

**CANACCORD GENUITY GROUP INC.  
(formerly Canaccord Financial Inc., Canaccord Capital Inc.  
and Canaccord Holdings Ltd.; the “Company”)**

**ARTICLES**

Restatement of the articles: (a) appendix “C” to the Plan of Arrangement; (b) amendment passed by the shareholders at the Extraordinary General Meeting of April 15, 2011; (c) amendment passed by the Board of Directors at their meeting of June 9, 2011; (d) amendment passed by the Board of Directors at their meeting of March 25, 2012; and (e) amendments passed by the shareholders at the Annual General Meeting of August 3, 2017.

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## **1. INTERPRETATION**

### **1.1 Definitions**

In these Articles, unless the context otherwise requires:

- (a) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (b) “*Business Corporations Act*” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (c) “legal personal representative” means the personal or other legal representative of the shareholder;
- (d) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (e) “seal” means the seal of the Company, if any;

### **1.2 *Business Corporations Act and Interpretation Act Definitions Applicable***

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

## **2. SHARES AND SHARE CERTIFICATES**

### **2.1 Authorized Share Structure**

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

### **2.2 Form of Share Certificate**

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

### **2.3 Shareholder Entitled to Certificate or Acknowledgment**

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder’s name or (b) a non-transferable written acknowledgment of the shareholder’s right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more

than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

## **2.4 Delivery by Mail**

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

## **2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (b) issue a replacement share certificate or acknowledgment, as the case may be.

## **2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment**

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (b) any indemnity the directors consider adequate.

## **2.7 Splitting Share Certificates**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

## **2.8 Certificate Fee**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

## **2.9 Recognition of Trusts**

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

## **3. ISSUE OF SHARES**

### **3.1 Directors Authorized**

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

### **3.2 Commissions and Discounts**

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

### **3.3 Brokerage**

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

### **3.4 Conditions of Issue**

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (a) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (i) past services performed for the Company;
  - (ii) property;
  - (iii) money; and
- (b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.



### **3.5 Share Purchase Warrants and Rights**

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## **4. SHARE REGISTERS**

### **4.1 Central Securities Register**

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

### **4.2 Closing Register**

The Company must not at any time close its central securities register.

## **5. SHARE TRANSFERS**

### **5.1 Registering Transfers**

A transfer of a share of the Company must not be registered unless:

- (a) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

### **5.2 Form of Instrument of Transfer**

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

### **5.3 Transferor Remains Shareholder**

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

### **5.4 Signing of Instrument of Transfer**

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

### **5.5 Enquiry as to Title Not Required**

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

### **5.6 Transfer Fee**

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

## **6. TRANSMISSION OF SHARES**

### **6.1 Legal Personal Representative Recognized on Death**

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

## **6.2 Rights of Legal Personal Representative**

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

## **7. PURCHASE OF SHARES**

### **7.1 Company Authorized to Purchase Shares**

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

### **7.2 Purchase When Insolvent**

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (a) the Company is insolvent; or
- (b) making the payment or providing the consideration would render the Company insolvent.

### **7.3 Sale and Voting of Purchased Shares**

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (a) is not entitled to vote the share at a meeting of its shareholders;
- (b) must not pay a dividend in respect of the share; and
- (c) must not make any other distribution in respect of the share.

## **8. BORROWING POWERS**

The Company, if authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

## **9. ALTERATIONS**

### **9.1 Alteration of Authorized Share Structure Requiring Ordinary Resolution**

Subject to Article 9.3 and the *Business Corporations Act*, the Company may by ordinary resolution:

- (a) create one or more classes or series of shares;
- (b) subdivide or consolidate all or any of its fully paid issued shares;
- (c) except as otherwise provided in these Articles, alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

### **9.2 Alteration of Authorized Share Structure Requiring Directors' Resolution**

Subject to the *Business Corporations Act*, the Company may by directors' resolution:

- (a) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (b) if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (c) subdivide or consolidate all or any of its unissued shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
  - (i) decrease the par value of those shares; or
  - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares.

### **9.3 Special Rights and Restrictions**

Subject to the *Business Corporations Act*, the Company may by ordinary resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

### **9.4 Change of Name**

The Company may by directors' resolution or by ordinary resolution authorize an alteration of its Notice of Articles in order to change its name or to adopt or change any translation of that name.

### **9.5 Other Alterations**

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

## **10. MEETINGS OF SHAREHOLDERS**

### **10.1 Annual General Meetings**

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

### **10.2 Resolution Instead of Annual General Meeting**

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

### **10.3 Calling of Meetings of Shareholders**

The directors may, whenever they think fit, call a meeting of shareholders. The directors may, by a directors' resolution, approve any location inside or outside British Columbia for the holding of a meeting of shareholders.

### **10.4 Notice for Meetings of Shareholders**

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by

ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least 21 days before the meeting.

### **10.5 Record Date for Notice**

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than 21 days. If no record date is set, the record date is 5:00 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

### **10.6 Record Date for Voting**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5:00 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

### **10.7 Failure to Give Notice and Waiver of Notice**

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

### **10.8 Notice of Special Business at Meetings of Shareholders**

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (a) state the general nature of the special business; and
- (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
  - (i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
  - (ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

## **11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

### **11.1 Special Business**

At a meeting of shareholders, the following business is special business:

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (b) at an annual general meeting, all business is special business except for the following:
  - (i) business relating to the conduct of or voting at the meeting;
  - (ii) consideration of any financial statements of the Company presented to the meeting;
  - (iii) consideration of any reports of the directors or auditor;
  - (iv) the setting or changing of the number of directors;
  - (v) the election or appointment of directors;
  - (vi) the appointment of an auditor;
  - (vii) the setting of the remuneration of an auditor;
  - (viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
  - (ix) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

### **11.2 Special Majority**

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

### **11.3 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 25% of the issued shares entitled to be voted at the meeting.

#### **11.4 One Shareholder May Constitute Quorum**

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (a) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (b) that shareholder, present in person or by proxy, may constitute the meeting.

#### **11.5 Other Persons May Attend**

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

#### **11.6 Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

#### **11.7 Lack of Quorum**

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

#### **11.8 Lack of Quorum at Succeeding Meeting**

If, at the meeting to which the meeting referred to in Article 11.7(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

#### **11.9 Chair**

The following individual is entitled to preside as chair at a meeting of shareholders:

- (a) the chair of the board, if any; or



- (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

#### **11.10 Selection of Alternate Chair**

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

#### **11.11 Adjournments**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### **11.12 Notice of Adjourned Meeting**

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

#### **11.13 Decisions by Show of Hands or Poll**

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

#### **11.14 Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

#### **11.15 Motion Need Not be Seconded**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

### **11.16 Casting Vote**

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

### **11.17 Manner of Taking Poll**

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (a) the poll must be taken:
  - (i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
  - (ii) in the manner, at the time and at the place that the chair of the meeting directs;
- (b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (c) the demand for the poll may be withdrawn by the person who demanded it.

### **11.18 Demand for Poll on Adjournment**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

### **11.19 Chair Must Resolve Dispute**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

### **11.20 Casting of Votes**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

### **11.21 Demand for Poll**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

### **11.22 Demand for Poll Not to Prevent Continuance of Meeting**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

### **11.23 Retention of Ballots and Proxies**

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

## **12. VOTES OF SHAREHOLDERS**

### **12.1 Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

### **12.2 Votes of Persons in Representative Capacity**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

### **12.3 Votes by Joint Holders**

If there are joint shareholders registered in respect of any share:

- (a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

### **12.4 Legal Personal Representatives as Joint Shareholders**

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

## **12.5 Representative of a Corporate Shareholder**

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (a) for that purpose, the instrument appointing a representative must:
  - (i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
  - (ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (b) if a representative is appointed under this Article 12.5:
  - (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

## **12.6 Proxy Provisions Do Not Apply to All Companies**

Articles 12.7 to 12.15 apply only insofar as they are not inconsistent with any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and insofar as they are not inconsistent with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation.

## **12.7 Appointment of Proxy Holders**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

## **12.8 Alternate Proxy Holders**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

## **12.9 When Proxy Holder Need Not Be Shareholder**

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

## **12.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:

- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

## **12.11 Validity of Proxy Vote**

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

## 12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

*[name of company]*  
(the “Company”)

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder):

\_\_\_\_\_

The undersigned hereby declares that the undersigned (i) does not own, hold or control, directly or indirectly, a “Significant Equity Interest” (as such term is defined in the articles of the Company) contrary to any of the “Significant Equity Interest Requirements” (as such term is defined in the articles of the Company); and (ii) has not, in respect of any securities of the Company, been required by the Company or its transfer agent to provide a declaration referred to in article 27 of the articles of the Company or other information reasonably necessary to assist the directors of the Company in making a determination whether the provisions of the Significant Equity Interest Requirements are or may be contravened in any circumstances and not provided that declaration or information; and (iii) will forthwith advise the aforementioned proxy holder if the foregoing ceases to be true at any time before the holding of the meeting, including any adjournment of the meeting.

Signed *[month, day, year]*

\_\_\_\_\_  
*[Signature of shareholder]*

\_\_\_\_\_  
*[Name of shareholder—printed]*

## 12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) provided, at the meeting, to the chair of the meeting.

### **12.14 Revocation of Proxy Must Be Signed**

An instrument referred to in Article 12.13 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

### **12.15 Production of Evidence of Authority to Vote**

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

## **13. DIRECTORS**

### **13.1 Number of Directors**

The number of directors, excluding additional directors appointed under Article 14.8, is set at the greater of three and the most recently set of:

- (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
- (b) the number of directors set under Article 14.4.

### **13.2 Change in Number of Directors**

If the number of directors is set under Article 13.1(a):

- (a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (b) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

### **13.3 Directors' Acts Valid Despite Vacancy**

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

### **13.4 Qualifications of Directors**

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

### **13.5 Remuneration of Directors**

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

### **13.6 Reimbursement of Expenses of Directors**

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

### **13.7 Special Remuneration for Directors**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

### **13.8 Gratuity, Pension or Allowance on Retirement of Director**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## **14. ELECTION AND REMOVAL OF DIRECTORS**

### **14.1 Election at Annual General Meeting**

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and



- (b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

#### **14.2 Consent to be a Director**

No election, appointment or designation of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director.

#### **14.3 Failure to Elect or Appoint Directors**

If:

- (a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (c) when his or her successor is elected or appointed; and
- (d) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

#### **14.4 Places of Retiring Directors Not Filled**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

#### **14.5 Directors May Fill Casual Vacancies**

Any casual vacancy occurring in the board of directors may be filled by the directors.

#### **14.6 Remaining Directors Power to Act**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

#### **14.7 Shareholders May Fill Vacancies**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

#### **14.8 Additional Directors**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8. Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(a), but is eligible for re-election or re-appointment.

#### **14.9 Ceasing to be a Director**

A director ceases to be a director when:

- (a) the term of office of the director expires;
- (b) the director dies;
- (c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (d) the director is removed from office pursuant to Articles 14.10 or 14.11.

#### **14.10 Removal of Director by Shareholders**

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

#### **14.11 Removal of Director by Directors**

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a

director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

## **15. POWERS AND DUTIES OF DIRECTORS**

### **15.1 Powers of Management**

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

### **15.2 Appointment of Attorney of Company**

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

## **16. DISCLOSURE OF INTEREST OF DIRECTORS**

### **16.1 Obligation to Account for Profits**

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

### **16.2 Restrictions on Voting by Reason of Interest**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

### **16.3 Interested Director Counted in Quorum**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

#### **16.4 Disclosure of Conflict of Interest or Property**

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

#### **16.5 Director Holding Other Office in the Company**

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

#### **16.6 No Disqualification**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

#### **16.7 Professional Services by Director or Officer**

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

#### **16.8 Director or Officer in Other Corporations**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

### **17. PROCEEDINGS OF DIRECTORS**

#### **17.1 Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

#### **17.2 Voting at Meetings**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

### **17.3 Chair of Meetings**

The following individual is entitled to preside as chair at a meeting of directors:

- (a) the chair of the board, if any;
- (b) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (c) any other director chosen by the directors if:
  - (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
  - (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
  - (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

### **17.4 Meetings by Telephone or Other Communications Medium**

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **17.5 Calling of Meetings**

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

### **17.6 Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 23.1 or orally or by telephone.

### **17.7 When Notice Not Required**

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (b) the director or alternate director, as the case may be, has waived notice of the meeting.

### **17.8 Meeting Valid Despite Failure to Give Notice**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

### **17.9 Waiver of Notice of Meetings**

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

### **17.10 Quorum**

The quorum necessary for the transaction of the business of the directors is a majority of the directors.

### **17.11 Validity of Acts Where Appointment Defective**

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

### **17.12 Consent Resolutions in Writing**

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if

each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **18. EXECUTIVE AND OTHER COMMITTEES**

### **18.1 Appointment and Powers of Executive Committee**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (a) the power to fill vacancies in the board of directors;
- (b) the power to remove a director;
- (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

### **18.2 Appointment and Powers of Other Committees**

The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:
  - (i) the power to fill vacancies in the board of directors;
  - (ii) the power to remove a director;
  - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (iv) the power to appoint or remove officers appointed by the directors; and

- (c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **18.3 Obligations of Committees**

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) report every act or thing done in exercise of those powers at such times as the directors may require.

### **18.4 Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

### **18.5 Committee Meetings**

Subject to Article 18.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

- (a) the committee may meet and adjourn as it thinks proper;
- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.



## **19. OFFICERS**

### **19.1 Directors May Appoint Officers**

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

### **19.2 Functions, Duties and Powers of Officers**

The directors may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

### **19.3 Qualifications**

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

### **19.4 Remuneration and Terms of Appointment**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

## **20. INDEMNIFICATION**

### **20.1 Definitions**

In this Article 20:

- (a) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (b) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

- (i) is or may be joined as a party; or
  - (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (c) “expenses” has the meaning set out in the *Business Corporations Act*.

## **20.2 Mandatory Indemnification of Directors and Former Directors**

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

## **20.3 Indemnification of Other Persons**

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

## **20.4 Non-Compliance with *Business Corporations Act***

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Article 20.

## **20.5 Company May Purchase Insurance**

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (a) is or was a director, alternate director, officer, employee or agent of the Company;
- (b) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (c) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (d) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## **21. DIVIDENDS**

### **21.1 Payment of Dividends Subject to Special Rights**

The provisions of this Article 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

### **21.2 Declaration of Dividends**

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

### **21.3 No Notice Required**

The directors need not give notice to any shareholder of any declaration under Article 21.2.

### **21.4 Record Date**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

### **21.5 Manner of Paying Dividend**

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

### **21.6 Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (a) set the value for distribution of specific assets;
- (b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

### **21.7 When Dividend Payable**

Any dividend may be made payable on such date as is fixed by the directors.

### **21.8 Dividends to be Paid in Accordance with Number of Shares**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

## **21.9 Receipt by Joint Shareholders**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

## **21.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

## **21.11 Fractional Dividends**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

## **21.12 Payment of Dividends**

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

## **21.13 Capitalization of Surplus**

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

## **22. DOCUMENTS, RECORDS AND REPORTS**

### **22.1 Recording of Financial Affairs**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

### **22.2 Inspection of Accounting Records**

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

## **23. NOTICES**

### **23.1 Method of Giving Notice**

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (a) mail addressed to the person at the applicable address for that person as follows:
  - (i) for a record mailed to a shareholder, the shareholder's registered address;
  - (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
  - (iii) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
  - (i) for a record delivered to a shareholder, the shareholder's registered address;
  - (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
  - (iii) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (e) physical delivery to the intended recipient.

### **23.2 Deemed Receipt of Mailing**

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

### **23.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other

record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 23.1 is conclusive evidence of that fact.

#### **23.4 Notice to Joint Shareholders**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

#### **23.5 Notice to Trustees**

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (a) mailing the record, addressed to them:
  - (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in paragraph (a)(i) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

### **24. SEAL**

#### **24.1 Who May Attest Seal**

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

#### **24.2 Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer.

### **24.3 Mechanical Reproduction of Seal**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

### **25A. AUTHORIZED SHARE STRUCTURE**

The authorized share structure of the Company is as follows:

- (1) An unlimited number of common shares (the “**Common shares**”), without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions as set forth below:
  - (a) The holders of the Common shares shall be entitled to receive notice of and to vote in person or by proxy at every meeting of the shareholders of the Company and shall have one vote thereat for each Common share so held, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series;
  - (b) Subject to the rights, privileges, restrictions and conditions attached to any Preferred shares of the Company and to any other shares of the Company ranking senior to the Common shares with respect to priority in the payment of dividends, the directors of the Company may, at any time and from time to time, declare a dividend and the form of dividend, and in the case of a cash dividend, the Company shall pay thereon out of the monies of the Company properly applicable to the payment of the dividends to the holders of Common shares. For the purpose hereof, the holders of Common shares shall receive dividends as may be determined from time-to-time by the directors of the Company whose determination shall be conclusive and binding upon the Company and the holders of Common shares; and
  - (c) Subject to the rights, privileges, restrictions and conditions attached to any Preferred shares of the Company and to any other shares of the Company ranking senior to the Common shares with respect to priority in the distribution of assets upon liquidation, dissolution or winding-up of the Company, in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in any other distribution of the assets of the Company among its shareholders for the purpose of

winding-up its affairs, the holders of Common share shall be entitled to share equally in the remaining property and assets of the Company.

- (2) An unlimited number of Preferred shares as a class (the “**First Preferred shares**”), without nominal or par value, issuable in series and having attached thereto, as a class, the rights, privileges, restrictions and conditions as set forth below:
- (a) The First Preferred shares shall be entitled to preference over the Common shares, the Second Preferred shares and any other shares of the Company ranking junior to the First Preferred shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, and may also be given such other preferences over the Common shares, the Second Preferred shares and any other shares of the Company ranking junior to the First Preferred shares, as may be fixed by resolution of the directors as to the respective series of First Preferred shares;
  - (b) The First Preferred shares of each series, if any, shall rank equally with the First Preferred shares of every other series of First Preferred shares with respect to priority in the payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs; and
  - (c) The First Preferred shares may, at any time and from time to time, be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be fixed by the directors of the Company. The directors may, before issuance and subject as hereinafter provided, create one or more series of the First Preferred shares and determine the designation, rights, privileges, restrictions and conditions attaching to the First Preferred shares of each series including, without limitation:
    - (i) the rate, the period or periods during which such rate shall apply, the amount or method of calculation and the priority of any dividends, whether cumulative, non-cumulative or partially cumulative, and whether such rate, amount, method of calculation or priority shall be subject to change or adjustment in the future, the currency or currencies of payment, the date or dates and place or places of payment thereof, the date or dates from which any such dividends shall accrue or become payable, and the priority of the payment of any dividends or arrears of dividends;
    - (ii) any rights of redemption or purchase by the Company for cancellation or otherwise, any fixed dates or periods of time applicable to any right of redemption or purchase, the price or prices applicable to any right of redemption or purchase, whether all or less than all of any such series is to be redeemed or purchased, and any other terms and conditions of any such rights;
    - (iii) any rights of retraction vested in the holders of any series, the price or prices applicable to any right of retraction, the terms and conditions of any such rights,



and whether any other rights of retraction may be vested in such holders in the future;

- (iv) any voting rights;
- (v) any conversion rights;
- (vi) any rights to receive the remaining property of the Company upon dissolution, liquidation or winding-up and the amount of any such rights, and the rank or priority of any such rights over other classes or series of shares, including priority in any distribution of assets upon liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary;
- (vii) provisions for any sinking fund or purchase fund associated with any series of First Preferred shares;
- (viii) the rank or priority of the First Preferred shares or any series over any other class or series of shares permitted by law;
- (ix) any approval to be given by the holders of any series with respect to approval of any amendments to the rights, privileges, restrictions or conditions attaching to that series; and
- (x) any other provisions attaching to any such series of the First Preferred shares.

