d) The Redemption Notice shall set out the Redemption Amount, the date specified for the redemption (the "Redemption Date") and if only part of the Preferred Shares, Series 3 held by such holder is to be redeemed, the number thereof so to be redeemed.
- (e) On the Redemption Date, the Company shall pay, or cause to be paid, to or to the order of the registered holders of the class of Preferred Shares, Series 3 to be redeemed, the Redemption Amount for each such share on presentation and surrender, at the Registered Office of the Company or any other place(s) in Calgary, Alberta designated by the Company, of the certificate(s) for the Preferred Shares, Series 3 called for redemption. Such Preferred Shares, Series 3 shall thereupon be deemed to be redeemed and shall be cancelled.
- (f) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.
- (g) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Preferred Shares, Series 3 to be redeemed shall be made by such method as determined by the directors of the Company, including by issuance of a promissory note by the Company or by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such promissory note or cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation.
- (h) The Company shall have the right, at any time on or after the date of the Redemption Notice, to deposit the Redemption Amount of the Preferred Shares, Series 3 called for redemption, or of such of the Preferred Shares, Series 3 which are represented by certificate(s) which have not at the date of such deposit been surrendered by the holders in connection with such redemption to a special account maintained by the Company with any chartered bank or any trust company in Calgary, Alberta designated by the

Company (the "Trustee") to be paid without interest to or to the order of the respective holders of such Preferred Shares, Series 3 called for redemption upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made the Preferred Shares, Series 3 in respect of which such deposit shall have been made shall be deemed to be redeemed and shall be cancelled. The rights of the holders thereof after such deposit shall be limited to receiving without interest their proportionate part of the total amount so deposited against presentation and surrender to the Trustee of the certificate(s) representing the Preferred Shares, Series 3 to be redeemed. Any interest allowed on any such deposit shall belong to the Company.

- (i) Notwithstanding the foregoing, the holders of the Preferred Shares, Series 3 to be redeemed may waive notice of any such redemption.
- (j) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Preferred Shares, Series 3 to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the Canada Business Corporations Act or any other applicable law.
- (k) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the Redemption Date shall be forfeited to the Company.

#### **1.6 Retractable by the Holder.**

- (a) Any holder of Preferred Shares, Series 3 may, at the holder's option, at any time, upon giving notice as provided in 1.6(b), require the Company to redeem at any time the whole or from time to time any part of the Preferred Shares, Series 3 held by the holder by payment of the Redemption Amount for each share to be redeemed.
- (b) If a holder of Preferred Shares, Series 3 desires the Company to redeem any of the holder's Preferred Shares, Series 3, the holder shall, at least 60 days before the date specified for redemption (the "Retraction Date"), give to the Company, at its Registered Office written notice thereof (the "Retraction Notice").
- (c) The Retraction Notice shall set out the Retraction Date and if only part of a class of Preferred Shares, Series 3 held by such shareholder is to be redeemed, the number thereof so to be redeemed.

- (d) On the Retraction Date, the Company shall pay or cause to be paid, to the order of the registered holder of the Preferred Shares, Series 3 to be redeemed, the Redemption Amount for each such share, on presentation and surrender at the Registered Office of the Company of the certificate(s) for such shareholder's Preferred Shares, Series 3 to be redeemed.
- (e) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Preferred Shares, Series 3 to be redeemed shall be made by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation. Such Preferred Shares, Series 3 shall thereupon be deemed to be redeemed and shall be cancelled.
- (f) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.
- (g) If a holder of Preferred Shares, Series 3 gives a Retraction Notice but fails to present the certificate(s) for such holder's Preferred Shares, Series 3 to be redeemed on the Retraction Date, the Retraction Notice given by such holder shall be null and void and the Company shall have no obligation to make the redemption called for in the Retraction Notice. Notwithstanding the foregoing, the Company shall have the right to proceed with such redemption notwithstanding such failure. If the Company elects to proceed, the Company shall deposit the Redemption Amount for the Preferred Shares, Series 3 to be redeemed in a special account maintained by the Company with any chartered bank or trust company in Calgary, Alberta (the "Trustee"), to be paid without interest to or to the order of the holder of such Preferred Shares, Series 3 upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made, the Preferred Shares, Series 3 in respect of which such deposit shall have been made shall thereupon be deemed to be redeemed and shall be cancelled. The rights of the holder thereof after such deposit shall be limited to receiving without interest the amount so deposited upon presentation and surrender to the Trustee of the certificate(s) representing the Preferred Shares, Series 3 to be redeemed. Any interest allowed on any such deposit shall belong to the Company.
- (h) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Preferred Shares, Series 3 to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the Canada Business Corporations Act or any other applicable law.

- (i) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the Retraction Date shall be forfeited to the Company.

**1.7 Specified Amount.**

The "specified amount" for purposes of subsection 191(4) of the Income Tax Act (Canada) in respect of each Preferred Share, Series 3 shall be the amount specified by a director or an officer of the Company in a certificate that is made effective concurrently with the issuance of the Preferred Shares, Series 3 (expressed in a dollar amount).