(3) a first series of up to 4,600,000 of First Preferred Shares (the “**Series A First Preferred Shares**”), designated as Cumulative 5-Year Rate Reset First Preferred Shares, Series A, having the rights, privileges, restrictions and conditions as set out in Schedule “A” to these Articles.

(4) a second series of up to 4,600,000 of First Preferred Shares (the “**Series B First Preferred Shares**”), designated as Cumulative Floating Rate First Preferred Shares, Series B, having the rights, privileges, restrictions and conditions as set out in Schedule “B” to these Articles.”<sup>1</sup>

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1 At their meeting on March 25, 2012, the Board of Directors of the Company passed the following resolutions:

5. The Company is hereby authorized and directed to create the Series C Preferred Shares having the designation, rights, privileges, restrictions and conditions substantially as set out in the draft of Schedule “C” to the Articles circulated to the Board for review, subject to such amendments, variations, deletions and additions therein and thereto as any director or senior officer of the Company, on the advice of legal counsel, may approve.

6. The Company is hereby authorized and directed to create the Series D Preferred Shares having the designation, rights, privileges, restrictions and conditions substantially as set out in the draft of Schedule “D” to the Articles circulated to the Board for review, subject to such amendments, variations, deletions and additions therein and thereto as any director or senior officer of the Company, on the advice of legal counsel, may approve.

7. Any director or senior officer of the Company is hereby authorized, on behalf of the Company, to execute the Amendment of Articles in compliance with the Business Corporations Act (British Columbia)

(5) An unlimited number of Preferred shares as a class (the “**Second Preferred shares**”), without nominal or par value, issuable in series and having attached thereto, as a class, the rights, privileges, restrictions and conditions as set forth below:

- (a) The Second Preferred shares shall be subject to the prior rights of the First Preferred shares and shall be entitled to preference over the Common shares and any other shares of the Company ranking junior to the Second Preferred shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, and may also be given such other preferences over the Common shares and any other shares of the Company ranking junior to the Second Preferred shares, as may be fixed by resolution of the directors as to the respective series of the Second Preferred shares;
- (b) The Second Preferred shares of each series, if any, shall rank equally with the Second Preferred shares of every other series of Second Preferred shares with respect to priority in the payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs; and
- (c) The Second Preferred shares may, at any time and from time to time, be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be fixed by the directors of the Company. The directors may, before issuance and subject as hereinafter provided, create one or more series of the Second Preferred shares

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(the “BCBCA”) and the regulations promulgated thereunder, to which the final forms of Schedule “C” to the Articles and Schedule “D” to the Articles as authorized and approved by these resolutions are to be attached, and the Amendment of Articles, so executed, shall be the amendment of the articles of the Company authorized and approved by this resolution.

...

9. Once the Series C Preferred Shares and Series D Preferred Shares are created as contemplated by these resolutions, the authorized capital of the Company shall consist of:

- (a) an unlimited number of Common Shares, without nominal or par value;
- (b) an unlimited number of First Preferred Shares, without nominal or par value, issuable in series;
- (c) an unlimited number of Second Preferred Shares, without nominal or par value, issuable in series;
- (d) a first series of up to 4,600,000 of First Preferred Shares, designated as Cumulative 5-Year Rate Reset First Preferred Shares, Series A;
- (e) a second series of up to 4,600,000 of First Preferred Shares, designated as Cumulative Floating Rate First Preferred Shares, Series B;
- (f) a third series of up to 4,600,000 of First Preferred Shares, designated as Cumulative 5-Year Rate Reset First Preferred Shares, Series C; and
- (g) a fourth series of up to 4,600,000 of First Preferred Shares, designated as Cumulative Floating Rate First Preferred Shares, Series D.

and determine the designation, rights, privileges, restrictions and conditions attaching to the Second Preferred shares of each series including, without limitation:

- (i) the rate, the period or periods during which such rate shall apply, the amount or method of calculation and the priority of any dividends, whether cumulative, non-cumulative or partially cumulative, and whether such rate, amount, method of calculation or priority shall be subject to change or adjustment in the future, the currency or currencies of payment, the date or dates and place or places of payment thereof, the date or dates from which any such dividends shall accrue or become payable, and the priority of the payment of any dividends or arrears of dividends;
- (ii) any rights of redemption or purchase by the Company for cancellation or otherwise, any fixed dates or periods of time applicable to any right of redemption or purchase, the price or prices applicable to any right of redemption or purchase, whether all or less than all of any such series is to be redeemed or purchased, and any other terms and conditions of any such rights;
- (iii) any rights of retraction vested in the holders of any series, the price or prices applicable to any right of retraction, the terms and conditions of any such rights, and whether any other rights of retraction may be vested in such holders in the future;
- (iv) any voting rights;
- (v) any conversion rights;
- (vi) any rights to receive the remaining property of the Company upon dissolution, liquidation or winding-up and the amount of any such rights, and the rank or priority of any such rights over other classes or series of shares, including priority in any distribution of assets upon liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary;
- (vii) provisions for any sinking fund or purchase fund associated with any series of Second Preferred shares;
- (viii) the rank or priority of the Second Preferred shares or any series over any other class or series of shares permitted by law;
- (ix) any approval to be given by the holders of any series with respect to approval of any amendments to the rights, privileges, restrictions or conditions attaching to that series; and
- (x) any other provisions attaching to any such series of the Second Preferred shares.

## **25. PREFERRED SHARE SPECIAL RIGHTS AND RESTRICTIONS**

The directors may issue the Preferred shares in one or more series and, subject to the *Business Corporations Act*, by resolution, alter these Articles and authorize the alteration of the Notice of Articles of the Company to do one or more of:

- (a) decrease the par value of the Preferred shares;
- (b) if none of the Preferred shares are allotted or issued, increase the par value of those shares.
- (c) determine the maximum number of shares of that series that the Company is authorized to issue, determine that there is no such maximum number or alter any such determination;
- (d) create an identifying name for the shares of that series or alter such identifying name; and
- (e) attach special rights and restrictions to the shares of that series or alter any such special rights and restrictions.

## **26. SHARE OWNERSHIP AND TRANSFER RESTRICTIONS**

### **26.1 Definitions**

In this Article 26, unless the context otherwise requires:

- (a) “approved participant” means an approved participant of the Bourse, whose name is duly recorded as such on the register of the Bourse and who has been approved by the Bourse pursuant to its rules for the purpose of trading products listed on the Bourse;
- (b) “Autorité” means the Autorité des marchés financiers in Québec;
- (c) “Bourse” means the Bourse de Montréal Inc.;
- (d) “depository” means the Canadian Depository for Securities Limited, and any successor to its depository business, and any other person that may be recognized as a depository by applicable Canadian securities regulatory authorities for purposes applicable to the Company;
- (e) “IDA” means the Investment Dealers Association of Canada;
- (f) “intermediary” means, for a security, a person that, in connection with its business, holds the security on behalf of another person, and that is not:
  - (i) a person that holds the security only as a custodian, and is not the registered securityholder of the security nor holding the security as a participant in a depository;

- (ii) a depository; or
- (iii) a beneficial owner of the security;
- (g) “intermediary master list” means a list of intermediaries that a depository maintains containing the information received by the depository from intermediaries as required pursuant to applicable Canadian securities laws;
- (h) “NASD” means the National Association of Securities Dealers in the United States;
- (i) “participant in a depository” means a person for whom a depository maintains an account in which entries may be made to effect a transfer or pledge of a security;
- (j) “participating organization” means (a) for purposes of the TSX, a person granted access to the TSX trading system in accordance with the policies, rules and otherwise of the TSX, provided that such access has not been terminated or suspended; and (b) for purposes of the TSXV, a person whose application for access to the facilities of the TSXV has been accepted by the TSXV, and excludes a member of the TSXV;
- (k) “Securities Regulatory Authorities” means the IDA, the Bourse, the TSX, the TSXV, the Autorité and the NASD;
- (l) “security” means a share of any class or series of shares, a debt obligation and a special warrant or other security (as that term is used in the *Securities Act* (British Columbia)) that is convertible, at any time in the future, to such a share or debt obligation and includes a certificate evidencing such share, debt obligation, special warrant or other security;
- (m) “Significant Equity Interest” means:
  - (i) in respect of the applicable Significant Equity Interest Requirements of the IDA and the TSXV, the holding of: (i) voting securities carrying 10% or more of the votes carried by all voting securities of the Company, (ii) 10% or more of the outstanding participating securities of the Company or (iii) an interest of 10% or more of the total equity in Canaccord Capital Corporation;
  - (ii) in respect of the Significant Equity Interest Requirements of the TSX, the holding, directly or indirectly and alone or in combination with any other person, of securities: (i) carrying 20% or more of the votes carried by all voting securities of the Company, (ii) carrying the right to receive 20% or more of any distribution of earnings of the Company and (iii) accounting for 20% or more of the total capital or equity of the Company;
  - (iii) in respect of the Significant Equity Interest Requirements of the Bourse (where a Significant Equity Interest is referred to as a “Major Position”), having the power to direct or cause the direction of the management or

policies of the Company whether through ownership of securities, by contract or otherwise, and a person is considered to hold a Major Position if such person, directly or indirectly: (i) has the right to vote 10% or more of the voting securities of the Company or (ii) is entitled to receive 10% or more of the net profits of the Company;

- (iv) in respect of the Significant Equity Interest Requirements of the Autorité, the direct or indirect ownership or holding of more than 10% of the voting rights attached to securities issued by the Company;
- (v) in respect of the Significant Equity Interest Requirements of the NASD, a change in the equity ownership of the Company that results in one person or entity directly or indirectly owning or controlling 25% or more of the equity;
- (n) “Significant Equity Interest Requirements” mean the applicable requirements of the Securities Regulatory Authorities to approve or receive notice in respect of the direct or indirect acquisition by any person of a Significant Equity Interest in the Company, pursuant to any statute, by-law, order, ruling, policy statement or direction of the Securities Regulatory Authorities affecting the entitlement of any of the affiliates of the Company (including, without limitation, Canaccord Capital Corporation and Canaccord Capital Corporation (U.S.A.), Inc.), to carry on the business of a dealer in the category of investment dealer or broker-dealer, or the equivalent thereof, or to hold a membership in, or be a participating organization or an approved participant, of a Securities Regulatory Authority;
- (o) “TSX” means the Toronto Stock Exchange;
- (p) “TSXV” means TSX Venture Exchange Inc.

## **26.2 Purpose of Provisions**

For the purpose of enabling the Company and each of its affiliates (including, without limitation, Canaccord Capital Corporation and Canaccord Capital Corporation (U.S.A.), Inc.) to comply with the Significant Equity Interest Requirements and remain in good standing as a member, a participating organization or an approved participant of each of the Securities Regulatory Authorities, the issue, ownership and transfer of any securities of the Company, and the voting of any such securities, are subject to the provisions of this Article 26.

## **26.3 Prohibition on Issue of Ineligible Securities**

No person may subscribe for or acquire any securities issued by the Company, and the Company has the right to refuse to issue any securities to a person:

- (a) if such person (i) owns, holds or controls, directly or indirectly, or (ii) would (as a result of the issue of securities of the Company) own, hold or control, directly or indirectly, a Significant Equity Interest contrary to any of the Significant Equity Interest Requirements;

- (b) if such person, in respect of the issue of the securities, has been required by the Company or its transfer agent to provide it with the declaration referred to in Articles 26.7 or 26.8 or other information reasonably necessary to assist the directors in making their determinations under Article 26.10 and has not provided that declaration or information; or
- (c) if the directors have determined, on the basis of the declaration or information referred to in paragraph (b) or in accordance with Article 26.10, that such person may own, hold or control, directly or indirectly, a Significant Equity Interest contrary to any of the Significant Equity Interest Requirements.

#### **26.4 Refusal to Register Transfer of Ineligible Securities**

No person may acquire securities of the Company, pursuant to any transfer of such securities, and the Company has the right to refuse to register a transfer of securities of the Company and to direct any depository to refuse to make entries in accounts maintained by the depository for participants in a depository to effect a transfer of a security, if the transfer is to a person:

- (a) if such person (i) owns, holds or controls, directly or indirectly, or (ii) would (as a result of the transfer of securities of the Company) own, hold or control, directly or indirectly, a Significant Equity Interest contrary to any of the Significant Equity Interest Requirements;
- (b) if such person, in respect of the transfer of the securities, has been required by the Company or its transfer agent to provide it with the declaration referred to in Articles 26.7 or 26.8 or other information reasonably necessary to assist the directors in making their determinations under Article 26.10 and has not provided that declaration or information; or
- (c) if the directors have determined, on the basis of the declaration or information referred to in paragraph (b) or in accordance with Article 26.10, that such person may own, hold or control, directly or indirectly, a Significant Equity Interest contrary to any of the Significant Equity Interest Requirements.

#### **26.5 Voting Rights of Ineligible Securities**

No person may, in person or by proxy, exercise the voting rights attached to any securities of the Company owned, held or controlled, directly or indirectly, by that person:

- (a) if such person owns, holds or controls, directly or indirectly, securities of the Company contrary to any of the Significant Equity Interest Requirements;
- (b) if such person, in respect of such securities, has been required by the Company or its transfer agent to provide it with the declaration referred to in Articles 26.7 or 26.8 or other information reasonably necessary to assist the directors in making their determinations under Article 26.10 and has not provided that declaration or information; or

- (c) if the directors have determined, on the basis of the declaration or information referred to in paragraph (b) or in accordance with Article 26.10, that such person may own, hold or control, directly or indirectly, such securities contrary to any of the Significant Equity Interest Requirements.

## **26.6 Safe Harbour for Proxyholders**

Notwithstanding Subsection 26.5, if a proxyholder:

- (a) has obtained from a holder of securities of the Company, when the securities are not held by a depository or an intermediary, or
- (b) has obtained from the beneficial owner of securities of the Company, when the securities are held by a depository or intermediary (or a nominee for a depository or intermediary);
- (c) a declaration that the security holder, or beneficial owner, as applicable:
- (d) does not own, hold or control, directly or indirectly, a Significant Equity Interest contrary to any of the Significant Equity Interest Requirements;
- (e) has not, in respect of any securities of the Company, been required by the Company or its transfer agent to provide a declaration referred to in this Article 26 or other information reasonably necessary to assist the directors in making a determination whether the provisions of the Significant Equity Interest Requirements are or may be contravened in any circumstances and has not provided that declaration or information; and
- (f) will forthwith advise the proxyholder if the foregoing ceases to be true at any time before the holding of the meeting in respect of which the proxyholder has been appointed, including any adjournment of the meeting;

then a proxyholder may vote securities held or beneficially owned by such security holder or beneficial owner in respect of which the proxyholder has been appointed unless the proxyholder has knowledge that:

- (g) the security holder, or the beneficial owner of such securities, owns, holds or controls, directly or indirectly, securities of the Company contrary to any of the Significant Equity Interest Requirements;
- (h) the security holder, or any participant in a depository, intermediary or beneficial owner, in relation to such securities, has, in respect of any securities of the Company, been required by the Company or its transfer agent to provide a declaration referred to in this Article 26 or other information reasonably necessary to assist the directors in making a determination whether the provisions of the Significant Equity Interest Requirements are or may be contravened in any circumstances, and has not provided that declaration or information; or



- (i) the directors have determined, on the basis of any declaration referred to in this Article 26 or any other information referred to in this Article 26 obtained by the directors reasonably necessary to assist the directors in making a determination whether the provisions of the Significant Equity Interest Requirements are or may be contravened in any circumstances, including knowledge of any of the directors, officers, employees or agents of the Company relied upon by the directors in accordance with Article 26.10, that the security holder, or beneficial owner of such securities, may own, hold or control, directly or indirectly, securities of the Company contrary to any of the Significant Equity Interest Requirements.