**SCHEDULE 3  
TO PLAN OF ARRANGEMENT  
CONDITIONS OF SHARE CLASSES OF THE COMPANY**

**PART 1:**

**1.1 Voting.**

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

**1.2 Dividends.**

Subject to the prior rights of the holders of the Class B Shares and any other shares ranking in priority to the holders of the Class A Shares with respect to priority in the payment of dividends, the holders of the Class A Shares shall be entitled to receive and the Company shall pay thereon, as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends, dividends in such amount and in such form as the directors of the Company may from time to time determine and all dividends which the directors of the Company may declare on the Class A Shares shall be declared and paid in equal amounts per share on all Class A Shares at the time outstanding. No dividends shall be declared or paid on the Class A Shares if such payment will impair the ability of the Company to redeem any of the Class B Shares then outstanding.

**1.3 Dissolution, Liquidation or Winding-up.**

In the event of the dissolution, liquidation or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction in capital, the holders of the Class A Shares shall, subject to the prior rights of the holders of the Class B Shares and any other shares ranking in priority to the Class A Shares in respect of priority in the distribution of assets upon the dissolution, liquidation or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction in capital, be entitled to receive the remaining assets and property of the Company.

**PART 2:**

**SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO THE CLASS B SHARES**

**1.1 Redemption Amount.**

"Redemption Amount" means with respect to the Class B Shares, the amount determined by the directors at the time of issuance of such Class B Shares.

**1.2 Voting.**

Except as otherwise required by law, the holders of the Class B Shares shall not be entitled to receive notice of, to attend at, or to vote at meetings of shareholders of the Company.

**1.3 Dividends.**

The holders of the Class B Shares shall be entitled to receive in preference and priority to the holders of the Class A Shares, and the Company shall pay thereon, as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends, dividends in such amount and in such form as the directors of the Company may from time to time determine and all dividends which the directors of the Company may declare on the Class B Shares shall be declared and paid in equal amounts per share on all Class B Shares at the time outstanding. No dividends shall be declared or paid on the Class B Shares if such payment will impair the ability of the Company to redeem any of the Class B Shares then outstanding.

**1.4 Dissolution, Liquidation or Winding-up.**

In the event of the dissolution, liquidation or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction of capital, the holders of the Class B Shares shall be entitled to receive the Redemption Amount per Class B Share before any assets of the Company shall be distributed to the holders of the Class A Shares. After payment of the amount so payable to them, the holders of the Class B Shares shall not be entitled to share in any further distribution of the assets of the Company.

**1.5 Redeemable by the Company.**

- (a) The Company may redeem at any time the whole or from time to time part of any Class B Shares then outstanding on payment of the Redemption Amount for each such share to be redeemed.
- (b) If only part of the Class B Shares is at any time to be redeemed, the shares to be redeemed shall be selected by the directors in their absolute discretion and need not be redeemed pro rata.

- (c) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.
- (d) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Class B Shares to be redeemed shall be made by such method as determined by the directors of the Company, including by set-off with any amounts owing by the holder to the Company or by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such set-off or cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation.
- (e) The Company shall have the right, at any time on or after the call for redemption of the Class B Shares to be redeemed, to deposit the Redemption Amount of such Class B Shares called for redemption, or of such of the Class B Shares which are represented by certificate(s) which have not at the date of such deposit been surrendered by the holders in connection with such redemption to a special account maintained by the Company with any chartered bank or any trust company in Calgary, Alberta designated by the Company (the "Trustee") to be paid without interest to or to the order of the respective holders of such Class B Shares called for redemption upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made the Class B Shares in respect of which such deposit shall have been made shall be deemed to be redeemed and shall be cancelled. The rights of the holders thereof after such deposit shall be limited to receiving without interest their proportionate part of the total amount so deposited against presentation and surrender to the Trustee of the certificate(s) representing the Class B Shares to be redeemed. Any interest allowed on any such deposit shall belong to the Company.
- (f) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Class B Shares to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the laws of the Province of Alberta or any other applicable law.
- (g) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the date of redemption shall be forfeited to the Company.

#### 1.6 Specified Amount

The "specified amount" for purposes of subsection 191(4) of the Income Tax Act (Canada) in respect of each Class B Share shall be the amount specified by a director or an officer of the Company in a certificate that is made effective concurrently with the issuance of the Class B Shares (expressed as a dollar amount).