## **26.7 Obligation to Provide Declaration**

Any person (i) in whose name securities of the Company are registered; (ii) seeking to acquire securities of the Company, pursuant to any transfer of such securities, or seeking to have a transfer of securities of the Company made, registered or recorded in the central securities register of the Company or to have entries made in an account maintained by a depository for participants in a depository to effect a transfer of a security; (iii) that is subscribing for securities of the Company or seeking to acquire any securities to be issued by the Company; or (iv) that is an intermediary or a participant in a depository which holds (directly or indirectly) any securities of the Company on behalf of another person must, if so required in writing by the Company or its transfer agent, submit to the Company or its transfer agent a declaration:

- (a) whether the person is the beneficial owner, directly or indirectly, of, or exercises control or direction over, any securities of the Company (including any ownership, control or direction through a trustee, nominee, legal personal representative, agent, depository, participant in a depository or intermediary of any kind) or holds (directly or indirectly through a nominee or depository) any securities of the Company for or on behalf or for the benefit of any other beneficial owner or person that exercises control or direction over any such securities;
- (b) if the person is the beneficial owner, directly or indirectly, of, or exercises control or direction over, any securities of the Company, the number of securities of each class or series of the Company so beneficially owned or over which control or direction is exercised;
- (c) if the person holds (directly or indirectly through a nominee or depository) any securities of the Company for or on behalf of or for the benefit of any beneficial owner or person that exercises control or direction over any securities of the Company, the number of securities of the Company so held;
- (d) in the case of a person that is seeking to acquire, by transfer or otherwise, any securities of the Company, whether the person will be the beneficial owner, directly or indirectly, of such securities, or hold (directly or indirectly through a nominee or depository) any of such securities for or on behalf of or for the benefit of any other beneficial owner or person that will exercise control or direction over any such securities and (i) the number of such securities of each class or series that will be beneficially owned, directly or indirectly, by such person or over which such person will exercise control or direction; and (ii) if such person will

hold (directly or indirectly through a nominee or depository) any such securities for or on behalf of or for the benefit of any beneficial owner or person that will exercise control or direction over any such securities, the number of such securities of the Company that will be so held;

- (e) if the person holds (directly or indirectly through a nominee or depository) or is seeking to acquire any securities of the Company for or on behalf of or for the benefit of any beneficial owner or person that exercises control or direction over any securities of the Company, whether to the knowledge of the person holding (directly or indirectly through a nominee or depository) the securities, any such beneficial owner or person that exercises such control or direction, beneficially owns or exercises control or direction over any other securities of the Company, and, to the extent the information is known to the person so holding any securities of the Company, the aggregate number of securities of each class or series of the Company so beneficially owned or over which control or direction is exercised;
- (f) whether such person is an “associate” (within the meaning of that term as used in applicable securities laws or in any of the Significant Equity Interest Requirements) or an “affiliate” (within the meaning of that term as used in applicable securities laws or in any of the Significant Equity Interest Requirements) of any other person that is the beneficial owner, directly or indirectly, of, or exercises control or direction over, any securities of the Company and, if so, the number of any securities of each class or series of the Company beneficially owned or over which control or direction is exercised, by each of such associates and affiliates;
- (g) if the person holds (directly or indirectly through a nominee or depository) or is seeking to acquire any securities of the Company for or on behalf of or for the benefit of any beneficial owner or person that exercises control or direction over any securities of the Company, that, to the best of the knowledge and belief of the person holding (directly or indirectly through a nominee or depository) the securities, after reasonable enquiry, no person for or on whose behalf or for whose benefit the securities are so held, owns, holds or controls, directly or indirectly, securities of the Company contrary to any of the Significant Equity Interest Requirements and that the person holding the securities has obtained a declaration from each person for or in whose behalf or for whose benefit the securities are so held that:
  - (i) such person does not own, hold or control, directly or indirectly, securities of the Company contrary to any of the Significant Equity Interest Requirements; and
  - (ii) if such person is a participant in a depository or an intermediary or a nominee of a participant in a depository or an intermediary, holding (directly or indirectly through a nominee or depository) any securities of the Company for or on behalf of or for the benefit of any beneficial owner or person that exercises control or direction over any securities of the Company, to the best of the knowledge and belief of such person, after

reasonable enquiry, the beneficial owner of such securities and any person exercising control or direction over any of such securities does not own, hold or control, directly or indirectly, securities of the Company contrary to any of the Significant Equity Interest Requirements and that such participant in a depository or intermediary has obtained a declaration from each person for or on whose behalf or for whose benefit the securities are held that such person does not own, hold or control, directly or indirectly, securities of the Company contrary to any of the Significant Equity Interest Requirements; and

- (h) such other facts and information as the directors may, from time to time, determine should be required to be included in such a declaration to enable the directors to determine whether the provisions of the Significant Equity Interest Requirements are or may be contravened in any circumstances or to permit the Company's transfer agent to provide the directors with information to assist the directors in making such determination.

## **26.8 Right to Require Declaration**

The Company or its transfer agent may require a declaration as to the matters set out in Article 26.7 in the following circumstances:

- (a) in connection with any proposed transfer of securities of the Company (including, without limitation, any transfer to be effected by entries made in accounts maintained by a depository for participants in a depository);
- (b) in connection with any subscription for securities of the Company or issuance of securities by the Company;
- (c) at any time when proxies are being solicited from security holders; or
- (d) at any time when, in the opinion of the directors, the acquisition, ownership, holding or control of securities of the Company by any person may be in contravention of the Significant Equity Interest Requirements.

## **26.9 Form of Declaration**

The Company or its transfer agent may require that any declaration required pursuant to Article 26.7 be in a particular form and may require that it be verified by:

- (a) the signature of the person with or without the signature of a witness;
- (b) a statutory declaration; or
- (c) any statement under oath or affirmation as to which the directors are satisfied that under the laws of the jurisdiction in which the statement was made under oath or affirmation is substantially similar in effect to a statutory declaration made in Canada.

### **26.10 Determination by Directors**

The directors have the sole authority for the purposes of these Articles to determine whether the provisions of the Significant Equity Interest Requirements are or may be contravened in any circumstances and any such determination is final and binding. In making any such determination, the directors may rely upon any statements made in any declaration submitted under these Articles and may rely upon the knowledge of any of the directors, officers, employees or agents of the Company (including, without limitation, the Company's transfer agent or any depository of securities of the Company), and none of the Company, its directors, officers, employees or agents is liable in any action for anything done or omitted by them on the basis of any such statements or knowledge.

### **26.11 Exemption for Investment Dealers**

The provisions of this Article 26 do not apply to the transfer and the issue of shares of the Company in favour of an investment dealer or a holding company of an investment dealer if the issue or transfer is effected in the ordinary course of the activities of its securities business.

### **26.12 Sale by Company of Ineligible Securities**

The Company may, for any of the purpose set out in Article 26.2, sell, under the conditions and after giving the notice set out in this Article 26, as if it were the owner of the securities, any securities of the Company that are owned, held or controlled, directly or indirectly, or that the directors determine in the manner set out in this Article 26 may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements.

### **26.13 Effect of Sale**

Where securities are sold by the Company under Article 26.12, the registered holder and beneficial owner of the securities immediately prior to the sale is by that sale divested of their interest in the securities, and the person who, but for the sale, would be the registered owner of the securities or a person who satisfies the Company that, but for the sale, they could properly be treated as the registered owner or registered holder of the securities under these Articles or the *Business Corporations Act* is, from the time of the sale, entitled to receive only the net proceeds of the sale, together with any income earned on the net proceeds of the sale from the beginning of the month next following the date of the receipt by the Company of the proceeds of the sale, less any taxes on the proceeds of the sale and any costs of administration of a trust fund constituted under Article 26.15 in relation to the net proceeds of the sale.

### **26.14 Recognition of Trusts and Surviving Shareholders**

Articles 2.9 and 6.1 apply in respect of the person who is entitled under Article 26.13 to receive the proceeds of a sale of securities under Article 26.12 as if the proceeds were a share and the person were a shareholder.

### **26.15 Proceeds of Sale to be Trust Fund**

The proceeds of a sale by the Company under Article 26.12 constitute a trust fund in the hands of the Company for the benefit of the person entitled under Article 26.13 to receive the proceeds of

the sale, and any such trust fund may be commingled by the Company with other such trust funds and must be deposited in an interest-bearing account with a chartered bank in Canada to which the *Bank Act* applies or a trust company in Canada to which the *Trust and Loan Companies Act* applies.

#### **26.16 Costs of Administration**

Reasonable costs of administration of a trust fund referred to in Article 26.15 may be deducted from the trust fund and any income earned on the trust fund.

#### **26.17 Appointment of Trust Company**

The Company may transfer any trust fund referred to in Article 26.15 and the administration of the trust fund to a trust company in Canada registered as such under the laws of Canada or a province, and the Company is thereupon discharged of all further liability in respect of the trust fund.

#### **26.18 Discharge of the Company and Trust Company**

A receipt signed by a person entitled under Article 26.13 to receive the proceeds of a sale that constitute a trust fund under Article 26.15 is a complete discharge of the Company and of any trust company to which a trust fund is transferred under Article 26.17 in respect of the trust fund and income earned on the trust fund paid to such person.

#### **26.19 First Notice of Sale of Securities**

For the purpose of Article 26.12, before the Company concludes that securities of the Company are owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements or the directors determine that securities of the Company may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements, the Company must send by registered mail a written notice in accordance with Article 26.23 to the person shown in the central securities register of the Company as the holder of the securities and, where, to the knowledge of the Company, any of the securities are registered in the name of a depository or a person that holds the securities on behalf of a depository or on behalf of an intermediary, the Company must also send by registered mail a copy of the written notice to (i) each person that, according to the reports and information in the possession of the Company, has been identified by the depository as a participant in a depository holding any of the securities, or (ii) each intermediary listed as an intermediary on the “intermediary master list” most recently provided to the Company by the depository where a nominee of the intermediary is identified on the intermediary master list as a registered holder of any of the securities.

#### **26.20 Determination by Directors**

For the purpose of Article 26.12, in determining that securities may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements, the directors must:

- (a) ascertain whether or not the Company has received a reply to a request for information referred to in Article 26.25 respecting the securities and consider the reply, if any, to the request; and
- (b) examine and consider any other records of the Company that contain information that would indicate whether the securities are owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements.

### **26.21 Further Notice of Sale of Securities**

For the purpose of Article 26.12, if the Company has sent a notice referred to in Article 26.19 to a person shown in the central securities register of the Company as the holder of the securities and, to the extent applicable, any participant in a depository or intermediary as required pursuant to 26.19, and the Company intends to sell all or some of the securities under Article 26.12, the Company must, not less than 90 days but not more than 150 days after sending the notice, send to such persons by registered mail a further written notice in accordance with Article 26.24 respecting the securities that the Company intends to sell, if:

- (a) the Company has concluded that securities in respect of which the notice was sent are owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements; or
- (b) the directors have determined in accordance with Article 26.20 that securities in respect of which the notice was sent may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements.

### **26.22 Entry in Central Securities Register**

When the Company sends a notice under Articles 26.19 or 26.21, it must, at the time the notice is sent, enter or cause to be entered in the central securities register of the Company the particulars of the notice, including the date on which it was sent.

### **26.23 Contents of First Notice**

The notice referred to in Article 26.19 must contain:

- (a) the name and address of the holder of the securities as shown in the central securities register of the Company;
- (b) where, to the knowledge of the Company, any of the securities are registered in the name of a depository or a person that holds the securities on behalf of a depository or on behalf of an intermediary, the name and address of:
  - (i) each person that, according to the records and information in the possession of the Company, has been identified by the depository as a participant in a depository holding each class or series of the securities; or
  - (ii) each intermediary listed as an intermediary on the intermediary master list most recently provided to the Company by the depository where a

nominee of the intermediary that is identified on the intermediary master list is a registered holder of any of the securities;

- (c) unless the securities are registered in the name of a depository, a statement that identifies the certificate (if any) that represents the securities, by certificate number or otherwise or, in the event that the securities are not represented by any certificate, a statement that otherwise identifies the securities;
- (d) a statement that indicates that all or some of the securities may be sold by the Company under Article 26.12 if the securities are owned, held or controlled, directly or indirectly, or the directors determine in accordance with Article 26.20 that the securities may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements;
- (e) a statement that indicates that the Company may conclude that all or some of the securities are owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements;
- (f) a statement that indicates that the directors may determine in accordance with Article 26.20 that all or some of the securities may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements and that, for the purpose of making the determination, the directors will:
  - (i) consider the reply, if any, to a request for information referred to in Article 26.25 respecting the securities; and
  - (ii) examine and consider any other records of the Company that contain information that would indicate whether the securities are owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements;
- (g) a statement that indicates that no securities in respect of which the notice is sent may be sold under Article 26.12 if a transfer of the securities is registered in the central securities register of the Company (or, subject to the Company receiving evidence satisfactory to the Company of such transfer, a transfer effected by entries in accounts maintained by a depository for participants in a depository) after the notice was sent, unless the Company again complies with the requirements set out in this Article 26 respecting the sale of the securities;
- (h) a statement that indicates that no securities in respect of which the notice is sent may be sold under Article 26.12 unless not less than 60 days but not more than 150 days have elapsed after the day on which a notice referred to Article 26.21 is sent to the holder of the securities;
- (i) a statement that indicates the earliest date and the latest date on which the Company may sell the securities, having regard to the requirements of Articles 26.30 and 26.31;

- (j) a statement that indicates that the securities may be sold on any stock exchange if such securities of the Company are listed and posted for trading or, if such securities of the Company are not listed and posted for trading on a stock exchange, in any other manner that the directors determine to be appropriate;
- (k) a statement that indicates that, if not all the securities of the holder represented by a certificate are sold under Article 26.12, a certificate that represents the securities that are not sold will be issued on surrender for cancellation of the certificate that represents the securities sold; and
- (l) a statement that indicates that, immediately after the sale of the securities under Article 26.12, the Company will:
  - (i) register the transfer or a notice of the sale of the securities or cause the transfer or a notice of the sale of the securities to be registered in the central securities register of the Company; and
  - (ii) send a notice of the sale in accordance with Article 26.32(b) to the person shown in the central securities register of the Company as the holder of the securities at the time of sale and, where, to the knowledge of the Company, the securities are registered in the name of a depository or a person that holds the securities on behalf of a depository or on behalf of an intermediary, to each person that, according to the reports and information in the possession of the Company, has been identified by the depository as a participant in a depository holding any of the securities or each intermediary listed as an intermediary on the intermediary master list most recently provided to the Company by the depository where a nominee of the intermediary is identified on the intermediary master list as a registered holder of any of the securities.

#### **26.24 Contents of Further Notice**

The notice referred to in Article 26.21 must contain:

- (a) the name and address of the holder of the securities as shown in the central securities register of the Company;
- (b) where, to the knowledge of the Company, any of the securities are registered in the name of a depository or a person that holds the securities on behalf of a depository or on behalf of an intermediary, the name and address of:
  - (i) each person that, according to the records and information in the possession of the Company, has been identified by the depository as a participant in a depository holding the securities; or
  - (ii) each intermediary listed as an intermediary on the intermediary master list most recently provided to the Company by the depository where a nominee of the intermediary that is identified on the intermediary master list is a registered holder of any of the securities;



- (c) unless the securities are registered in the name of a depository, a statement that identifies the certificate (if any) that represents the securities, by certificate number or otherwise or, in the event that the securities are not represented by any certificate, a statement that otherwise identifies the securities;
- (d) a statement that indicates that all or some of the securities may be sold by the Company under Article 26.12 if the securities are owned, held or controlled, directly or indirectly, or the directors determine in accordance with Article 26.20 that the securities may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements;
- (e) a statement that indicates that the Company has concluded that the securities are owned, held or controlled, directly or indirectly, or that the directors have determined in accordance with Article 26.20 that the securities may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements and that indicates the reason why the Company so concluded or the directors so determined, as the case may be;
- (f) a statement that indicates that the Company intends to sell all or a specified number of the securities under Article 26.12;
- (g) a statement that indicates that, if before the sale the Company changes its conclusion that the securities are owned, held or controlled, directly or indirectly, or the directors change their determination made in accordance with Article 26.20 that the securities may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements, or there is a change in the reason for the conclusion or determination, the Company will send a notice in accordance with Article 26.28 to the person shown in the central securities register of the Company as the holder of the securities and, to the extent applicable, any participant in a depository or intermediary;
- (h) a statement that advises that, unless the person shown in the central securities register of the Company as the holder of the securities receives a notice referred to in paragraph (g), such persons and all other interested persons should not assume that:
  - (i) the Company has changed its conclusion that the securities are owned, held or controlled, directly or indirectly, or the directors have changed their determination made in accordance with Article 26.20 that the securities may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements;
  - (ii) there has been a change in the reason for the conclusion or determination;  
or
  - (iii) the Company no longer intends to sell the securities under Article 26.12;
- (i) a statement that indicates that no securities in respect of which the notice is sent may be sold under Article 26.12 if a transfer of the securities is registered in the

central securities register of the Company (or, subject to the Company receiving evidence satisfactory to the Company of such transfer, a transfer effected by entries in accounts maintained by a depository for participants in a depository) after the notice referred to in Article 26.19 was sent, unless the Company again complies with the requirements set out in this Article 26 respecting the sale of the securities;

- (j) a statement that indicates that no securities in respect of which the notice is sent may be sold under Article 26.12 unless not less than 60 days but not more than 150 days have elapsed from the day on which the notice was sent to the holder of the securities; and
- (k) a statement that indicates each of the matters referred to in Article 26.23(i) to (l).

### **26.25 Request for Information with First Notice**

The notice referred to in Article 26.19 must be accompanied by a request for the information, including a request for the completion of the forms, that would indicate whether the securities are owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements.

### **26.26 Request for Information with Further Notice**

The notice referred to in Article 26.21 must be accompanied by a request for information referred to in Article 26.25 unless the Company has received the requested information before the notice is sent.

### **26.27 Forms Accompanying Request for Information**

A request for information referred to in Article 26.25 must be accompanied by instructions for the provision of the information and the completion of the forms referred to in that Article and by a sufficient number of copies of the forms.

### **26.28 Notice of Change in Determination**

If the Company has sent a notice referred to in Article 26.21 and has not sold, under Article 26.12, any securities in respect of which the notice was sent, and if the Company changes its conclusion referred to in Article 26.21(a) or its directors change their determination referred to in Article 26.21(b) or if there is a change in the reason for the conclusion or determination, the Company must immediately send by registered mail to each recipient of that notice a notice of the change to the conclusion, to the determination or to the reason for the conclusion or determination, including the reason for the change.

### **26.29 Entry in Central Securities Register**

When the Company sends a notice under Article 26.28, the Company must, at the time the notice is sent, enter or cause to be entered in the central securities register of the Company the particulars of the notice, including the date on which it was sent.

### **26.30 Conditions Precedent to Sale**

No securities may be sold by the Company under Article 26.12 unless:

- (a) the Company has sent the notices referred to in Articles 26.19 and Article 26.21 to the person shown in the central securities register of the Company as the holder of the securities and to any other persons required pursuant to Articles 26.19 and 26.21;
- (b) not less than 150 days but not more than 300 days have elapsed from the day on which the notice referred to in Article 26.19 was sent to the holder of the securities and to any other person required pursuant to that Article;
- (c) not less than 60 days but not more than 150 days have elapsed from the day on which the notice referred to in Article 26.21 was sent to the holder of the securities and to any other person required pursuant to that Article;
- (d) the Company has concluded that the securities are owned, held or controlled, directly or indirectly, or the directors have determined in accordance with Article 26.20 that the securities may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements and, at the time of sale, the Company has no reasonable grounds on which to change its conclusion or the directors have no reasonable grounds on which to change their determination, as the case may be;
- (e) the sale takes place:
  - (i) on a stock exchange where such securities of the Company are listed and posted for trading; or
  - (ii) if such securities of the Company are not listed and posted for trading on a stock exchange, in any other manner that the directors determine to be appropriate; and
- (f) the Company sells the securities with a view to obtaining the best sale price available in the circumstances at the time of sale.

### **26.31 Condition Precedent to Sale After Transfer**

No securities in respect of which a notice is sent in accordance with Article 26.19 may be sold by the Company under Article 26.12 if a transfer of the securities is registered in the central securities register of the Company (or, subject to the Company receiving evidence satisfactory to the Company of such transfer, a transfer effected by entries in accounts maintained by a depository for participants in a depository) after the notice was sent unless the Company again complies with the requirements set out in this Article 26 respecting the sale of the securities.

### **26.32 Notice After Sale**

Immediately after a sale of securities by the Company under Article 26.12, the Company must:

- (a) register the transfer or a notice of the sale of the securities or cause the transfer or a notice of the sale of the securities to be registered in the central securities register of the Company; and
- (b) send a notice of the sale to the person shown in the central securities register of the Company as the holder of the securities at the time of the sale and, where, to the knowledge of the Company, the securities are registered in the name of a depository or a person that holds the securities on behalf of a depository or on behalf of an intermediary, to each person that, according to the reports and information in the possession of the Company, has been identified by the depository as a participant in a depository holding any of the securities or each intermediary listed as an intermediary on the intermediary master list most recently provided to the Company by the depository where a nominee of the intermediary is identified on the intermediary master list as a registered holder of any of the securities.

### **26.33 Contents of Notice After Sale**

The notice referred to in Article 26.32 must:

- (a) state the number of securities sold;
- (b) identify the certificate (if any) that represents the securities sold, by certificate number or otherwise or, in the event that the securities are not represented by any certificate, a statement that otherwise identifies the securities;
- (c) state the date and manner of sale;
- (d) state the manner in which the person entitled to receive the net proceeds of the sale under Article 26.13 may obtain them;
- (e) state that the Company concluded that the securities were owned, held or controlled, directly or indirectly, or that the directors determined in accordance with this Article 26 that the securities may be owned, held or controlled, directly or indirectly, contrary to any of the Significant Equity Interest Requirements and state the reason why the Company so concluded or the directors so determined, as the case may be; and
- (f) contain a statement, if not all of the securities of the holder represented by a certificate were sold, that not all of the securities were sold and that a certificate that represents the securities that were not sold will be issued on surrender for cancellation of the certificate that represents the securities sold.

### **26.34 Amendment of Articles**

The board of directors in their absolute discretion may by resolution amend this Article 26 in any manner as the board of directors considers necessary or appropriate to administer and enforce the provisions of this Article 26 and the Significant Equity Interest Requirements.

### **26.35 No Waiver of Rights**

If securities of the Company are, by inadvertence or otherwise, issued or transferred or held contrary to any of the restrictions in this Article 26, such issuance or transfer or holding of the securities of the Company or its registration in the corporate records of the Company does not constitute a waiver of any of the rights of the Company under these Articles or the conditions attaching to such securities or preclude the Company or the directors from exercising any of the powers granted under these Articles.

### **26.36 Validity of Acts**

An issue or transfer of a share or an act of the Company is valid notwithstanding any failure to comply with the provisions of this Article 27.

### **26.37 No Claim or Action**

No securities holder of the Company or other person has any claim or action against the Company or against any director or officer of the Company nor does the Company have any claim or action against any director or officer of the Company arising out of any act (including any omission to act) performed pursuant to or intended to be performed pursuant to the provisions of this Article 26, or any breach or alleged breach by the Company of any of the provisions of this Article 26.

### **26.38 Severability**

The invalidity or unenforceability of any provision, in whole or in part, of this Article 26 for any reason does not affect the validity or enforceability of any other provision, or part thereof, of this Article 26.

## SCHEDULE A

The Cumulative 5-Year Rate Reset First Preferred Shares, Series A of the Company shall consist of up to 4,600,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series A (the “**Series A Preferred Shares**”) with the following rights, privileges, restrictions and conditions attached thereto:

### A. CUMULATIVE 5-YEAR RATE RESET FIRST PREFERRED SHARES, SERIES A

#### 1. Consideration for Issue

The consideration for the issue of each Series A Preferred Share shall be \$25.00 or its equivalent in property or past services.

#### 2. Dividends

##### *2.1 Cumulative Preferential Dividends*

The holders of the then outstanding Series A Preferred Shares (the “**Holders**”) shall be entitled to receive, and the Company shall pay thereon, if, as and when declared by the Board of Directors, out of monies of the Company properly applicable to the payment of dividends, fixed, cumulative, preferential cash dividends (the “**Series A Dividends**”) payable quarterly at the rates and times herein provided by cheque at par in lawful money of Canada at any branch in Canada of the Company’s bankers for the time being or by any other reasonable means the Company deems desirable, all in accordance with the following:

- (a) During the Initial Fixed Rate Period, the Series A Dividends will be payable quarterly on the last day of March, June, September and December of each year at the Initial Fixed Dividend Rate. The initial Series A Dividend will be payable on September 30, 2011 and will be an amount in cash equal to \$0.37295 per Series A Preferred Share. On each Dividend Payment Date during the Initial Fixed Rate Period (other than September 30, 2011) the Series A Dividend will be equal to \$0.34375.
- (b) During each Subsequent Fixed Rate Period, Series A Dividends payable on the Series A Preferred Shares will be in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00, and shall be payable quarterly on each Dividend Payment Date during such Subsequent Fixed Rate Period.
- (c) In respect of each Subsequent Fixed Rate Period, the Company will calculate on each Fixed Rate Calculation Date the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period and will, on the Fixed Rate Calculation Date, give written notice thereof to the Holders. Each such determination by the Company of the Annual Fixed Dividend Rate will, in the absence of manifest error, be final and binding upon the Company and upon all Holders of Series A Preferred Shares.

- (d) If on any Dividend Payment Date, the Series A Dividends accrued to such date are not paid in full on all of the Series A Preferred Shares then outstanding, such Series A Dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the Board of Directors on which the Company shall have sufficient monies properly applicable to the payment of such Series A Dividends.
- (e) The Holders shall not be entitled to any dividends other than or in excess of the Series A Dividends.
- (f) Series A Dividends shall (except in case of redemption or conversion in which case payment of Series A Dividends shall, subject to the provisions of Section 14, be made on surrender of the certificate representing the Series A Preferred Shares to be redeemed or converted) be paid by:
  - (i) the posting of, in a postage paid envelope addressed to each Holder at the last address of such Holder as it appears on the securities register of the Company or, in the case of joint Holders, to the address of that one whose name appears first in the securities register of the Company as one of such joint Holders, or, in the event of the address of any Holder not so appearing, then to the address of such Holder last known to the Company, a cheque for such Series A Dividends (less any tax required to be deducted or withheld) payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders failing written instructions from them to the contrary; or
  - (ii) electronic funds transfer of an amount equal to such Series A Dividends (less any tax required to be deducted or withheld) to each Holder who specifies account information for such purpose or, in the case of joint Holders, to the account specified by the Holder whose name appears first in the securities register of the Company as one of such joint Holders.

Notwithstanding the foregoing, any dividend cheque may be delivered by the Company to a Holder at his address as aforesaid. The posting or delivery of such cheque, or the electronic transfer of funds to an account specified by a Holder, on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be deducted or withheld as aforesaid) unless such cheque is not paid on due presentation. Subject to applicable law, dividends that are represented by a cheque, which has not been presented to the Company's bankers for payment, or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Company.

## ***2.2 Dividend for Other than a Full Dividend Period***

The Holders shall be entitled to receive, and the Company shall pay thereon, if, as and when declared by the Board of Directors, out of monies of the Company properly applicable to

the payment of dividends, Series A Dividends for any period which is other than a full Dividend Period as follows:

- (a) in respect of the period beginning on and including the date of initial issue of the Series A Preferred Shares up to and including September 30, 2011 (the “**Initial Dividend Period**”), a dividend in an amount per Series A Preferred Share equal to the amount obtained (rounded to five decimal places) where \$1.3750 is multiplied by a fraction, the numerator of which is the number of calendar days from but excluding the date of issue of the Series A Preferred Shares up to and including September 30, 2011 and the denominator of which is 365. The Series A Dividend payable for the Initial Dividend Period, payable as of September 30, 2011, as calculated by this method shall be \$0.37295 per Series A Preferred Share; and
- (b) in respect of any period that is less than a full Dividend Period, a dividend in an amount per Series A Preferred Share equal to the amount obtained (rounded to five decimal places) when the product of the Annual Fixed Dividend Rate and \$25.00 is multiplied by a fraction, the numerator of which is the number of calendar days elapsed in the relevant period and the denominator of which is 365.

### **3. Rights on Liquidation**

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the Holders shall be entitled to receive \$25.00 per Series A Preferred Share, together with all Series A Dividends accrued and unpaid up to but excluding the date fixed for payment or distribution (less any tax required to be deducted or withheld), before any amount shall be paid or any assets of the Company are distributed to the holders of any shares ranking junior as to capital to the Series A Preferred Shares. Upon payment of such amounts, the Holders shall not be entitled to share in any further distribution of the assets of the Company.

### **4. Redemption at the Option of the Company**

- (a) The Company may not redeem any of the Series A Preferred Shares prior to September 30, 2016. On September 30, 2016 and on September 30 every five years thereafter (each, a “**Series A Conversion Date**”), the Company may, subject to applicable law and to the provisions described under Section 6 below, at its option, upon giving notice as hereinafter provided, without the consent of the Holders redeem all, or from time to time any number, of the then outstanding Series A Preferred Shares by the payment of an amount in cash for each Series A Preferred Share so redeemed equal to \$25.00 per Series A Preferred Share, together with the Series A Dividends accrued and unpaid up to but excluding the date fixed for redemption (less any tax required to be deducted or withheld) (the “**Redemption Price**”).
- (b) If less than all of the then outstanding Series A Preferred Shares are at any time to be redeemed, then the particular Series A Preferred Shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if such Series A



Preferred Shares are at such time listed on such exchange, with the consent of the Toronto Stock Exchange, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

- (c) The Company shall give notice in writing not less than 30 days nor more than 60 days prior to the applicable Series A Conversion Date of its intention to redeem such Series A Preferred Shares to each person who at the date of giving such notice is the Holder of Series A Preferred Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent and such notice shall be given and sent by posting the same in a postage paid envelope addressed to each Holder of Series A Preferred Shares to be redeemed at the last address of such Holder as it appears on the securities register of the Company, or in the case of joint Holders, to the address of that one whose name appears first in the securities register of the Company as one of such joint Holders or, in the event of the address of any Holder not so appearing, then to the address of such Holder last known to the Company, provided that the accidental failure or omission to give any such notices as aforesaid to one or more of such Holders shall not affect the validity of the redemption as to the other Holders to be redeemed. Such notice shall set out the number of such Series A Preferred Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Price and shall also set out the date on which the redemption is to take place. On and after the date so specified for redemption, the Company shall pay or cause to be paid to the Holders to be redeemed the Redemption Price (less any tax required to be deducted or withheld) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series A Preferred Shares so called for redemption, subject to the provisions of Section 14. Such payment shall be made by cheque payable at par at any branch in Canada of the Company's bankers for the time being or by any other reasonable means the Company deems desirable and shall be a full and complete discharge of the Company's obligation to pay the Redemption Price owed to the Holders of Series A Preferred Shares so called for redemption unless the cheque is not honoured when presented for payment. From and after the date specified in any such notice, the Series A Preferred Shares called for redemption shall cease to be entitled to Series A Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price (less any tax required to be deducted or withheld) therefor, provided that if payment of the Redemption Price (less any tax required to be deducted or withheld) shall not be duly made by the Company on or before the redemption date, the Company shall forthwith thereafter return the Holder's deposited share certificate or certificates to the Holder. At any time after notice of redemption is given as aforesaid, the Company shall have the right to deposit the Redemption Price of any or all Series A Preferred Shares called for redemption (less any tax required to be deducted or withheld), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada named in the notice of redemption to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or

certificates representing the same, subject to the provisions of Section 14. Upon such deposit or deposits being made, such shares shall be deemed to be redeemed on the redemption date specified in the notice of redemption. After the Company has made a deposit as aforesaid with respect to any shares, the Holders thereof shall not, from and after the redemption date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Company. Subject to applicable law, redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remain unclaimed (including monies held in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Company.

## 5. Conversion of Series A Preferred Shares

### 5.1 *Conversion at the Option of the Holder*

- (a) Holders of Series A Preferred Shares will have the right, at their option, on each Series A Conversion Date, to convert, subject to applicable law, and the terms and provisions hereof, all or any of the then outstanding Series A Preferred Shares registered in the name of the Holder into Series B Preferred Shares on the basis of one Series B Preferred Share for each Series A Preferred Share. The Company will provide written notice not less than 30 and not more than 60 days prior to the applicable Series A Conversion Date to the Holders of the conversion privilege provided for herein (the "**Conversion Privilege**"). Such notice shall: (i) set out the Series A Conversion Date; and (ii) include instructions to such Holders as to the method by which such Conversion Privilege may be exercised, as described in Section 5.3. On the 30<sup>th</sup> day prior to each Series A Conversion Date, the Company will provide to the Holders written notice of the Floating Quarterly Dividend Rate applicable to the Series B Preferred Shares for the next succeeding Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series A Preferred Shares for the next succeeding Subsequent Fixed Rate Period, in each case as determined by the Company.
- (b) If the Company gives notice as provided in Section 4 to the Holders of the redemption of all the Series A Preferred Shares, the Company will not be required to give notice as provided in this Section 5.1 to the Holders of the Floating Quarterly Dividend Rate, the Annual Fixed Dividend Rate or the Conversion Privilege and the right of any Holder of Series A Preferred Shares to convert such Series A Preferred Shares as herein provided will cease and terminate in that event.
- (c) Holders of Series A Preferred Shares shall not be entitled to convert their shares into Series B Preferred Shares on a Series A Conversion Date if the Company determines that there would remain outstanding on the Series A Conversion Date less than 1,000,000 Series B Preferred Shares after taking into account all Series A Preferred Shares tendered for conversion into Series B Preferred Shares and all

Series B Preferred Shares tendered for conversion into Series A Preferred Shares. The Company will give written notice thereof to all affected Holders of Series A Preferred Shares of their inability to convert their Series A Preferred Shares at least seven days prior to the applicable Series A Conversion Date and, subject to the provisions of Section 14, will issue and deliver, or cause to be delivered, prior to such Series A Conversion Date, at the expense of the Company, to such Holders of Series A Preferred Shares, who have surrendered for conversion any endorsed certificate or certificates representing Series A Preferred Shares, new certificates representing the Series A Preferred Shares represented by any certificate or certificates surrendered as aforesaid.

## **5.2 Automatic Conversion**

If the Company determines that there would remain outstanding on a Series A Conversion Date less than 1,000,000 Series A Preferred Shares after taking into account all Series A Preferred Shares tendered for conversion into Series B Preferred Shares and all Series B Preferred Shares tendered for conversion into Series A Preferred Shares, then, all, but not part, of the remaining outstanding Series A Preferred Shares will automatically be converted into Series B Preferred Shares on the basis of one Series B Preferred Share for each Series A Preferred Share on the applicable Series A Conversion Date. The Company shall give notice in writing thereof to the Holders of such remaining Series A Preferred Shares at least seven days prior to the Series A Conversion Date.

## **5.3 Manner of Conversion**

- (a) Subject to the provisions of Section 14, the Conversion Privilege may be exercised by notice in writing (an “**Election Notice**”) given by the Holders not earlier than the 30<sup>th</sup> day prior to the applicable Series A Conversion Date but not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding the applicable Series A Conversion Date during usual business hours at any principal office of the Transfer Agent, or such other place or places in Canada as the Company may agree, accompanied by: (i) payment or evidence of payment of the tax (if any) payable as provided in this Section 5.3; and (ii) the certificate or certificates representing the Series A Preferred Shares in respect of which the Holder thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the Holder, or his or her attorney duly authorized in writing, in which Election Notice such Holder may also elect to convert part only of the Series A Preferred Shares represented by such certificate or certificates not theretofore called for redemption in which event the Company will issue and deliver or cause to be delivered to such Holder, at the expense of the Company, a new certificate representing the Series A Preferred Shares represented by such certificate or certificates that have not been converted. Each Election Notice will be irrevocable once received by the Company.
- (b) If the Company does not receive an Election Notice from a Holder of Series A Preferred Shares during the notice period therefor, then the Series A Preferred

Shares shall be deemed not to have been converted (except in the case of an automatic conversion pursuant to Section 5.2).

- (c) Subject to the provisions of Section 14, in the event the Company is required to convert all remaining outstanding Series A Preferred Shares into Series B Preferred Shares on the applicable Series A Conversion Date as provided for in Section 5.2, the Series A Preferred Shares in respect of which the Holders have not previously elected to convert will be converted on the Series A Conversion Date into Series B Preferred Shares and the Holders thereof will be deemed to be Holders of Series B Preferred Shares at 5:00 p.m. (Toronto time) on the Series A Conversion Date and will be entitled, upon surrender during usual business hours at any principal office of the Transfer Agent, or such other place or places in Canada as the Company may agree, of the certificate or certificates representing Series A Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series B Preferred Shares in the manner and subject to the terms and provisions as provided in this Section 5.3.
- (d) Subject to the provisions of Section 14, as promptly as practicable after the Series A Conversion Date, the Company will issue and deliver, or cause to be delivered to or upon the written request of the Holder of the Series A Preferred Shares so surrendered in accordance with this Section 5, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such Holder representing the number of fully-paid and non-assessable Series B Preferred Shares and the number of remaining Series A Preferred Shares, if any, to which such Holder is entitled. Such conversion will be deemed to have been made at 5:00 p.m. (Toronto time) on the Series A Conversion Date, so that the rights of the Holder of such Series A Preferred Shares as the Holder thereof will cease at such time and the person or persons entitled to receive the Series B Preferred Shares upon such conversion will be treated for all purposes as having become the Holder or Holders of record of such Series B Preferred Shares at such time.
- (e) The Holder of any Series A Preferred Shares on the record date for any Series A Dividends declared payable on such share will be entitled to such dividends notwithstanding that such share is converted into Series B Preferred Shares after such record date and on or before the date of the payment of such dividend.
- (f) Subject to the provisions of Section 14, the issuance of certificates for the Series B Preferred Shares upon the conversion of Series A Preferred Shares will be made without charge to the converting Holders for any fee or tax in respect of the issuance of such certificates or the Series B Preferred Shares represented thereby; provided, however, that the Company will not be required to pay any tax that may be imposed upon the person or persons to whom such Series B Preferred Shares are issued in respect of the issuance of such Series B Preferred Shares or the certificate therefor or any security transfer taxes, and the Company will not be required to issue or deliver a certificate or certificates in a name or names other than that of the Holder of the Series B Preferred Shares converted unless the person or persons requesting the issuance thereof has paid to the Company the

amount of any such security transfer tax or has established to the satisfaction of the Company that such tax has been paid.

#### **5.4 *Status of Converted Series A Preferred Shares***

All Series A Preferred Shares converted into Series B Preferred Shares on a Series A Conversion Date shall be restored to the status of authorized but unissued shares of the Company as at the close of business on the Series A Conversion Date and available for issuance on the conversion of the Series B Preferred Shares.

#### **5.5 *Right Not to Deliver Series A Preferred Shares***

On the exercise of the Conversion Privilege by a Holder of Series A Preferred Shares, the Company reserves the right not to deliver Series B Preferred Shares to any Ineligible Person.