**1.7 Retractable by the Holder.**

- (a) Any holder of Class B Shares may, at the holder's option, at any time, upon giving notice as provided in 1.7(b), require the Company to redeem at any time the whole or from time to time any part of the Class B Shares held by the holder by payment of the Redemption Amount for each share to be redeemed.
- (b) If a holder of Class B Shares desires the Company to redeem any of the holder's Class B Shares, the holder shall, at least one day before the date specified for redemption (the "Retraction Date"), give to the Company, at its Registered Office written notice thereof (the "Retraction Notice").
- (c) The Retraction Notice shall set out the Retraction Date and if only part of a class of Class B Shares held by such shareholder is to be redeemed, the number thereof so to be redeemed.
- (d) On the Retraction Date, the Company shall pay or cause to be paid, to the order of the registered holder of the Class B Shares to be redeemed, the Redemption Amount for each such share, on presentation and surrender at the Registered Office of the Company of the certificate(s) for such shareholder's Class B Shares to be redeemed.
- (e) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Class B Shares to be redeemed shall be made by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation. Such Class B Shares shall thereupon be deemed to be redeemed and shall be cancelled.
- (f) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.
- (g) If a holder of Class B Shares gives a Retraction Notice but fails to present the certificate(s) for such holder's Class B Shares to be redeemed on the Retraction Date, the Retraction Notice given by such holder shall be null and void and the Company shall have no obligation to make the redemption called for in the Retraction Notice. Notwithstanding the foregoing, the Company shall have the right to proceed with such redemption

notwithstanding such failure. If the Company elects to proceed, the Company shall deposit the Redemption Amount for the Class B Shares to be redeemed in a special account maintained by the Company with any chartered bank or trust company in Calgary, Alberta (the "Trustee"), to be paid without interest to or to the order of the holder of such Class B Shares upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made, the Class B Shares in respect of which such deposit shall have been made shall thereupon be deemed to be redeemed and shall be cancelled. The rights of the holder thereof after such deposit shall be limited to receiving without interest the amount so deposited upon presentation and surrender to the Trustee of the certificate(s) representing the Class B Shares to be redeemed. Any interest allowed on any such deposit shall belong to the Company.

- (h) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Class B Shares to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the laws of the Province of Alberta or any other applicable law.
- (i) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the Retraction Date shall be forfeited to the Company.

**SCHEDULE 4  
TO PLAN OF ARRANGEMENT  
CONDITIONS OF NEWCO PREFERRED SHARES**

The first series of Preferred Shares shall consist of an unlimited number of shares and shall be designated as Preferred Shares, Series B. The rights, privileges, restrictions and conditions attaching to the Preferred Shares, Series B are as follows:

**1.1 Redemption Amount.**

Redemption Amount means with respect to a Preferred Share, Series B, the amount determined by the directors at the time of issuance of such Preferred Share, Series B.

**1.2 Voting.**

Except as otherwise required by law, the holders of the Preferred Shares, Series B shall not be entitled to receive notice of, to attend at, or to vote at meetings of shareholders of the Company.

**1.3 Dividends.**

The holders of the Preferred Shares, Series B shall be entitled to receive and the Company shall pay thereon, as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends, dividends in such amount and in such form as the directors of the Company may from time to time determine and all dividends which the directors of the Company may declare on the Preferred Shares, Series B shall be declared and paid in equal amounts per share on all Preferred Shares, Series B at the time outstanding. No dividends shall be declared or paid on the Preferred Shares, Series B if such payment will impair the ability of the Company to redeem any of the Preferred Shares, Series B then outstanding.

**1.4 Dissolution, Liquidation or Winding-up.**

In the event of the dissolution, liquidation or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction of capital, the holders of the Preferred Shares, Series B shall be entitled to receive the Redemption Amount per Preferred Share, Series B before any assets of the Company shall be distributed to the holders of the Common Shares. After payment of the amount so payable to them, the holders of the Preferred Shares, Series B shall not be entitled to share in any further distribution of the assets of the Company.

**1.5 Redeemable by the Company.**

- (a) The Company may redeem at any time the whole or from time to time part of any Preferred Shares, Series B then outstanding on payment of the Redemption Amount for each such share to be redeemed.

- (b) If only part of the Preferred Shares, Series B is at any time to be redeemed, the shares to be redeemed shall be selected by the directors in their absolute discretion and need not be redeemed pro rata.
- (c) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.
- (d) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Preferred Shares, Series B to be redeemed shall be made by such method as determined by the directors of the Company, including by issuance of a promissory note by the Company or by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such promissory note or cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation.
- (e) The Company shall have the right, at any time on or after the date of the Redemption Notice, to deposit the Redemption Amount of the Preferred Shares, Series B called for redemption, or of such of the Preferred Shares, Series B which are represented by certificate(s) which have not at the date of such deposit been surrendered by the holders in connection with such redemption to a special account maintained by the Company with any chartered bank or any trust company in Calgary, Alberta designated by the Company (the "Trustee") to be paid without interest to or to the order of the respective holders of such Preferred Shares, Series B called for redemption upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made the Preferred Shares, Series B in respect of which such deposit shall have been made shall be deemed to be redeemed and shall be cancelled. The rights of the holders thereof after such deposit shall be limited to receiving without interest their proportionate part of the total amount so deposited against presentation and surrender to the Trustee of the certificate(s) representing the Preferred Shares, Series B to be redeemed. Any interest allowed on any such deposit shall belong to the Company.
- (f) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Preferred Shares, Series B to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the Canada Business Corporations Act or any other applicable law.
- (g) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a

period of one year from the Redemption Date shall be forfeited to the Company.

**1.6 Retractable by the Holder.**

- (a) Any holder of Preferred Shares, Series B may, at the holder's option, at any time, upon giving notice as provided in 1.6(b), require the Company to redeem at any time the whole or from time to time any part of the Preferred Shares, Series B held by the holder by payment of the Redemption Amount for each share to be redeemed.
- (b) If a holder of Preferred Shares, Series B desires the Company to redeem any of the holder's Preferred Shares, Series B, the holder shall, at least 60 days before the date specified for redemption (the "Retraction Date"), give to the Company, at its Registered Office written notice thereof (the "Retraction Notice").
- (c) The Retraction Notice shall set out the Retraction Date and if only part of a class of Preferred Shares, Series B held by such shareholder is to be redeemed, the number thereof so to be redeemed.
- (d) On the Retraction Date, the Company shall pay or cause to be paid, to the order of the registered holder of the Preferred Shares, Series B to be redeemed, the Redemption Amount for each such share, on presentation and surrender at the Registered Office of the Company of the certificate(s) for such shareholder's Preferred Shares, Series B to be redeemed.
- (e) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Preferred Shares, Series B to be redeemed shall be made by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation. Such Preferred Shares, Series B shall thereupon be deemed to be redeemed and shall be cancelled.
- (f) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.
- (g) If a holder of Preferred Shares, Series B gives a Retraction Notice but fails to present the certificate(s) for such holder's Preferred Shares, Series B to be redeemed on the Retraction Date, the Retraction Notice given by such holder shall be null and void and the Company shall have no obligation to make the redemption called for in the Retraction Notice. Notwithstanding the foregoing, the Company shall have the right to proceed with such redemption notwithstanding such failure. If the Company elects to proceed,

the Company shall deposit the Redemption Amount for the Preferred Shares, Series B to be redeemed in a special account maintained by the Company with any chartered bank or trust company in Calgary, Alberta (the "Trustee"), to be paid without interest to or to the order of the holder of such Preferred Shares, Series B upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made, the Preferred Shares, Series B in respect of which such deposit shall have been made shall thereupon be deemed to be redeemed and shall be cancelled. The rights of the holder thereof after such deposit shall be limited to receiving without interest the amount so deposited upon presentation and surrender to the Trustee of the certificate(s) representing the Preferred Shares, Series B to be redeemed. Any interest allowed on any such deposit shall belong to the Company.

- (h) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Preferred Shares, Series B to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the Canada Business Corporations Act or any other applicable law.
- (i) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the Retraction Date shall be forfeited to the Company.

#### **1.7 Specified Amount.**

The "specified amount" for purposes of subsection 191(4) of the Income Tax Act (Canada) in respect of each Preferred Share, Series B shall be the amount specified by a director or an officer of the Company in a certificate that is made effective concurrently with the issuance of the Preferred Shares, Series B (expressed in a dollar amount).

BY-LAW NO. 1

A by-law relating generally to the  
transaction of the business and  
affairs of

SILVERWILLOW ENERGY CORPORATION

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Contents

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BE IT ENACTED as a by-law of the Corporation as follows:

## SECTION ONE

### INTERPRETATION

1.01 Definitions. - In the by-laws of the Corporation, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act*, or any statute that may be substituted therefor, and the regulations to the Act, as from time to time amended;

"appoint" includes "elect" and vice versa;

"articles" means the articles attached to the certificate of incorporation of the Corporation, as from time to time amended or restated;

"board" means the board of directors of the Corporation;

"by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

"Corporation" means the corporation incorporated under the Act by the said certificate to which the articles are attached, and named "SilverWillow Energy Corporation"

"including" means including, without limitation;

"meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; and "special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

"prescribed" means prescribed in accordance with the Act; and

"recorded address" has the meaning set forth in section 11.08.

Save as aforesaid, words and expressions defined in the Act, including "distributing corporation", "electronic document" and "resident Canadian", have the same meanings when used herein. Words importing the singular number include the plural and vice versa; and words importing a person include an individual, partnership, association, body corporate, trustee, executor, administrator and legal representative.

## SECTION TWO

### BUSINESS OF THE CORPORATION

2.01 Registered Office. - The registered office of the Corporation shall be in the province in Canada from time to time specified in the articles, and at such location therein initially as is specified in the notice thereof filed with the articles and thereafter as the board may from time to time determine.

2.02 Corporate Seal. - The Corporation may, but need not, adopt a corporate seal and if one is adopted it shall be in a form approved from time to time by the board.

2.03 Financial Year. - Until changed by the board, the financial year of the Corporation shall end on the last day of December in each year.

2.04 Execution of Instruments. - Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by one person, who holds the office of chair of the board, chief executive officer, chief financial officer, president, vice-president, secretary, treasurer or director or any other office created by by-law or by the board. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same.

2.05 Banking Arrangements. - The banking business of the Corporation, including the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe.