### **6. *Restrictions on Dividends and Retirement and Issue of Shares***

So long as any of the Series A Preferred Shares are outstanding, the Company shall not, without the approval of the Holders:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Company ranking, as to capital and dividends, junior to the Series A Preferred Shares) on shares of the Company ranking, as to dividends, junior to the Series A Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking, as to return of capital and dividends, junior to the Series A Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Company ranking, as to capital, junior to the Series A Preferred Shares;
- (c) redeem or call for redemption, purchase, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series A Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any preferred shares ranking, as to the payment of dividends or return of capital, on parity with the Series A Preferred Shares,

unless, in each such case, all accrued and unpaid dividends up to and including the Series A Dividends payable for the last completed Dividend Period for which Series A Dividends were payable and on all other shares of the Company ranking prior to or on parity with the Series A Preferred Shares with respect to the payment of dividends have been declared and paid or set apart for payment.

## **7. Purchase for Cancellation**

Subject to applicable law and to the provisions described in Section 6, the Company may at any time purchase for cancellation the whole or any number of the Series A Preferred Shares outstanding from time to time, in the open market through or from an investment dealer or any firm holding membership on a recognized stock exchange, or by private agreement or otherwise, at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

## **8. Voting Rights**

The Holders will not (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of the Holders as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Company unless and until the Company shall have failed to pay eight quarterly Series A Dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the Holders will be entitled to receive notice of and to attend each meeting of shareholders of the Company (other than any meetings at which only holders of another specified class or series are entitled to vote) and such Holders shall have the right, at any such meeting, to one vote for each Series A Preferred Share held. Upon payment of the entire amount of all Series A Dividends in arrears, the voting rights of the Holders shall forthwith cease (unless and until the same default shall again arise under the provisions of this Section 8).

## **9. Modifications**

The provisions attaching to the Series A Preferred Shares as a series may be repealed, altered, modified or amended from time to time with such approval as may then be required by the *Business Corporations Act* (British Columbia), any such approval to be given in accordance with Section 10.

## **10. Approval of Holders of Series A Preferred Shares**

### ***10.1 Approval***

Except as otherwise provided herein, any approval of the Holders with respect to any matters requiring the consent of the Holders may be given in such manner required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders of Series A Preferred Shares or passed by the affirmative vote of at least 66  $\frac{2}{3}$ % of the votes cast by the Holders of Series A Preferred Shares who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of a majority of the outstanding Series A Preferred Shares are present or represented by proxy. If at any such meeting the Holder(s) of a majority of the then outstanding Series A Preferred Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holders(s) of Series A Preferred Shares then present in person or represented by proxy may transact the

business for which the meeting was originally called and the Holders of Series A Preferred Shares then present in person or represented by proxy shall form the necessary quorum. At any meeting of Holders of Series A Preferred Shares as a series, each such Holder shall be entitled to one vote in respect of each Series A Preferred Share held.

### **10.2 Formalities, etc.**

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of, and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders of Series A Preferred Shares, each such Holder entitled to vote thereat shall be entitled to one vote in respect of each Series A Preferred Share held.

### **11. Tax Election**

The Company shall elect, in the manner and within the time provided under the Tax Act, under the applicable provision(s) of Part VI.1 of the Tax Act, or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay or cause payment of the tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series A Preferred Shares under the applicable provision(s) of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect.

### **12. Notices**

- (a) If the Board of Directors determines that mail service is or is threatened to be interrupted at the time when the Company is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder of Series A Preferred Shares, whether in connection with the redemption or conversion of such share or otherwise, the Company may, notwithstanding the provisions hereof:
  - (i) give such notice by publication thereof once in a daily English language newspaper of general circulation published in each of Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax, and once in a daily French language newspaper published in Montreal and such notice shall be deemed to have been validly given on the day next succeeding its publication in all of such cities; and
  - (ii) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such Holder by the Transfer Agent at its principal offices in the cities of Vancouver, Toronto and Montreal, and such cheque and/or share certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Board of Directors determines that mail service is no longer interrupted or threatened to be interrupted, such cheque or share certificate, if not theretofore delivered to

such Holder, shall be sent by mail as herein provided. In the event that the Company is required to mail such cheque or share certificate, such mailing shall be made by prepaid mail to the registered address of each person who at the date of mailing is a registered Holder and who is entitled to receive such cheque or share certificate.

- (b) Any notice, cheque, invitation for tenders or other communication from the Company herein provided for shall be sufficiently given if delivered or if sent by first class unregistered mail, postage prepaid, to the Holders at their respective addresses appearing on the books of the Company or, in the event of the address of any of such Holders not so appearing, then at the last address of such Holder known to the Company. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tender or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such Holder or Holders.
- (c) If any notice, cheque, invitation for tenders or other communication from the Company given to a Holder of Series A Preferred Shares pursuant to paragraph (b) is returned on three consecutive occasions because the Holder cannot be found, the Company shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such shareholder until the Holder informs the Company in writing of such Holder's new address.

### **13. Priority Ranking**

The Series A Preferred Shares shall be entitled to preference over the common shares of the Company, the Second Preferred Shares and any other shares ranking junior to the First Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs. The Series A Preferred Shares rank equally with every other series of First Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs.

### **14. Book-Entry Only System**

#### ***14.1 Transfers etc. Through Participants***

If the Series A Preferred Shares are held through the Book-Entry System then the beneficial owner thereof shall provide instructions with respect to Series A Preferred Shares only to the Depository participant through whom such beneficial owner holds such Series A Preferred Shares and registrations of ownership, transfers, purchases, surrenders and exchanges of Series A



Preferred Shares will be made only through the Book-Entry System. Beneficial owners of Series A Preferred Shares will not have the right to receive share certificates representing their ownership of the Series A Preferred Shares.

#### ***14.2 Depository is Registered Holder***

For the purposes of these Series A Preferred Share Provisions, as long as the Depository, or its nominee, is the registered Holder of the Series A Preferred Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series A Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series A Preferred Shares, including payments of Series A Dividends, the Redemption Price or accrued and unpaid dividends, and the delivery of Series B Preferred Shares and certificates for those shares on the conversion of Series A Preferred Shares into Series B Preferred Shares.

### **15. Interpretation**

#### ***15.1 Definitions***

For the purposes hereof, the following capitalized terms shall have the following meanings, unless the context otherwise requires:

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the annual rate (expressed as a percentage rate rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 3.21%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

“**Board of Directors**” means the board of directors of the Company.

“**Book-Entry System**” means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or any other day that is treated as a holiday in the Province of Ontario or British Columbia.

“**Conversion Privilege**” has the meaning attributed to it in Section 5.1(a).

“**Depository**” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company.

“**Dividend Payment Date**” in respect of the dividends payable on the Series A Preferred Shares means the last day of each of March, June, September, and December in each year.

“**Dividend Period**” means the period from and including the Issue Date up to and including September 30, 2011 and, thereafter, the period from the date following a Dividend Payment Date up to and including the next succeeding Dividend Payment Date.

“**Election Notice**” has the meaning attributed to it in Section 5.3(a).

“**First Preferred Shares**” means any outstanding First Preferred Shares in the capital of the Company.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 3.21% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30<sup>th</sup> day prior to the first day of such Quarterly Floating Rate Period.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Company, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“**Holder**” has the meaning attributed to it in Section 2.1.

“**Ineligible Person**” means any person whose address is in, or whom the Company or the Transfer Agent for the Series A Preferred Shares has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Series A Preferred Shares or Series B Preferred Shares would require the Company to take any action to comply with securities or analogous laws of that jurisdiction.

“**Initial Dividend Period**” has the meaning ascribed thereto in Section 2.2(a).

“**Initial Fixed Dividend Rate**” means 5.50% per annum.

“**Initial Fixed Rate Period**” means the period commencing on the Issue Date and ending on and including September 30, 2016.

“**Issue Date**” means the date on which Series A Preferred Shares are first issued.

“**Quarterly Commencement Date**” means the 1<sup>st</sup> day of each of April, July, October and January in each year.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period commencing on October 1, 2016 and ending on and including December 31, 2016, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

“**Redemption Price**” has the meaning attributed to it in Section 4(a).

“**Second Preferred Shares**” means any outstanding Second Preferred Shares in the capital of the Company.

“**Series A Conversion Date**” has the meaning attributed to it in Section 4(a).

“**Series A Dividends**” has the meaning attributed to it in Section 2.1.

“**Series A Preferred Shares**” has the meaning attributed to it in the introductory paragraph to these Series A Preferred Shares Provisions.

“**Series A Preferred Share Provisions**” means the rights, privileges, restrictions and conditions attached to the Series A Preferred Shares as set out herein.

“**Series B Preferred Shares**” means the Cumulative Floating Rate First Preferred Shares, Series B in the capital of the Company.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period commencing on October 1, 2016 and ending on and including September 30, 2021 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period and ending on and including September 30 in the fifth year thereafter.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Transfer Agent**” means Computershare Investor Services Inc., a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series A Preferred Shares.

## **15.2 Interpretation of terms**

In the provisions herein contained attaching to the Series A Preferred Shares:

- (a) “**accrued and unpaid dividends**” means the aggregate of (i) all unpaid Series A Dividends for any completed Dividend Period; and (ii) a cash amount calculated

as though Series A Dividends had been accruing on a day to day basis from and including the date on which the last quarterly dividend was payable up to and including the date to which the computation of accrued dividends is to be made;

- (b) “**preference over**”, “**in priority to**”, “**on parity with**”, “**equally with**” and “**junior to**” have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs;
- (c) in the event that any date on which any Series A Dividend is payable by the Company, or any date on or by which any other action is required to be taken by the Company or the Holders hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken, on or by the next succeeding day that is a Business Day;
- (d) in the event of the non-receipt of a cheque by a Holder of Series A Preferred Shares entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the Holder a replacement cheque for the amount of the original cheque;
- (e) the Company will be entitled to deduct or withhold from any amount payable to a Holder of Series A Preferred Shares under these Series A Preferred Share Provisions any amount required or permitted by law to be deducted or withheld from that payment;
- (f) reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute;
- (g) if it is necessary to convert any amount into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars; and
- (h) all references herein to a Holder of Series A Preferred Shares shall be interpreted as referring to a registered Holder of the Series A Preferred Shares.

## **SCHEDULE B**

The Cumulative Floating Rate First Preferred Shares, Series B of the Company shall consist of up to 4,600,000 Cumulative Floating Rate First Preferred Shares, Series B (the “Series B Preferred Shares”) with the following rights, privileges, restrictions and conditions attached thereto:

### **A. CUMULATIVE FLOATING RATE FIRST PREFERRED SHARES, SERIES B**

#### **1. Consideration for Issue**

The consideration for the issue of each Series B Preferred Share shall be \$25.00 or its equivalent in property or past services.

#### **2. Dividends**

##### ***2.1 Cumulative Preferential Dividends***

The holders of the then outstanding Series B Preferred Shares (the “**Holders**”) shall be entitled to receive, and the Company shall pay thereon, as, if and when declared by the Board of Directors, out of monies of the Company properly applicable to the payment of dividends, floating rate, cumulative, preferential cash dividends (the “**Series B Dividends**”) payable quarterly at the rates and times herein provided by cheque at par in lawful money of Canada at any branch in Canada of the Company’s bankers for the time being or by any other reasonable means the Company deems desirable, all in accordance with the following:

- (a) During each Quarterly Floating Rate Period, Series B Dividends payable on the Series B Preferred Shares will be in an amount per share determined by multiplying the Floating Quarterly Dividend Rate applicable to such Quarterly Floating Rate Period by \$25.00, and shall be payable quarterly on each Dividend Payment Date during such Quarterly Floating Rate Period.
- (b) In respect of each Quarterly Floating Rate Period, the Company will calculate on each Floating Rate Calculation Date the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period and will, on the Floating Rate Calculation Date, give written notice thereof to the Holders. Each such determination by the Company of the Floating Quarterly Dividend Rate will, in the absence of manifest error, be final and binding upon the Company and upon all Holders of Series B Preferred Shares.
- (c) If on any Dividend Payment Date, the Series B Dividends accrued to such date are not paid in full on all of the Series B Preferred Shares then outstanding, such Series B Dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the Board of Directors on which the Company shall have sufficient monies properly applicable to the payment of such Series B Dividends.
- (d) The Holders shall not be entitled to any dividends other than or in excess of the Series B Dividends.

- (e) Series B Dividends shall (except in case of redemption or conversion in which case payment of Series B Dividends shall, subject to the provisions of Section 14, be made on surrender of the certificate representing the Series B Preferred Shares to be redeemed or converted) be paid by:
- (i) the posting of, in a postage paid envelope addressed to each Holder at the last address of such Holder as it appears on the securities register of the Company or, in the case of joint Holders, to the address of that one whose name appears first in the securities register of the Company as one of such joint Holders, or, in the event of the address of any Holder not so appearing, then to the address of such Holder last known to the Company, a cheque for such Series B Dividends (less any tax required to be deducted or withheld) payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders failing written instructions from them to the contrary; or
  - (ii) electronic funds transfer of an amount equal to such Series B Dividends (less any tax required to be deducted or withheld) to each Holder who specifies account information for such purpose or, in the case of joint Holders, to the account specified by the Holder whose name appears first in the securities register of the Company as one of such joint Holders.

Notwithstanding the foregoing, any dividend cheque may be delivered by the Company to a Holder at his address as aforesaid. The posting or delivery of such cheque, or the electronic transfer of funds to an account specified by a Holder, on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be deducted or withheld as aforesaid) unless such cheque is not paid on due presentation. Subject to applicable law, dividends that are represented by a cheque, which has not been presented to the Company's bankers for payment, or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Company.

## ***2.2 Dividend for Other than a Full Quarterly Floating Rate Period***

The Holders shall be entitled to receive, and the Company shall pay thereon, if, as and when declared by the Board of Directors, out of monies of the Company properly applicable to the payment of dividends, Series B Dividends for any period which is less than a full Quarterly Floating Rate Period as follows: in respect of any period that is less than a full Quarterly Floating Rate Period, a dividend in an amount per Series B Preferred Share equal to the amount obtained (rounded to five decimal places) when the product of the Floating Quarterly Dividend Rate and \$25.00 is multiplied by a fraction, the numerator of which is the number of calendar days elapsed in the relevant period and the denominator of which is the number of calendar days in the Quarterly Floating Rate Period in which such period falls.

### 3. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the Holders shall be entitled to receive \$25.00 per Series B Preferred Share, together with all Series B Dividends accrued and unpaid up to but excluding the date fixed for payment or distribution (less any tax required to be deducted or withheld), before any amount shall be paid or any assets of the Company are distributed to the holders of any shares ranking junior as to capital to the Series B Preferred Shares. Upon payment of such amounts, the Holders shall not be entitled to share in any further distribution of the assets of the Company.

### 4. Redemption at the Option of the Company

- (a) The Company may, subject to applicable law and to the provisions described under Section 6 below, at its option, upon giving notice as hereinafter provided, at any time without the consent of the Holders redeem all, or from time to time any number, of the then outstanding Series B Preferred Shares by the payment of an amount in cash for each Series B Preferred Share so redeemed equal to: (i) \$25.00 in the case of redemptions on September 30, 2021 and on September 30 every five years thereafter (each a “**Series B Conversion Date**”); or (ii) \$25.50 in the case of redemptions on any date which is not a Series B Conversion Date after September 30, 2016, in each case including the Series B Dividends accrued and unpaid up to but excluding the date fixed for redemption (less any tax required to be deducted or withheld) (the “**Redemption Price**”).
- (b) If less than all of the then outstanding Series B Preferred Shares are at any time to be redeemed, then the particular Series B Preferred Shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if such Series B Preferred Shares are at such time listed on such exchange, with the consent of the Toronto Stock Exchange, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.
- (c) The Company shall give notice in writing not less than 30 days nor more than 60 days prior to the applicable Series B Conversion Date or such date fixed for redemption of its intention to redeem such Series B Preferred Shares to each person who at the date of giving such notice is the Holder of Series B Preferred Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent and such notice shall be given and sent by posting the same in a postage paid envelope addressed to each Holder of Series B Preferred Shares to be redeemed at the last address of such Holder as it appears on the securities register of the Company, or in the case of joint Holders, to the address of that one whose name appears first in the securities register of the Company as one of such joint Holders or, in the event of the address of any Holder not so appearing, then to the address of such Holder last known to the Company, provided that the accidental failure or omission to give any such notices as aforesaid to one or more of such Holders shall not affect the validity of the

redemption as to the other Holders of Series B Preferred Shares to be redeemed. Such notice shall set out the number of such Series B Preferred Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Price and shall also set out the date on which the redemption is to take place. On and after the date so specified for redemption, the Company shall pay or cause to be paid to the Holders to be redeemed the Redemption Price (less any tax required to be deducted or withheld) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series B Preferred Shares so called for redemption, subject to the provisions of Section 14. Such payment shall be made by cheque payable at par at any branch in Canada of the Company's bankers for the time being or by any other reasonable means the Company deems desirable and shall be a full and complete discharge of the Company's obligation to pay the Redemption Price owed to the Holders of Series B Preferred Shares so called for redemption unless the cheque is not honoured when presented for payment. From and after the date specified in any such notice, the Series B Preferred Shares called for redemption shall cease to be entitled to Series B Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price (less any tax required to be deducted or withheld) therefor, provided that if payment of the Redemption Price (less any tax required to be deducted or withheld) shall not be duly made by the Company on or before the redemption date, the Company shall forthwith thereafter return the Holder's deposited share certificate or certificates to the Holder. At any time after notice of redemption is given as aforesaid, the Company shall have the right to deposit the Redemption Price of any or all Series B Preferred Shares called for redemption (less any tax required to be deducted or withheld), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada named in the notice of redemption to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, subject to the provisions of Section 14. Upon such deposit or deposits being made, such shares shall be deemed to be redeemed on the redemption date specified in the notice of redemption. After the Company has made a deposit as aforesaid with respect to any shares, the Holders thereof shall not, from and after the redemption date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Company. Subject to applicable law, redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remain unclaimed (including monies held in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Company.