2.06 Voting Rights in Other Bodies Corporate. - The signing officers of the Corporation under section 2.04 may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments shall be in favour of such persons as may be determined by the officers executing or arranging for the same. In addition, the board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.07 Divisions. - The board may cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including types of business or operations, geographical territories, product lines or goods or services, as may be considered appropriate in each case. In connection with any such division the board or, subject to any direction by the board, the chief executive officer may authorize from time to time, upon such basis as may be considered appropriate in each case:

- (a) Subdivision and Consolidation - the further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such divisions and sub-units;
  - (b) Name - the designation of any such division or sub-unit by, and the carrying on of the business and operations of, any such division or sub-unit under, a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all places required by law; and
  - (c) Officers - the appointment of officers for any such division or sub-unit, the determination of their powers and duties, and the removal of any of such officers so appointed, provided that any such officers shall not, as such, be officers of the Corporation.
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## SECTION THREE

### BORROWING AND SECURITY

3.01 Borrowing Power. - Without limiting the borrowing powers of the Corporation as set forth in the Act, but subject to the articles, the board may from time to time on behalf of the Corporation, without authorization of the shareholders:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell, pledge or hypothecate bonds, debentures, notes or other evidences of indebtedness or guarantee of the Corporation, whether secured or unsecured;
- (c) give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Corporation.

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.02 Delegation. - Unless the articles of the Corporation otherwise provide, the board may from time to time delegate to a director, a committee of the board, or an officer of the Corporation any or all of the powers conferred on the board by section 3.01 to such extent and in such manner as the board may determine at the time of such delegation.

## SECTION FOUR

### DIRECTORS

4.01 Number of Directors. - Until changed in accordance with the Act, the board shall consist of not fewer than the minimum number and not more than the maximum number of directors provided in the articles. The board shall consist of not fewer than the minimum number of directors required by the Act for a distributing corporation.

4.02 Qualification. - No person shall be qualified for election as a director if such person is less than 18 years of age, is of unsound mind and has been so found by a court in Canada or elsewhere, is not an individual, or has the status of a bankrupt. Unless the articles otherwise provide, a director need not be a shareholder. Subject to the Act, at least 25 per cent of the directors shall be resident Canadians, or if the number of directors is fewer than four, at least one director shall be a resident Canadian. At least such number of directors as may be specified by the Act, other applicable law or stock exchange requirements shall not be officers or employees of the Corporation or of its affiliates.

4.03 Election and Term. - The election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors otherwise determine. Where the shareholders adopt an amendment to the articles to increase the number or maximum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment. The election shall be by resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

4.04 Removal of Directors. - Subject to the Act, the shareholders may by resolution passed at a meeting of shareholders specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting, failing which, subject to the Act, it may be filled by the board.

4.05 Vacation of Office. - A director ceases to hold office on death, on removal from office by the shareholders, on ceasing to be qualified for election as a director, on receipt of a written resignation by the Corporation, or, if a time is specified in such resignation, at the time so specified, whichever is later. Subject to the Act, a quorum of the board may appoint a qualified individual to fill a vacancy in the board

4.06 Appointment of Additional Directors. - If the articles of the Corporation so provide, the directors may, within the maximum number permitted by the articles, appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of the shareholders, but 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.

4.07 Action by the Board. - The board shall manage, or supervise the management of, the business and affairs of the Corporation. The powers of the board may be exercised at a meeting (subject to sections 4.08 and 4.09) at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

4.08 Canadian Directors Present at Meetings. - Subject to the Act, the board shall not transact business at a meeting, other than filling a vacancy in the board, unless at least 25 per cent of the directors present are resident Canadians, or if the Corporation has fewer than four directors, at least one of the directors present is a resident Canadian, except where

- (a) a resident Canadian director who is unable to be present approves in writing, or by telephonic, electronic or other communication facility, the business transacted at the meeting; and
- (b) the required number of resident Canadians would have been present had that director been present at the meeting.

4.09 Meeting by Telephone. - Subject to the Act, if all the directors of the Corporation consent thereto generally or in respect of a particular meeting, a director may participate in a meeting of the board or of a committee of the board by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board.

4.10 Place of Meetings. - Subject to the articles, meetings of the board may be held at any place in or outside Canada.

4.11 Calling of Meetings. - Meetings of the board shall be held from time to time at such time and at such place as the board, the chair of the board, the chief executive officer, the president or any two directors may determine.

4.12 Notice of Meeting. - Notice of the time and place of each meeting of the board shall be given in the manner provided in Section Eleven to each director not less than 48 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including, if required by the Act, any proposal to:

- (a) submit to the shareholders any question or matter requiring approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
- (c) issue securities except as authorized by the board;
- (d) issue shares of a series except as authorized by the board;
- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (g) pay a commission for the sale of shares except as authorized by the board;
- (h) approve a management proxy circular;
- (i) approve a take-over bid circular or directors' circular;
- (j) approve any annual financial statements; or
- (k) adopt, amend or repeal by-laws.

4.13 First Meeting of New Board. - Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

4.14 Adjourned Meeting. - Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.15 Regular Meetings. - The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

4.16 Chair. - The chair of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chair of the board, chief executive officer or president. If no such officer is present, the directors present shall choose one of their number to be chair.

4.17 Quorum. - Subject to the articles and subject to section 4.08, the quorum for the transaction of business at any meeting of the board shall consist of two directors or such greater number of directors as the board may from time to time determine.

4.18 Votes to Govern. - At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chair of the meeting shall not be entitled to a second or casting vote.

4.19 Conflict of Interest. - A director or officer of the Corporation shall disclose to the Corporation, in the manner and to the extent provided by the Act, any interest that such director or officer has in a material contract or transaction, whether made or proposed, with the Corporation, if such director or officer (a) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction. Such a director shall not vote on any resolution to approve the same except as provided by the Act.

4.20 Remuneration and Expenses. - The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

## SECTION FIVE

### COMMITTEES

5.01 Committees of the Board. - The board may appoint one or more committees of the board, however designated, and delegate to any such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of the board has no authority to exercise.

5.02 Transaction of Business. - The powers of a committee of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Canada.

5.03 Audit Committee. The board shall appoint annually from among its number an audit committee to be composed of not fewer than three directors. At least such number of directors as may be specified by the Act, other applicable law or stock exchange requirements shall not be officers or employees of the Corporation or its affiliates. The audit committee shall have the powers and duties provided in the Act and in other applicable law and in addition, such other powers and duties as the board may determine.

5.04 Advisory Bodies. - The board may from time to time appoint such advisory bodies as it may deem advisable.

5.05 Procedure. - Unless otherwise determined by the board, each committee and advisory body shall have power to fix its quorum at not less than a majority of its members, to elect its chair and to regulate its procedure.

## SECTION SIX

### OFFICERS

6.01 Appointment. - The board may from time to time appoint a chief executive officer, a president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. One person may hold more than one office. The board may specify the duties of and, in accordance with this by-law and subject to the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to section 6.02, an officer may but need not be a director.

6.02 Chair of the Board. - The board shall from time to time also appoint a chair of the board who shall be a director. The board may also appoint the chair of the board as the chief executive officer. The board may assign to the chair any of the powers and duties that are by any provisions of this by-law assigned to the chief executive officer. The chair shall have such other powers and duties as the board may specify.

6.03 Chief Executive Officer. - The chief executive officer shall be the chief executive officer and, subject to the authority of the board, shall have general supervision of the business and affairs of the Corporation and such other powers and duties as the board may specify. During the absence or disability of the president, or if no president has been appointed, the chief executive officer shall also have the powers and duties of that office.

6.04 President. - The president shall be the chief operating officer and, subject to the authority of the chief executive officer, shall have such other powers and duties as the board may specify. If no chief executive officer is appointed by the board, the president shall be the chief executive officer.

6.05 Secretary. - The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat. The secretary shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board. The secretary shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, records and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose, and shall have such other powers and duties as otherwise may be specified.

6.06 Treasurer. - The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation. The treasurer shall render to the board whenever required an account of all transactions as treasurer and of the financial position of the Corporation and shall have such other powers and duties as otherwise may be specified.

6.07 Powers and Duties of Officers. - The powers and duties of all officers shall be such as the terms of their engagement call for or as the board or (except for those whose powers and duties are to be specified only by the board) the chief executive officer may specify. The board and (except as aforesaid) the chief executive officer may, from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

6.08 Term of Office. - The board, in its discretion, may remove any officer of the Corporation. Otherwise each officer appointed by the board shall hold office until a successor is appointed or until the officer resigns.

6.09 Agents and Attorneys. - The Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to subdelegate) of management, administration or otherwise as may be thought fit.

6.10 Conflict of Interest. - An officer shall disclose any interest in a material contract or material transaction, whether made or proposed, with the Corporation in accordance with section 4.19.

## SECTION SEVEN

### PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.01 Limitation of Liability. - All directors and officers of the Corporation in exercising their powers and discharging their duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, and without limiting any defences available to a director or an officer under the Act or otherwise, no director or officer shall be liable for the acts, omissions, failures, neglects or defaults of any other director, officer or employee, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on the part of such director or officer, or for any other loss, damage or misfortune which shall happen in the execution of the duties of office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act or from liability for any breach thereof.

7.02 Indemnity. - Subject to the Act, the Corporation shall indemnify a director or an officer, a former director or officer, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation, or other entity, if such individual (a) acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

7.03 Advance of Costs. - The Corporation shall advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in section 7.02. The individual shall repay the moneys if the individual does not fulfil the conditions of section 7.02.

7.04 Additional Circumstances. - The Corporation shall also indemnify an individual referred to in section 7.02 in such other circumstances as the Act or law permits or requires. Nothing in this by-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

7.05            Insurance. - Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of an individual referred to in section 7.02 hereof as the board may from time to time determine.

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## SECTION EIGHT

### SHARES

8.01 Allotment of Shares. - Subject to the Act and the articles, the board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

8.02 Commissions. - The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares. The board may, to the extent permitted by the Act, delegate this authority to a committee of directors.

8.03 Registration of Transfers. - Subject to the Act, no transfer of a share shall be registered in a securities register except upon compliance with the reasonable requirements of the Corporation and its transfer agents.