## 5. Conversion of Series B Preferred Shares

### 5.1 *Conversion at the Option of the Holder*

- (a) Holders of Series B Preferred Shares will have the right, at their option, on each Series B Conversion Date, to convert, subject to the applicable law and the terms and provisions hereof, all or any of the then outstanding Series B Preferred Shares registered in the name of the Holder into Series A Preferred Shares on the basis of one Series A Preferred Share for each Series B Preferred Share. The Company will provide written notice not less than 30 and not more than 60 days prior to the applicable Series B Conversion Date to the Holders of the conversion privilege provided for herein (the “**Conversion Privilege**”). Such notice shall: (i) set out the Series B Conversion Date; and (ii) include instructions to such Holders as to the method by which such Conversion Privilege may be exercised, as described in Section 5.3. On the 30<sup>th</sup> day prior to each Series B Conversion Date, the Company will provide to the Holders written notice of the Floating Quarterly Dividend Rate applicable to the Series B Preferred Shares for the next succeeding Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series A Preferred Shares for the next succeeding Subsequent Fixed Rate Period, in each case as determined by the Company.
- (b) If the Company gives notice as provided in Section 4 to the Holders of the redemption of all the Series B Preferred Shares, the Company will not be required to give notice as provided in this Section 5.1 to the Holders of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or the Conversion Privilege and the right of any Holder of Series B Preferred Shares to convert such Series B Preferred Shares as herein provided will cease and terminate in that event.
- (c) Holders of Series B Preferred Shares shall not be entitled to convert their shares into Series A Preferred Shares on a Series B Conversion Date if the Company determines that there would remain outstanding on the Series B Conversion Date less than 1,000,000 Series A Preferred Shares after taking into account all Series B Preferred Shares tendered for conversion into Series A Preferred Shares and all Series A Preferred Shares tendered for conversion into Series B Preferred Shares. The Company will give written notice thereof to all affected Holders of Series B Preferred Shares of their inability to convert their Series B Preferred Shares at least seven days prior to the applicable Series B Conversion Date and, subject to the provisions of Section 14, will issue and deliver, or cause to be delivered, prior to such Series B Conversion Date, at the expense of the Company, to such Holders of Series B Preferred Shares, who have surrendered for conversion any endorsed certificate or certificates representing Series B Preferred Shares, new certificates representing the Series B Preferred Shares represented by any certificate or certificates surrendered as aforesaid.

## 5.2 *Automatic Conversion*

If the Company determines that there would remain outstanding on a Series B Conversion Date less than 1,000,000 Series B Preferred Shares, after taking into account all Series B Preferred Shares tendered for conversion into Series A Preferred Shares and all Series A Preferred Shares tendered for conversion into Series B Preferred Shares, then, all, but not part, of the remaining outstanding Series B Preferred Shares will automatically be converted into Series A Preferred Shares on the basis of one Series A Preferred Share for each Series B Preferred Share on the applicable Series B Conversion Date. The Company shall give notice in writing thereof to the Holders of such remaining Series B Preferred Shares at least seven days prior to the Series B Conversion Date.

## 5.3 *Manner of Conversion*

- (a) Subject to the provisions of Section 14, the Conversion Privilege may be exercised by notice in writing (an “**Election Notice**”) given by the Holders not earlier than the 30<sup>th</sup> day prior to the applicable Series B Conversion Date but not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding the applicable Series B Conversion Date during usual business hours at any principal office of the Transfer Agent, or such other place or places in Canada as the Company may agree, accompanied by: (i) payment or evidence of payment of the tax (if any) payable as provided in this Section 5.3; and (ii) the certificate or certificates representing the Series B Preferred Shares in respect of which the Holder thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the Holder, or his or her attorney duly authorized in writing, in which Election Notice such Holder may also elect to convert part only of the Series B Preferred Shares represented by such certificate or certificates not theretofore called for redemption in which event the Company will issue and deliver or cause to be delivered to such Holder, at the expense of the Company, a new certificate representing the Series B Preferred Shares represented by such certificate or certificates that have not been converted. Each Election Notice will be irrevocable once received by the Company.
- (b) If the Company does not receive an Election Notice from a Holder of Series B Preferred Shares during the notice period therefor, then the Series B Preferred Shares shall be deemed not to have been converted (except in the case of an automatic conversion pursuant to Section 5.2).
- (c) Subject to the provisions of Section 14, in the event the Company is required to convert all remaining outstanding Series B Preferred Shares into Series A Preferred Shares on the applicable Series B Conversion Date as provided for in Section 5.2, the Series B Preferred Shares in respect of which the Holders have not previously elected to convert will be converted on the Series B Conversion Date into Series A Preferred Shares and the Holders thereof will be deemed to be Holders of Series A Preferred Shares at 5:00 p.m. (Toronto time) on the Series B Conversion Date and will be entitled, upon surrender during usual business hours

at any principal office of the Transfer Agent, or such other place or places in Canada as the Company may agree, of the certificate or certificates representing Series B Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series A Preferred Shares in the manner and subject to the terms and provisions as provided in this Section 5.3.

- (d) Subject to the provisions of Section 14, as promptly as practicable after the Series B Conversion Date, the Company will issue and deliver, or cause to be delivered to or upon the written request of the Holder of the Series B Preferred Shares so surrendered in accordance with this Section 5, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such Holder representing the number of fully-paid and non-assessable Series A Preferred Shares and the number of remaining Series B Preferred Shares, if any, to which such Holder is entitled. Such conversion will be deemed to have been made at 5:00 p.m. (Toronto time) on the applicable Series B Conversion Date, so that the rights of the Holder of such Series B Preferred Shares as the Holder thereof will cease at such time and the person or persons entitled to receive the Series A Preferred Shares upon such conversion will be treated for all purposes as having become the Holder or Holders of record of such Series A Preferred Shares at such time.
- (e) The Holder of any Series B Preferred Share on the record date for any Series B Dividends declared payable on such share will be entitled to such dividends notwithstanding that such share is converted into Series A Preferred Shares after such record date and on or before the date of the payment of such dividend.
- (f) Subject to the provisions of Section 14, the issuance of certificates for the Series A Preferred Shares upon the conversion of Series B Preferred Shares will be made without charge to the converting Holders for any fee or tax in respect of the issuance of such certificates or the Series A Preferred Shares represented thereby; provided, however, that the Company will not be required to pay any tax that may be imposed upon the person or persons to whom such Series A Preferred Shares are issued in respect of the issuance of such Series A Preferred Shares or the certificate therefor or any security transfer taxes, and the Company will not be required to issue or deliver a certificate or certificates in a name or names other than that of the Holder of the Series A Preferred Shares converted unless the person or persons requesting the issuance thereof has paid to the Company the amount of any such security transfer tax or has established to the satisfaction of the Company that such tax has been paid.

#### ***5.4 Status of Converted Series B Preferred Shares***

All Series B Preferred Shares converted into Series A Preferred Shares on a Series B Conversion Date shall be restored to the status of authorized but unissued shares of the Company as at the close of business on the Series B Conversion Date and available for issuance on the conversion of the Series A Preferred Shares into Series B Preferred Shares.

### **5.5 *Right Not to Deliver Series B Preferred Shares***

On the exercise of the Conversion Privilege by a Holder of Series B Preferred Shares, the Company reserves the right not to deliver Series A Preferred Shares to any Ineligible Person.

## **6. Restrictions on Dividends and Retirement and Issue of Shares**

So long as any of the Series B Preferred Shares are outstanding, the Company shall not, without the approval of the Holders:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Company ranking, as to capital and dividends, junior to the Series B Preferred Shares) on shares of the Company ranking, as to dividends, junior to the Series B Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking, as to return of capital and dividends, junior to the Series B Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Company ranking, as to capital, junior to the Series B Preferred Shares;
- (c) redeem or call for redemption, purchase, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series B Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any preferred shares ranking, as to the payment of dividends or return of capital, on parity with the Series B Preferred Shares,

unless, in each such case, all accrued and unpaid dividends up to and including the Series B Dividends payable for the last completed Quarterly Floating Rate Period for which Series B Dividends were payable and on all other shares of the Company ranking prior to or on parity with the Series B Preferred Shares with respect to the payment of dividends have been declared and paid or set apart for payment.

## **7. Purchase for Cancellation**

Subject to applicable law and to the provisions described in Section 6, the Company may at any time purchase for cancellation the whole or any number of the Series B Preferred Shares outstanding from time to time, in the open market through or from an investment dealer or any firm holding membership on a recognized stock exchange, or by private agreement or otherwise, at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

## **8. Voting Rights**

The Holders will not (except as otherwise provided by law and except for meetings of the Holders of Preferred Shares as a class and meetings of the Holders as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Company unless and until the Company shall have failed to pay eight quarterly Series B Dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the Holders will be entitled to receive notice of and to attend each meeting of shareholders of the Company (other than any meetings at which only holders of another specified class or series are entitled to vote) and such Holders shall have the right, at any such meeting, to one vote for each Series B Preferred Share held. Upon payment of the entire amount of all Series B Dividends in arrears, the voting rights of the Holders shall forthwith cease (unless and until the same default shall again arise under the provisions of this Section 8).

## **9. Modifications**

The provisions attaching to the Series B Preferred Shares as a series may be repealed, altered, modified or amended from time to time with such approval as may then be required by the *Business Corporations Act* (British Columbia), any such approval to be given in accordance with Section 10.

## **10. Approval of Holders of Series B Preferred Shares**

### ***10.1 Approval***

Except as otherwise provided herein, any approval of the Holders with respect to any matters requiring the consent of the Holders may be given in such manner required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders of Series B Preferred Shares or passed by the affirmative vote of at least 66  $\frac{2}{3}$ % of the votes cast by the Holders of Series B Preferred Shares who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of a majority of the outstanding Series B Preferred Shares are present or represented by proxy. If at any such meeting the Holder(s) of a majority of the then outstanding Series B Preferred Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holders(s) of Series B Preferred Shares then present in person or represented by proxy may transact the business for which the meeting was originally called and the Holders of Series B Preferred Shares then present in person or represented by proxy shall form the necessary quorum. At any meeting of Holders of Series B Preferred Shares as a series, each such Holder shall be entitled to one vote in respect of each Series B Preferred Share held.

## **10.2 Formalities, etc.**

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of, and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders of Series B Preferred Shares, each such Holder entitled to vote thereat shall be entitled to one vote in respect of each Series B Preferred Share held.

## **11. Tax Election**

The Company shall elect, in the manner and within the time provided under the Tax Act, under the applicable provision(s) of Part VI.1 of the Tax Act, or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay or cause payment of the tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series B Preferred Shares under the applicable provision(s) of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect.

## **12. Notices**

- (a) If the Board of Directors determines that mail service is or is threatened to be interrupted at the time when the Company is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder of Series B Preferred Shares, whether in connection with the redemption or conversion of such share or otherwise, the Company may, notwithstanding the provisions hereof:
  - (i) give such notice by publication thereof once in a daily English language newspaper of general circulation published in each of Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax, and once in a daily French language newspaper published in Montreal and such notice shall be deemed to have been validly given on the day next succeeding its publication in all of such cities; and
  - (ii) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such Holder by the Transfer Agent at its principal offices in the cities of Vancouver, Toronto and Montreal, and such cheque and/or share certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Board of Directors determines that mail service is no longer interrupted or threatened to be interrupted, such cheque or share certificate, if not theretofore delivered to such Holder, shall be sent by mail as herein provided. In the event that the Company is required to mail such cheque or share certificate, such mailing shall be made by prepaid mail to the registered address of each person

who at the date of mailing is a registered Holder and who is entitled to receive such cheque or share certificate.

- (b) Any notice, cheque, invitation for tenders or other communication from the Company herein provided for shall be sufficiently given if delivered or if sent by first class unregistered mail, postage prepaid, to the Holders at their respective addresses appearing on the books of the Company or, in the event of the address of any of such Holders not so appearing, then at the last address of such Holder known to the Company. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tender or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such Holder or Holders.
- (c) If any notice, cheque, invitation for tenders or other communication from the Company given to a Holder of Series B Preferred Shares pursuant to paragraph (b) is returned on three consecutive occasions because the Holder cannot be found, the Company shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such shareholder until the Holder informs the Company in writing of such Holder's new address.

### **13. Priority Ranking**

The Series B Preferred Shares shall be entitled to preference over the common shares of the Company, the Second Preferred Shares and any other shares ranking junior to the First Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs. The Series B Preferred Shares rank equally with every other series of First Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs.

### **14. Book-Entry Only System**

#### ***14.1 Transfers etc. Through Participants***

If the Series B Preferred Shares are held through the Book-Entry System then the beneficial owner thereof shall provide instructions with respect to Series B Preferred Shares only to the Depository participant through whom such beneficial owner holds such Series B Preferred Shares and registrations of ownership, transfers, purchases, surrenders and exchanges of Series B Preferred Shares will be made only through the Book-Entry System. Beneficial owners of Series

B Preferred Shares will not have the right to receive share certificates representing their ownership of the Series B Preferred Shares.

#### ***14.2 Depository is Registered Holder***

For the purposes of these Series B Preferred Share Provisions, as long as the Depository, or its nominee, is the registered Holder of the Series B Preferred Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series B Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series B Preferred Shares, including payments of Series B Dividends, the Redemption Price or accrued and unpaid dividends, and the delivery of Series A Preferred Shares and certificates for those shares on the conversion of Series B Preferred Shares into Series A Preferred Shares.

### **15. Interpretation**

#### ***15.1 Definitions***

For the purposes hereof, the following capitalized terms shall have the following meanings, unless the context otherwise requires:

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the annual rate (expressed as a percentage rate rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 3.21%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

“**Board of Directors**” means the board of directors of the Company.

“**Book-Entry System**” means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or any other day that is treated as a holiday in the Province of Ontario or British Columbia.

“**Conversion Privilege**” has the meaning attributed to it in Section 5.1(a).

“**Depository**” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company.

“**Dividend Payment Date**” in respect of the dividends payable on the Series B Preferred Shares means the last day of each Quarterly Floating Rate Period.

“**Election Notice**” has the meaning attributed to it in Section 5.3(a).



“**First Preferred Shares**” means any outstanding First Preferred Shares in the capital of the Company.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 3.21% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30<sup>th</sup> day prior to the first day of such Quarterly Floating Rate Period.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Company, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“**Holder**” has the meaning attributed to it in Section 2.1.

“**Ineligible Person**” means any person whose address is in, or whom the Company or the Transfer Agent for the Series B Preferred Shares has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Series B Preferred Shares or Series A Preferred Shares would require the Company to take any action to comply with securities or analogous laws of that jurisdiction.

“**Quarterly Commencement Date**” means the 1<sup>st</sup> day of each of April, July, October and January in each year.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period commencing on October 1, 2016 and ending on and including December 31, 2016, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

“**Redemption Price**” has the meaning attributed to it in Section 4(a)(ii).

“**Second Preferred Shares**” means any outstanding Second Preferred Shares in the capital of the Company.

“**Series A Preferred Shares**” means the Cumulative 5-Year Rate Reset First Preferred Shares, Series A in the capital of the Company.

“**Series B Conversion Date**” has the meaning attributed to it in Section 4(a)(i).

“**Series B Dividends**” has the meaning attributed to it in Section 2.1.

“**Series B Preferred Share Provisions**” means the rights, privileges, restrictions and conditions attached to the Series B Preferred Shares as set out herein.

“**Series B Preferred Shares**” has the meaning attributed to it in the introductory paragraph to these Series B Preferred Share Provisions.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period commencing on October 1, 2016 and ending on and including September 30, 2021 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period and ending on and including September 30 in the fifth year thereafter.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Transfer Agent**” means Computershare Investor Services Inc., a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series B Preferred Shares.

## **15.2 Interpretation of terms**

In the provisions herein contained attaching to the Series B Preferred Shares:

- (a) “**accrued and unpaid dividends**” means the aggregate of (i) all unpaid Series B Dividends for any completed Quarterly Floating Rate Period; and (ii) a cash amount calculated as though Series B Dividends had been accruing on a day to day basis from and including the date on which the last quarterly dividend was payable up to and including the date to which the computation of accrued dividends is to be made;
- (b) “**preference over**”, “**in priority to**”, “**on parity with**”, “**equally with**” and “**junior to**” have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs;

- (c) in the event that any date on which any Series B Dividend is payable by the Company, or any date on or by which any other action is required to be taken by the Company or the Holders hereunder, is not a Business Day (as defined above), then such dividend shall be payable, or such other action shall be required to be taken, on or by the next succeeding day that is a Business Day;
- (d) in the event of the non-receipt of a cheque by a Holder of Series B Preferred Shares entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the Holder a replacement cheque for the amount of the original cheque;
- (e) the Company will be entitled to deduct or withhold from any amount payable to a Holder of Series B Preferred Shares under these Series B Preferred Share Provisions any amount required or permitted by law to be deducted or withheld from that payment;
- (f) reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute;
- (g) if it is necessary to convert any amount into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars; and
- (h) all references herein to a Holder of Series B Preferred Shares shall be interpreted as referring to a registered Holder of the Series B Preferred Shares.

## SCHEDULE C

The Cumulative 5-Year Rate Reset First Preferred Shares, Series C of the Company shall consist of up to 4,600,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series C (the “**Series C Preferred Shares**”) with the following rights, privileges, restrictions and conditions attached thereto:

**A. CUMULATIVE 5-YEAR RATE RESET FIRST PREFERRED SHARES, SERIES C**

**1. Consideration for Issue**

The consideration for the issue of each Series C Preferred Share shall be \$25.00 or its equivalent in property or past services.

**2. Dividends**

**2.1 Cumulative Preferential Dividends**

The holders of the then outstanding Series C Preferred Shares (the “**Holders**”) shall be entitled to receive, and the Company shall pay thereon, if, as and when declared by the Board of Directors, out of monies of the Company properly applicable to the payment of dividends, fixed, cumulative, preferential cash dividends (the “**Series C Dividends**”) payable quarterly at the rates and times herein provided by cheque at par in lawful money of Canada at any branch in Canada of the Company’s bankers for the time being or by any other reasonable means the Company deems desirable, all in accordance with the following:

- (a) During the Initial Fixed Rate Period, the Series C Dividends will be payable quarterly on the last day of March, June, September and December of each year at the Initial Fixed Dividend Rate. The initial Series C Dividend will be payable on July 3, 2012 and will be an amount in cash equal to \$0.3190 per Series C Preferred Share. On each Dividend Payment Date during the Initial Fixed Rate Period (other than July 3, 2012) the Series C Dividend will be equal to \$0.359375.
- (b) During each Subsequent Fixed Rate Period, Series C Dividends payable on the Series C Preferred Shares will be in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00, and shall be payable quarterly on each Dividend Payment Date during such Subsequent Fixed Rate Period.
- (c) In respect of each Subsequent Fixed Rate Period, the Company will calculate on each Fixed Rate Calculation Date the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period and will, on the Fixed Rate Calculation Date, give written notice thereof to the Holders. Each such determination by the Company of the Annual Fixed Dividend Rate will, in the absence of manifest error, be final and binding upon the Company and upon all Holders of Series C Preferred Shares.

- (d) If on any Dividend Payment Date, the Series C Dividends accrued to such date are not paid in full on all of the Series C Preferred Shares then outstanding, such Series C Dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the Board of Directors on which the Company shall have sufficient monies properly applicable to the payment of such Series C Dividends.
- (e) The Holders shall not be entitled to any dividends other than or in excess of the Series C Dividends.
- (f) Series C Dividends shall (except in case of redemption or conversion in which case payment of Series C Dividends shall, subject to the provisions of Section 14, be made on surrender of the certificate representing the Series C Preferred Shares to be redeemed or converted) be paid by:
  - (i) the posting of, in a postage paid envelope addressed to each Holder at the last address of such Holder as it appears on the securities register of the Company or, in the case of joint Holders, to the address of that one whose name appears first in the securities register of the Company as one of such joint Holders, or, in the event of the address of any Holder not so appearing, then to the address of such Holder last known to the Company, a cheque for such Series C Dividends (less any tax required to be deducted or withheld) payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders failing written instructions from them to the contrary; or
  - (ii) electronic funds transfer of an amount equal to such Series C Dividends (less any tax required to be deducted or withheld) to each Holder who specifies account information for such purpose or, in the case of joint Holders, to the account specified by the Holder whose name appears first in the securities register of the Company as one of such joint Holders.

Notwithstanding the foregoing, any dividend cheque may be delivered by the Company to a Holder at his address as aforesaid. The posting or delivery of such cheque, or the electronic transfer of funds to an account specified by a Holder, on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be deducted or withheld as aforesaid) unless such cheque is not paid on due presentation. Subject to applicable law, dividends that are represented by a cheque, which has not been presented to the Company's bankers for payment, or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Company.

## 2.2 *Dividend for Other than a Full Dividend Period*

The Holders shall be entitled to receive, and the Company shall pay thereon, if, as and when declared by the Board of Directors, out of monies of the Company properly applicable to the payment of dividends, Series C Dividends for any period which is other than a full Dividend Period as follows:

- (a) in respect of the period beginning on and including the date of initial issue of the Series C Preferred Shares up to and including June 30, 2012 (the “**Initial Dividend Period**”), a dividend in an amount per Series C Preferred Share equal to the amount obtained (rounded to five decimal places) where \$1.4375 is multiplied by a fraction, the numerator of which is the number of calendar days from but excluding the date of issue of the Series C Preferred Shares up to and including June 30, 2012 and the denominator of which is 365. The Series C Dividend payable for the Initial Dividend Period, payable as of July 3, 2012, as calculated by this method shall be \$0.3190 per Series C Preferred Share; and
- (b) in respect of any period that is less than a full Dividend Period, a dividend in an amount per Series C Preferred Share equal to the amount obtained (rounded to five decimal places) when the product of the Annual Fixed Dividend Rate and \$25.00 is multiplied by a fraction, the numerator of which is the number of calendar days elapsed in the relevant period and the denominator of which is 365.

## 3. **Rights on Liquidation**

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the Holders shall be entitled to receive \$25.00 per Series C Preferred Share, together with all Series C Dividends accrued and unpaid up to but excluding the date fixed for payment or distribution (less any tax required to be deducted or withheld), before any amount shall be paid or any assets of the Company are distributed to the holders of any shares ranking junior as to capital to the Series C Preferred Shares. Upon payment of such amounts, the Holders shall not be entitled to share in any further distribution of the assets of the Company.

## 4. **Redemption at the Option of the Company**

- (a) The Company may not redeem any of the Series C Preferred Shares prior to June 30, 2017. On June 30, 2017 and on June 30 every five years thereafter (each, a “**Series C Conversion Date**”), the Company may, subject to applicable law and to the provisions described under Section 6 below, at its option, upon giving notice as hereinafter provided, without the consent of the Holders redeem all, or from time to time any number, of the then outstanding Series C Preferred Shares by the payment of an amount in cash for each Series C Preferred Share so redeemed equal to \$25.00 per Series C Preferred Share, together with the Series C Dividends accrued and unpaid up to but excluding the date fixed for redemption (less any tax required to be deducted or withheld) (the “**Redemption Price**”).

- (b) If less than all of the then outstanding Series C Preferred Shares are at any time to be redeemed, then the particular Series C Preferred Shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if such Series C Preferred Shares are at such time listed on such exchange, with the consent of the Toronto Stock Exchange, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.
- (c) The Company shall give notice in writing not less than 30 days nor more than 60 days prior to the applicable Series C Conversion Date of its intention to redeem such Series C Preferred Shares to each person who at the date of giving such notice is the Holder of Series C Preferred Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent and such notice shall be given and sent by posting the same in a postage paid envelope addressed to each Holder of Series C Preferred Shares to be redeemed at the last address of such Holder as it appears on the securities register of the Company, or in the case of joint Holders, to the address of that one whose name appears first in the securities register of the Company as one of such joint Holders or, in the event of the address of any Holder not so appearing, then to the address of such Holder last known to the Company, provided that the accidental failure or omission to give any such notices as aforesaid to one or more of such Holders shall not affect the validity of the redemption as to the other Holders to be redeemed. Such notice shall set out the number of such Series C Preferred Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Price and shall also set out the date on which the redemption is to take place. On and after the date so specified for redemption, the Company shall pay or cause to be paid to the Holders to be redeemed the Redemption Price (less any tax required to be deducted or withheld) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series C Preferred Shares so called for redemption, subject to the provisions of Section 14. Such payment shall be made by cheque payable at par at any branch in Canada of the Company's bankers for the time being or by any other reasonable means the Company deems desirable and shall be a full and complete discharge of the Company's obligation to pay the Redemption Price owed to the Holders of Series C Preferred Shares so called for redemption unless the cheque is not honoured when presented for payment. From and after the date specified in any such notice, the Series C Preferred Shares called for redemption shall cease to be entitled to Series C Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price (less any tax required to be deducted or withheld) therefor, provided that if payment of the Redemption Price (less any tax required to be deducted or withheld) shall not be duly made by the Company on or before the redemption date, the Company shall forthwith thereafter return the Holder's deposited share certificate or certificates to the Holder. At any time after notice of redemption is given as aforesaid, the Company shall have the right to deposit the Redemption Price of any or all Series C Preferred Shares called for redemption (less any tax required to be deducted or withheld), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or

banks or with any trust company or trust companies in Canada named in the notice of redemption to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, subject to the provisions of Section 14. Upon such deposit or deposits being made, such shares shall be deemed to be redeemed on the redemption date specified in the notice of redemption. After the Company has made a deposit as aforesaid with respect to any shares, the Holders thereof shall not, from and after the redemption date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Company. Subject to applicable law, redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remain unclaimed (including monies held in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Company.

## 5. Conversion of Series C Preferred Shares

### 5.1 *Conversion at the Option of the Holder*

- (a) Holders of Series C Preferred Shares will have the right, at their option, on each Series C Conversion Date, to convert, subject to applicable law, and the terms and provisions hereof, all or any of the then outstanding Series C Preferred Shares registered in the name of the Holder into Series D Preferred Shares on the basis of one Series D Preferred Share for each Series C Preferred Share. The Company will provide written notice not less than 30 and not more than 60 days prior to the applicable Series C Conversion Date to the Holders of the conversion privilege provided for herein (the “**Conversion Privilege**”). Such notice shall: (i) set out the Series C Conversion Date; and (ii) include instructions to such Holders as to the method by which such Conversion Privilege may be exercised, as described in Section 5.3. On the 30<sup>th</sup> day prior to each Series C Conversion Date, the Company will provide to the Holders written notice of the Floating Quarterly Dividend Rate applicable to the Series D Preferred Shares for the next succeeding Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series C Preferred Shares for the next succeeding Subsequent Fixed Rate Period, in each case as determined by the Company.
- (b) If the Company gives notice as provided in Section 4 to the Holders of the redemption of all the Series C Preferred Shares, the Company will not be required to give notice as provided in this Section 5.1 to the Holders of the Floating Quarterly Dividend Rate, the Annual Fixed Dividend Rate or the Conversion Privilege and the right of any Holder of Series C Preferred Shares to convert such Series C Preferred Shares as herein provided will cease and terminate in that event.



- (c) Holders of Series C Preferred Shares shall not be entitled to convert their shares into Series D Preferred Shares on a Series C Conversion Date if the Company determines that there would remain outstanding on the Series C Conversion Date less than 1,000,000 Series D Preferred Shares after taking into account all Series C Preferred Shares tendered for conversion into Series D Preferred Shares and all Series D Preferred Shares tendered for conversion into Series C Preferred Shares. The Company will give written notice thereof to all affected Holders of Series C Preferred Shares of their inability to convert their Series C Preferred Shares at least seven days prior to the applicable Series C Conversion Date and, subject to the provisions of Section 14, will issue and deliver, or cause to be delivered, prior to such Series C Conversion Date, at the expense of the Company, to such Holders of Series C Preferred Shares, who have surrendered for conversion any endorsed certificate or certificates representing Series C Preferred Shares, new certificates representing the Series C Preferred Shares represented by any certificate or certificates surrendered as aforesaid.

### **5.2 Automatic Conversion**

If the Company determines that there would remain outstanding on a Series C Conversion Date less than 1,000,000 Series C Preferred Shares after taking into account all Series C Preferred Shares tendered for conversion into Series D Preferred Shares and all Series D Preferred Shares tendered for conversion into Series C Preferred Shares, then, all, but not part, of the remaining outstanding Series C Preferred Shares will automatically be converted into Series D Preferred Shares on the basis of one Series D Preferred Share for each Series C Preferred Share on the applicable Series C Conversion Date. The Company shall give notice in writing thereof to the Holders of such remaining Series C Preferred Shares at least seven days prior to the Series C Conversion Date.

### **5.3 Manner of Conversion**

- (a) Subject to the provisions of Section 14, the Conversion Privilege may be exercised by notice in writing (an “**Election Notice**”) given by the Holders not earlier than the 30<sup>th</sup> day prior to the applicable Series C Conversion Date but not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding the applicable Series C Conversion Date during usual business hours at any principal office of the Transfer Agent, or such other place or places in Canada as the Company may agree, accompanied by: (i) payment or evidence of payment of the tax (if any) payable as provided in this Section 5.3; and (ii) the certificate or certificates representing the Series C Preferred Shares in respect of which the Holder thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the Holder, or his or her attorney duly authorized in writing, in which Election Notice such Holder may also elect to convert part only of the Series C Preferred Shares represented by such certificate or certificates not theretofore called for redemption in which event the Company will issue and deliver or cause to be delivered to such Holder, at the expense of the Company, a new certificate representing the Series C Preferred Shares represented by such certificate or certificates that have

not been converted. Each Election Notice will be irrevocable once received by the Company.

- (b) If the Company does not receive an Election Notice from a Holder of Series C Preferred Shares during the notice period therefor, then the Series C Preferred Shares shall be deemed not to have been converted (except in the case of an automatic conversion pursuant to Section 5.2).
- (c) Subject to the provisions of Section 14, in the event the Company is required to convert all remaining outstanding Series C Preferred Shares into Series D Preferred Shares on the applicable Series C Conversion Date as provided for in Section 5.2, the Series C Preferred Shares in respect of which the Holders have not previously elected to convert will be converted on the Series C Conversion Date into Series D Preferred Shares and the Holders thereof will be deemed to be Holders of Series D Preferred Shares at 5:00 p.m. (Toronto time) on the Series C Conversion Date and will be entitled, upon surrender during usual business hours at any principal office of the Transfer Agent, or such other place or places in Canada as the Company may agree, of the certificate or certificates representing Series C Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series D Preferred Shares in the manner and subject to the terms and provisions as provided in this Section 5.3.
- (d) Subject to the provisions of Section 14, as promptly as practicable after the Series C Conversion Date, the Company will issue and deliver, or cause to be delivered to or upon the written request of the Holder of the Series C Preferred Shares so surrendered in accordance with this Section 5, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such Holder representing the number of fully-paid and non-assessable Series D Preferred Shares and the number of remaining Series C Preferred Shares, if any, to which such Holder is entitled. Such conversion will be deemed to have been made at 5:00 p.m. (Toronto time) on the Series C Conversion Date, so that the rights of the Holder of such Series C Preferred Shares as the Holder thereof will cease at such time and the person or persons entitled to receive the Series D Preferred Shares upon such conversion will be treated for all purposes as having become the Holder or Holders of record of such Series D Preferred Shares at such time.
- (e) The Holder of any Series C Preferred Shares on the record date for any Series C Dividends declared payable on such share will be entitled to such dividends notwithstanding that such share is converted into Series D Preferred Shares after such record date and on or before the date of the payment of such dividend.
- (f) Subject to the provisions of Section 14, the issuance of certificates for the Series D Preferred Shares upon the conversion of Series C Preferred Shares will be made without charge to the converting Holders for any fee or tax in respect of the issuance of such certificates or the Series D Preferred Shares represented thereby; provided, however, that the Company will not be required to pay any tax that may

be imposed upon the person or persons to whom such Series D Preferred Shares are issued in respect of the issuance of such Series D Preferred Shares or the certificate therefor or any security transfer taxes, and the Company will not be required to issue or deliver a certificate or certificates in a name or names other than that of the Holder of the Series D Preferred Shares converted unless the person or persons requesting the issuance thereof has paid to the Company the amount of any such security transfer tax or has established to the satisfaction of the Company that such tax has been paid.

#### **5.4 *Status of Converted Series C Preferred Shares***

All Series C Preferred Shares converted into Series D Preferred Shares on a Series C Conversion Date shall be restored to the status of authorized but unissued shares of the Company as at the close of business on the Series C Conversion Date and available for issuance on the conversion of the Series D Preferred Shares.

#### **5.5 *Right Not to Deliver Series C Preferred Shares***

On the exercise of the Conversion Privilege by a Holder of Series C Preferred Shares, the Company reserves the right not to deliver Series D Preferred Shares to any Ineligible Person.

### **6. *Restrictions on Dividends and Retirement and Issue of Shares***

So long as any of the Series C Preferred Shares are outstanding, the Company shall not, without the approval of the Holders:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Company ranking, as to capital and dividends, junior to the Series C Preferred Shares) on shares of the Company ranking, as to dividends, junior to the Series C Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking, as to return of capital and dividends, junior to the Series C Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Company ranking, as to capital, junior to the Series C Preferred Shares;
- (c) redeem or call for redemption, purchase, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series C Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any preferred shares ranking, as to the payment of dividends or return of capital, on parity with the Series C Preferred Shares,

unless, in each such case, all accrued and unpaid dividends up to and including the Series C Dividends payable for the last completed Dividend Period for which Series C Dividends were payable and on all other shares of the Company ranking prior to or on parity with the Series C Preferred Shares with respect to the payment of dividends have been declared and paid or set apart for payment.

## **7. Purchase for Cancellation**

Subject to applicable law and to the provisions described in Section 6, the Company may at any time purchase for cancellation the whole or any number of the Series C Preferred Shares outstanding from time to time, in the open market through or from an investment dealer or any firm holding membership on a recognized stock exchange, or by private agreement or otherwise, at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

## **8. Voting Rights**

The Holders will not (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of the Holders as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Company unless and until the Company shall have failed to pay eight quarterly Series C Dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the Holders will be entitled to receive notice of and to attend each meeting of shareholders of the Company (other than any meetings at which only holders of another specified class or series are entitled to vote) and such Holders shall have the right, at any such meeting, to one vote for each Series C Preferred Share held. Upon payment of the entire amount of all Series C Dividends in arrears, the voting rights of the Holders shall forthwith cease (unless and until the same default shall again arise under the provisions of this Section 8).

## **9. Modifications**

The provisions attaching to the Series C Preferred Shares as a series may be repealed, altered, modified or amended from time to time with such approval as may then be required by the *Business Corporations Act* (British Columbia), any such approval to be given in accordance with Section 10.

## **10. Approval of Holders of Series C Preferred Shares**

### ***10.1 Approval***

Except as otherwise provided herein, any approval of the Holders with respect to any matters requiring the consent of the Holders may be given in such manner required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders of Series C Preferred Shares or passed by the affirmative vote of at least 66  $\frac{2}{3}$ % of the votes cast by the Holders of Series C Preferred Shares who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of a majority of the

outstanding Series C Preferred Shares are present or represented by proxy. If at any such meeting the Holder(s) of a majority of the then outstanding Series C Preferred Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holders(s) of Series C Preferred Shares then present in person or represented by proxy may transact the business for which the meeting was originally called and the Holders of Series C Preferred Shares then present in person or represented by proxy shall form the necessary quorum. At any meeting of Holders of Series C Preferred Shares as a series, each such Holder shall be entitled to one vote in respect of each Series C Preferred Share held.

### **10.2 Formalities, etc.**

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of, and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders of Series C Preferred Shares, each such Holder entitled to vote thereat shall be entitled to one vote in respect of each Series C Preferred Share held.

### **11. Tax Election**

The Company shall elect, in the manner and within the time provided under the Tax Act, under the applicable provision(s) of Part VI.1 of the Tax Act, or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay or cause payment of the tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series C Preferred Shares under the applicable provision(s) of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect.

### **12. Notices**

- (a) If the Board of Directors determines that mail service is or is threatened to be interrupted at the time when the Company is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder of Series C Preferred Shares, whether in connection with the redemption or conversion of such share or otherwise, the Company may, notwithstanding the provisions hereof:
  - (i) give such notice by publication thereof once in a daily English language newspaper of general circulation published in each of Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax, and once in a daily French language newspaper published in Montreal and such notice shall be deemed to have been validly given on the day next succeeding its publication in all of such cities; and

- (ii) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such Holder by the Transfer Agent at its principal offices in the cities of Vancouver, Toronto and Montreal, and such cheque and/or share certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Board of Directors determines that mail service is no longer interrupted or threatened to be interrupted, such cheque or share certificate, if not theretofor delivered to such Holder, shall be sent by mail as herein provided. In the event that the Company is required to mail such cheque or share certificate, such mailing shall be made by prepaid mail to the registered address of each person who at the date of mailing is a registered Holder and who is entitled to receive such cheque or share certificate.
- (b) Any notice, cheque, invitation for tenders or other communication from the Company herein provided for shall be sufficiently given if delivered or if sent by first class unregistered mail, postage prepaid, to the Holders at their respective addresses appearing on the books of the Company or, in the event of the address of any of such Holders not so appearing, then at the last address of such Holder known to the Company. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tender or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such Holder or Holders.
- (c) If any notice, cheque, invitation for tenders or other communication from the Company given to a Holder of Series C Preferred Shares pursuant to paragraph (b) is returned on three consecutive occasions because the Holder cannot be found, the Company shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such shareholder until the Holder informs the Company in writing of such Holder's new address.

### **13. Priority Ranking**

The Series C Preferred Shares shall be entitled to preference over the common shares of the Company, the Second Preferred Shares and any other shares ranking junior to the First Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs. The Series C Preferred Shares rank equally with every other series of First Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other

distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs.

## **14. Book-Entry Only System**

### ***14.1 Transfers etc. Through Participants***

If the Series C Preferred Shares are held through the Book-Entry System then the beneficial owner thereof shall provide instructions with respect to Series C Preferred Shares only to the Depository participant through whom such beneficial owner holds such Series C Preferred Shares and registrations of ownership, transfers, purchases, surrenders and exchanges of Series C Preferred Shares will be made only through the Book-Entry System. Beneficial owners of Series C Preferred Shares will not have the right to receive share certificates representing their ownership of the Series C Preferred Shares.