8.04 Non-recognition of Trusts. - Subject to the Act, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

8.05 Share Certificates. - Every holder of one or more shares of the Corporation shall be entitled, at the holder's option, to a share certificate, or to a non-transferable written acknowledgement of such right to obtain a share certificate, stating the number and class or series of shares held by such holder as shown on the securities register. Subject to the Act, such certificates shall be in such form as the board may from time to time approve. Any such certificate shall be signed in accordance with section 2.04 and need not be under the corporate seal. Notwithstanding the foregoing, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers under section 2.04 or, in the case of a certificate which is not valid unless countersigned by or on behalf of a transfer agent and/or registrar and in the case of a certificate which does not require a manual signature under the Act, the signatures of both signing officers under section 2.04 may be printed or otherwise mechanically reproduced in facsimile thereon. Every such facsimile or portable document format signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

8.06            Replacement of Share Certificates. - The board or any officer or agent designated by the board may direct the issue of a new share or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

8.07            Joint Shareholders. - If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

8.08            Deceased Shareholders. - In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

8.09            Transfer Agents and Registrars. - The board may from time to time appoint one or more agents to maintain, in respect of each class of shares of the Corporation issued by it, a central securities register and one or more branch securities registers. Such a person may be designated as transfer agent or registrar according to the functions of such person and one person may be designated both registrar and transfer agent subject to any applicable stock exchange requirements. The board may at any time terminate such appointment.

8.10            Record Dates. - The board may, within the prescribed period, fix in advance a date as the record date for the purpose of determining the shareholders: (a) entitled to receive notice of a meeting of shareholders; (b) entitled to vote at a meeting of shareholders; (c) entitled to receive payment of a dividend; or (d) for any other purpose, and, unless waived in accordance with the Act, notice of any such record date shall be given within the prescribed period in the manner provided in the Act.

## SECTION NINE

### DIVIDENDS

9.01 Dividends. - Subject to the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation. Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

9.02 Dividend Cheques. - A dividend payable in money shall be paid by cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the holder's recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold. In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.03 Record Date. - The board may, within the prescribed period, fix in advance a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend and notice of the record date shall be given within the prescribed period in the manner provided by the Act. If no date is so fixed, the record date for the determination of the shareholders entitled to receive payment of any dividend or for such other purposes shall be at the close of business on the day on which the directors pass the resolution relating thereto.

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## SECTION TEN

### MEETINGS OF SHAREHOLDERS

10.01 Annual Meetings. - Subject to the Act, the board shall call an annual meeting of shareholders: (a) not later than 18 months after the Corporation comes into existence; and (b) subsequently, not later than 15 months after holding the last preceding annual meeting but no later than six months after the end of the Corporation's preceding financial year. The annual meeting of shareholders shall be held for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

10.02 Special Meetings. - The board shall have power to call a special meeting of shareholders at any time.

10.03 Place of Meetings. - Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in Canada if the board shall so determine. A meeting of shareholders may be held at a place outside Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place. A shareholder who attends a meeting of shareholders held outside Canada is deemed to have agreed to it being held outside Canada except when the shareholder attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held. A meeting held pursuant to section 10.05 shall be deemed to be held at the place where the registered office of the Corporation is located.

10.04 Participation in Meeting by Electronic Means. - Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting.

10.05 Meeting held by Electronic Means. - If the directors or the shareholders of the Corporation call a meeting of shareholders pursuant to the Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

10.06 Notice of Meetings. - Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section Eleven within the prescribed period to each director, to the auditor, and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any

purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting.

10.07 List of Shareholders Entitled to Notice. - For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting, within the time period required by the Act. If a record date for notice of the meeting is fixed pursuant to section 10.08, the shareholders listed shall be those registered at the close of business on such record date. If no record date for notice is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given or, where no such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared. Where a separate list of shareholders has not been prepared, the names of persons appearing in the securities register at the requisite time as the holder of one or more shares carrying the right to vote at such meeting shall be deemed to be a list of shareholders.

10.08 Record Date for Notice. - The board may, within the prescribed period, fix in advance a date as the record date for the purpose of determining the shareholders entitled to vote at a meeting of shareholders and notice of the record date shall be given within the prescribed period in the manner provided by the Act. If no such record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, shall be the day on which the meeting is held.

10.09 Meetings Without Notice. - A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present or duly represented or if those not present or represented waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held; so long as such shareholders, auditors or directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or duly represented, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

10.10 Chair, Secretary and Scrutineers. - The chair of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chair of the board, the chief executive officer, president, or a vice president who is a shareholder. If no such officer is present within 15 minutes from the time

fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair. If the secretary of the Corporation is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chair with the consent of the meeting.

10.11 Persons Entitled to be Present. - The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

10.12 Quorum. - Subject to the Act in respect of a majority shareholder, a quorum for the transaction of business at any meeting of shareholders shall be two persons present, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled, and together holding or representing shares of the Corporation having not less than 10% of the outstanding votes entitled to be cast at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

10.13 Right to Vote. - The board may, within the prescribed period, fix in advance a date as the record date for the purpose of determining the shareholders entitled to vote at a meeting of shareholders and notice of the record date shall be given within the prescribed period in the manner provided by the Act. If a record date for voting is fixed, the Corporation shall prepare, within the time period required by the Act, an alphabetical list of shareholders who are entitled to vote as of the record date that shows the number of shares held by each shareholder. If no record date for voting is fixed, the Corporation shall prepare, within the time period required by the Act, an alphabetical list of shareholders who are entitled to vote as of the record date determined under the Act that shows the number of shares held by each shareholder. Each shareholder whose name appears on the list prepared as aforesaid is entitled to vote the shares shown opposite their name at the meeting to which the list relates.

10.14 Proxyholders and Representatives. - Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, to attend and act as the shareholder's representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or the shareholder's attorney authorized in writing and shall conform with the requirements of the Act. The Corporation shall recognize any individual authorized by a resolution of the directors or governing body of a body corporate or association to represent it at a meeting of shareholders and such individual may exercise on the shareholder's behalf all the

powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the secretary of the Corporation or the chair of the meeting. Any such proxyholder or representative need not be a shareholder.

10.15 Time for Deposit of Proxies. - The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours, excluding Saturdays and holidays, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or if, no such time having been specified in such notice, it has been received by the secretary of the Corporation or by the chair of the meeting or any adjournment thereof prior to the time of voting.

10.16 Joint Shareholders. - If two or more persons hold shares jointly, any one of them present or duly represented at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present or represented and vote, they shall vote as one the shares jointly held by them.

10.17 Votes to Govern. - At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chair of the meeting shall not be entitled to a second or casting vote.

10.18 Show of Hands. - Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote, subject to any provision of the Act restricting the ability of a proxyholder or alternate proxyholder to vote by way of show of hands where such person has conflicting instructions from more than one shareholder. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or defeated and an entry to that effect in the minutes of the meeting shall be prima facie proof of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question. Any vote referred to in section 10.17 and this section 10.18 may be held, subject to and in accordance with the Act, partly or entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility. Any person participating in a meeting of shareholders under section 10.04 or 10.05 and entitled to vote at that meeting may vote, subject to and in accordance with the Act by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

10.19 Ballots. - On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chair may require a

ballot or any person who is present and entitled to vote on such question at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which such person is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

10.20        Adjournment. - The chair at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

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## SECTION ELEVEN

### NOTICES

11.01 Method of Giving Notices. - Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given, subject to any provisions in the Act regarding certain types of communications or documents, if delivered personally to the person to whom it is to be given; if delivered to the person's recorded address or if mailed to such person at such recorded address by prepaid ordinary mail; if sent to such person at such recorded address by any means of prepaid transmitted or recorded communication; or by providing an electronic document subject to and in accordance with the Act. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication or by providing an electronic document shall be deemed to have been given when dispatched or delivered for dispatch. A notice so delivered shall be deemed to have been received when it is personally delivered; a notice so mailed shall be deemed to be received at the time it would be delivered in the ordinary course of mail and a notice so sent shall be deemed to have been received on the day it is transmitted. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by the secretary to be reliable.

11.02 Notice to Joint Shareholders. - If two or more persons are registered as joint holders of any share, any notice may be addressed to all such joint holders, but notice addressed to one of such persons shall be sufficient notice to all of them.

11.03 Computation of Time. - In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the day of giving the notice shall be excluded and the day of the meeting or other event shall be included.

11.04 Undelivered Notices. - If any notice given to a shareholder pursuant to section 11.01 is returned on two consecutive occasions because the shareholder cannot be found, the Corporation shall not be required to give any further notices to such shareholder until informed in writing by the shareholder of a new address.

11.05 Omissions and Errors. - The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

11.06 Persons Entitled by Death or Operation of Law. - Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives title to such share prior to the name and address of such person being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to such person furnishing to the Corporation the proof of authority or evidence of entitlement prescribed by the Act.

11.07 Waiver of Notice. - Any shareholder, proxyholder, director, officer, auditor or member of a committee of the board, or any other person entitled to receive notice of a meeting of shareholders or any other notice from the Corporation, may at any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under the Act, the articles, the by-laws or otherwise, and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or a committee of the board which may be given in any manner.

11.08 Interpretation. - In the by-laws, "recorded address" means: in the case of a shareholder, the address as recorded in the securities register; in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, the latest address as shown in the records of the Corporation.

11.09 Electronic Documents. - A requirement under these by-laws that a notice, document or other information be provided in writing may be satisfied by providing an electronic document and a requirement under these by-laws for a signature or that a document be executed, in relation to an electronic document, may be satisfied, in each case, if the requirements in the Act in respect thereof are met.

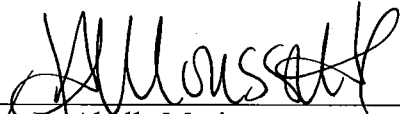
SECTION TWELVE

EFFECTIVE DATE

12.01 Effective Date. - This by-law shall come into force when made by the board in accordance with the Act.

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The foregoing by-law was made by the directors of the Corporation on the 5<sup>th</sup> day of January, 2012, and was confirmed without variation by the shareholders of the Corporation on the 5<sup>th</sup> day of January, 2012.



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Jina D. Abells Morisette  
Vice President, Legal and Administration  
and Corporate Secretary