### ***14.2 Depository is Registered Holder***

For the purposes of these Series C Preferred Share Provisions, as long as the Depository, or its nominee, is the registered Holder of the Series C Preferred Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series C Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series C Preferred Shares, including payments of Series C Dividends, the Redemption Price or accrued and unpaid dividends, and the delivery of Series D Preferred Shares and certificates for those shares on the conversion of Series C Preferred Shares into Series D Preferred Shares.

## **15. Interpretation**

### ***15.1 Definitions***

For the purposes hereof, the following capitalized terms shall have the following meanings, unless the context otherwise requires:

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the annual rate (expressed as a percentage rate rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 4.03%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

“**Board of Directors**” means the board of directors of the Company.

“**Book-Entry System**” means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or any other day that is treated as a holiday in the Province of Ontario or British Columbia.

“**Conversion Privilege**” has the meaning attributed to it in Section 5.1(a).

“**Depository**” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company.

“**Dividend Payment Date**” in respect of the dividends payable on the Series C Preferred Shares means the last day of each of March, June, September, and December in each year.

“**Dividend Period**” means the period from and including the Issue Date up to and including June 30, 2012 and, thereafter, the period from the date following a Dividend Payment Date up to and including the next succeeding Dividend Payment Date.

“**Election Notice**” has the meaning attributed to it in Section 5.3(a).

“**First Preferred Shares**” means any outstanding First Preferred Shares in the capital of the Company.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 4.03% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30<sup>th</sup> day prior to the first day of such Quarterly Floating Rate Period.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Company, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“**Holder**” has the meaning attributed to it in Section 2.1.



“**Ineligible Person**” means any person whose address is in, or whom the Company or the Transfer Agent for the Series C Preferred Shares has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Series C Preferred Shares or Series D Preferred Shares would require the Company to take any action to comply with securities or analogous laws of that jurisdiction.

“**Initial Dividend Period**” has the meaning ascribed thereto in Section 2.2(a).

“**Initial Fixed Dividend Rate**” means 5.75% per annum.

“**Initial Fixed Rate Period**” means the period commencing on the Issue Date and ending on and including June 30, 2017.

“**Issue Date**” means the date on which Series C Preferred Shares are first issued.

“**Quarterly Commencement Date**” means the 1<sup>st</sup> day of each of April, July, October and January in each year.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period commencing on July 1, 2017 and ending on and including September 30, 2017, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

“**Redemption Price**” has the meaning attributed to it in Section 4(a).

“**Second Preferred Shares**” means any outstanding Second Preferred Shares in the capital of the Company.

“**Series C Conversion Date**” has the meaning attributed to it in Section 4(a).

“**Series C Dividends**” has the meaning attributed to it in Section 2.1.

“**Series C Preferred Shares**” has the meaning attributed to it in the introductory paragraph to these Series C Preferred Shares Provisions.

“**Series C Preferred Share Provisions**” means the rights, privileges, restrictions and conditions attached to the Series C Preferred Shares as set out herein.

“**Series D Preferred Shares**” means the Cumulative Floating Rate First Preferred Shares, Series D in the capital of the Company.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period commencing on July 1, 2017 and ending on and including June 30, 2022 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period and ending on and including June 30 in the fifth year thereafter.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Transfer Agent**” means Computershare Investor Services Inc., a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series C Preferred Shares.

## 15.2 *Interpretation of terms*

In the provisions herein contained attaching to the Series C Preferred Shares:

- (a) “**accrued and unpaid dividends**” means the aggregate of (i) all unpaid Series C Dividends for any completed Dividend Period; and (ii) a cash amount calculated as though Series C Dividends had been accruing on a day to day basis from and including the date on which the last quarterly dividend was payable up to and including the date to which the computation of accrued dividends is to be made;
- (b) “**preference over**”, “**in priority to**”, “**on parity with**”, “**equally with**” and “**junior to**” have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs;
- (c) in the event that any date on which any Series C Dividend is payable by the Company, or any date on or by which any other action is required to be taken by the Company or the Holders hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken, on or by the next succeeding day that is a Business Day;
- (d) in the event of the non-receipt of a cheque by a Holder of Series C Preferred Shares entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the Holder a replacement cheque for the amount of the original cheque;
- (e) the Company will be entitled to deduct or withhold from any amount payable to a Holder of Series C Preferred Shares under these Series C Preferred Share Provisions any amount required or permitted by law to be deducted or withheld from that payment;
- (f) reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute;

- (g) if it is necessary to convert any amount into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars; and
- (h) all references herein to a Holder of Series C Preferred Shares shall be interpreted as referring to a registered Holder of the Series C Preferred Shares.

## **SCHEDULE D**

The Cumulative Floating Rate First Preferred Shares, Series D of the Company shall consist of up to 4,600,000 Cumulative Floating Rate First Preferred Shares, Series D (the “Series D Preferred Shares”) with the following rights, privileges, restrictions and conditions attached thereto:

### **A. CUMULATIVE FLOATING RATE FIRST PREFERRED SHARES, SERIES D**

#### **1. Consideration for Issue**

The consideration for the issue of each Series D Preferred Share shall be \$25.00 or its equivalent in property or past services.

#### **2. Dividends**

##### ***2.1 Cumulative Preferential Dividends***

The holders of the then outstanding Series D Preferred Shares (the “**Holders**”) shall be entitled to receive, and the Company shall pay thereon, as, if and when declared by the Board of Directors, out of monies of the Company properly applicable to the payment of dividends, floating rate, cumulative, preferential cash dividends (the “**Series D Dividends**”) payable quarterly at the rates and times herein provided by cheque at par in lawful money of Canada at any branch in Canada of the Company’s bankers for the time being or by any other reasonable means the Company deems desirable, all in accordance with the following:

- (a) During each Quarterly Floating Rate Period, Series D Dividends payable on the Series D Preferred Shares will be in an amount per share determined by multiplying the Floating Quarterly Dividend Rate applicable to such Quarterly Floating Rate Period by \$25.00, and shall be payable quarterly on each Dividend Payment Date during such Quarterly Floating Rate Period.
- (b) In respect of each Quarterly Floating Rate Period, the Company will calculate on each Floating Rate Calculation Date the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period and will, on the Floating Rate Calculation Date, give written notice thereof to the Holders. Each such determination by the Company of the Floating Quarterly Dividend Rate will, in the absence of manifest error, be final and binding upon the Company and upon all Holders of Series D Preferred Shares.
- (c) If on any Dividend Payment Date, the Series D Dividends accrued to such date are not paid in full on all of the Series D Preferred Shares then outstanding, such Series D Dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the Board of Directors on which the Company shall have sufficient monies properly applicable to the payment of such Series D Dividends.
- (d) The Holders shall not be entitled to any dividends other than or in excess of the Series D Dividends.

- (e) Series D Dividends shall (except in case of redemption or conversion in which case payment of Series D Dividends shall, subject to the provisions of Section 14, be made on surrender of the certificate representing the Series D Preferred Shares to be redeemed or converted) be paid by:
- (i) the posting of, in a postage paid envelope addressed to each Holder at the last address of such Holder as it appears on the securities register of the Company or, in the case of joint Holders, to the address of that one whose name appears first in the securities register of the Company as one of such joint Holders, or, in the event of the address of any Holder not so appearing, then to the address of such Holder last known to the Company, a cheque for such Series D Dividends (less any tax required to be deducted or withheld) payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders failing written instructions from them to the contrary; or
  - (ii) electronic funds transfer of an amount equal to such Series D Dividends (less any tax required to be deducted or withheld) to each Holder who specifies account information for such purpose or, in the case of joint Holders, to the account specified by the Holder whose name appears first in the securities register of the Company as one of such joint Holders.

Notwithstanding the foregoing, any dividend cheque may be delivered by the Company to a Holder at his address as aforesaid. The posting or delivery of such cheque, or the electronic transfer of funds to an account specified by a Holder, on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be deducted or withheld as aforesaid) unless such cheque is not paid on due presentation. Subject to applicable law, dividends that are represented by a cheque, which has not been presented to the Company's bankers for payment, or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Company.

## ***2.2 Dividend for Other than a Full Quarterly Floating Rate Period***

The Holders shall be entitled to receive, and the Company shall pay thereon, if, as and when declared by the Board of Directors, out of monies of the Company properly applicable to the payment of dividends, Series D Dividends for any period which is less than a full Quarterly Floating Rate Period as follows: in respect of any period that is less than a full Quarterly Floating Rate Period, a dividend in an amount per Series D Preferred Share equal to the amount obtained (rounded to five decimal places) when the product of the Floating Quarterly Dividend Rate and \$25.00 is multiplied by a fraction, the numerator of which is the number of calendar days elapsed in the relevant period and the denominator of which is the number of calendar days in the Quarterly Floating Rate Period in which such period falls.

### 3. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the Holders shall be entitled to receive \$25.00 per Series D Preferred Share, together with all Series D Dividends accrued and unpaid up to but excluding the date fixed for payment or distribution (less any tax required to be deducted or withheld), before any amount shall be paid or any assets of the Company are distributed to the holders of any shares ranking junior as to capital to the Series D Preferred Shares. Upon payment of such amounts, the Holders shall not be entitled to share in any further distribution of the assets of the Company.

### 4. Redemption at the Option of the Company

- (a) The Company may, subject to applicable law and to the provisions described under Section 6 below, at its option, upon giving notice as hereinafter provided, at any time without the consent of the Holders redeem all, or from time to time any number, of the then outstanding Series D Preferred Shares by the payment of an amount in cash for each Series D Preferred Share so redeemed equal to: (i) \$25.00 in the case of redemptions on June 30, 2022 and on June 30 every five years thereafter (each a “**Series D Conversion Date**”); or (ii) \$25.50 in the case of redemptions on any date which is not a Series D Conversion Date after June 30, 2017, in each case including the Series D Dividends accrued and unpaid up to but excluding the date fixed for redemption (less any tax required to be deducted or withheld) (the “**Redemption Price**”).
- (b) If less than all of the then outstanding Series D Preferred Shares are at any time to be redeemed, then the particular Series D Preferred Shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if such Series D Preferred Shares are at such time listed on such exchange, with the consent of the Toronto Stock Exchange, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.
- (c) The Company shall give notice in writing not less than 30 days nor more than 60 days prior to the applicable Series D Conversion Date or such date fixed for redemption of its intention to redeem such Series D Preferred Shares to each person who at the date of giving such notice is the Holder of Series D Preferred Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent and such notice shall be given and sent by posting the same in a postage paid envelope addressed to each Holder of Series D Preferred Shares to be redeemed at the last address of such Holder as it appears on the securities register of the Company, or in the case of joint Holders, to the address of that one whose name appears first in the securities register of the Company as one of such joint Holders or, in the event of the address of any Holder not so appearing, then to the address of such Holder last known to the Company, provided that the accidental failure or omission to give any such notices as aforesaid to one or more of such Holders shall not affect the validity of the

redemption as to the other Holders of Series D Preferred Shares to be redeemed. Such notice shall set out the number of such Series D Preferred Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Price and shall also set out the date on which the redemption is to take place. On and after the date so specified for redemption, the Company shall pay or cause to be paid to the Holders to be redeemed the Redemption Price (less any tax required to be deducted or withheld) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series D Preferred Shares so called for redemption, subject to the provisions of Section 14. Such payment shall be made by cheque payable at par at any branch in Canada of the Company's bankers for the time being or by any other reasonable means the Company deems desirable and shall be a full and complete discharge of the Company's obligation to pay the Redemption Price owed to the Holders of Series D Preferred Shares so called for redemption unless the cheque is not honoured when presented for payment. From and after the date specified in any such notice, the Series D Preferred Shares called for redemption shall cease to be entitled to Series D Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price (less any tax required to be deducted or withheld) therefor, provided that if payment of the Redemption Price (less any tax required to be deducted or withheld) shall not be duly made by the Company on or before the redemption date, the Company shall forthwith thereafter return the Holder's deposited share certificate or certificates to the Holder. At any time after notice of redemption is given as aforesaid, the Company shall have the right to deposit the Redemption Price of any or all Series D Preferred Shares called for redemption (less any tax required to be deducted or withheld), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada named in the notice of redemption to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, subject to the provisions of Section 14. Upon such deposit or deposits being made, such shares shall be deemed to be redeemed on the redemption date specified in the notice of redemption. After the Company has made a deposit as aforesaid with respect to any shares, the Holders thereof shall not, from and after the redemption date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Company. Subject to applicable law, redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remain unclaimed (including monies held in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Company.

## 5. Conversion of Series D Preferred Shares

### 5.1 *Conversion at the Option of the Holder*

- (a) Holders of Series D Preferred Shares will have the right, at their option, on each Series D Conversion Date, to convert, subject to the applicable law and the terms and provisions hereof, all or any of the then outstanding Series D Preferred Shares registered in the name of the Holder into Series C Preferred Shares on the basis of one Series C Preferred Share for each Series D Preferred Share. The Company will provide written notice not less than 30 and not more than 60 days prior to the applicable Series D Conversion Date to the Holders of the conversion privilege provided for herein (the “**Conversion Privilege**”). Such notice shall: (i) set out the Series D Conversion Date; and (ii) include instructions to such Holders as to the method by which such Conversion Privilege may be exercised, as described in Section 5.3. On the 30<sup>th</sup> day prior to each Series D Conversion Date, the Company will provide to the Holders written notice of the Floating Quarterly Dividend Rate applicable to the Series D Preferred Shares for the next succeeding Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series C Preferred Shares for the next succeeding Subsequent Fixed Rate Period, in each case as determined by the Company.
- (b) If the Company gives notice as provided in Section 4 to the Holders of the redemption of all the Series D Preferred Shares, the Company will not be required to give notice as provided in this Section 5.1 to the Holders of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or the Conversion Privilege and the right of any Holder of Series D Preferred Shares to convert such Series D Preferred Shares as herein provided will cease and terminate in that event.
- (c) Holders of Series D Preferred Shares shall not be entitled to convert their shares into Series C Preferred Shares on a Series D Conversion Date if the Company determines that there would remain outstanding on the Series D Conversion Date less than 1,000,000 Series C Preferred Shares after taking into account all Series D Preferred Shares tendered for conversion into Series C Preferred Shares and all Series C Preferred Shares tendered for conversion into Series D Preferred Shares. The Company will give written notice thereof to all affected Holders of Series D Preferred Shares of their inability to convert their Series D Preferred Shares at least seven days prior to the applicable Series D Conversion Date and, subject to the provisions of Section 14, will issue and deliver, or cause to be delivered, prior to such Series D Conversion Date, at the expense of the Company, to such Holders of Series D Preferred Shares, who have surrendered for conversion any endorsed certificate or certificates representing Series D Preferred Shares, new certificates representing the Series D Preferred Shares represented by any certificate or certificates surrendered as aforesaid.



## 5.2 *Automatic Conversion*

If the Company determines that there would remain outstanding on a Series D Conversion Date less than 1,000,000 Series D Preferred Shares, after taking into account all Series D Preferred Shares tendered for conversion into Series C Preferred Shares and all Series C Preferred Shares tendered for conversion into Series D Preferred Shares, then, all, but not part, of the remaining outstanding Series D Preferred Shares will automatically be converted into Series C Preferred Shares on the basis of one Series C Preferred Share for each Series D Preferred Share on the applicable Series D Conversion Date. The Company shall give notice in writing thereof to the Holders of such remaining Series D Preferred Shares at least seven days prior to the Series D Conversion Date.

## 5.3 *Manner of Conversion*

- (a) Subject to the provisions of Section 14, the Conversion Privilege may be exercised by notice in writing (an “**Election Notice**”) given by the Holders not earlier than the 30<sup>th</sup> day prior to the applicable Series D Conversion Date but not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding the applicable Series D Conversion Date during usual business hours at any principal office of the Transfer Agent, or such other place or places in Canada as the Company may agree, accompanied by: (i) payment or evidence of payment of the tax (if any) payable as provided in this Section 5.3; and (ii) the certificate or certificates representing the Series D Preferred Shares in respect of which the Holder thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the Holder, or his or her attorney duly authorized in writing, in which Election Notice such Holder may also elect to convert part only of the Series D Preferred Shares represented by such certificate or certificates not theretofore called for redemption in which event the Company will issue and deliver or cause to be delivered to such Holder, at the expense of the Company, a new certificate representing the Series D Preferred Shares represented by such certificate or certificates that have not been converted. Each Election Notice will be irrevocable once received by the Company.
- (b) If the Company does not receive an Election Notice from a Holder of Series D Preferred Shares during the notice period therefor, then the Series D Preferred Shares shall be deemed not to have been converted (except in the case of an automatic conversion pursuant to Section 5.2).
- (c) Subject to the provisions of Section 14, in the event the Company is required to convert all remaining outstanding Series D Preferred Shares into Series C Preferred Shares on the applicable Series D Conversion Date as provided for in Section 5.2, the Series D Preferred Shares in respect of which the Holders have not previously elected to convert will be converted on the Series D Conversion Date into Series C Preferred Shares and the Holders thereof will be deemed to be Holders of Series C Preferred Shares at 5:00 p.m. (Toronto time) on the Series D Conversion Date and will be entitled, upon surrender during usual business hours

at any principal office of the Transfer Agent, or such other place or places in Canada as the Company may agree, of the certificate or certificates representing Series D Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series C Preferred Shares in the manner and subject to the terms and provisions as provided in this Section 5.3.

- (d) Subject to the provisions of Section 14, as promptly as practicable after the Series D Conversion Date, the Company will issue and deliver, or cause to be delivered to or upon the written request of the Holder of the Series D Preferred Shares so surrendered in accordance with this Section 5, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such Holder representing the number of fully-paid and non-assessable Series C Preferred Shares and the number of remaining Series D Preferred Shares, if any, to which such Holder is entitled. Such conversion will be deemed to have been made at 5:00 p.m. (Toronto time) on the applicable Series D Conversion Date, so that the rights of the Holder of such Series D Preferred Shares as the Holder thereof will cease at such time and the person or persons entitled to receive the Series C Preferred Shares upon such conversion will be treated for all purposes as having become the Holder or Holders of record of such Series C Preferred Shares at such time.
- (e) The Holder of any Series D Preferred Share on the record date for any Series D Dividends declared payable on such share will be entitled to such dividends notwithstanding that such share is converted into Series C Preferred Shares after such record date and on or before the date of the payment of such dividend.
- (f) Subject to the provisions of Section 14, the issuance of certificates for the Series C Preferred Shares upon the conversion of Series D Preferred Shares will be made without charge to the converting Holders for any fee or tax in respect of the issuance of such certificates or the Series C Preferred Shares represented thereby; provided, however, that the Company will not be required to pay any tax that may be imposed upon the person or persons to whom such Series C Preferred Shares are issued in respect of the issuance of such Series C Preferred Shares or the certificate therefor or any security transfer taxes, and the Company will not be required to issue or deliver a certificate or certificates in a name or names other than that of the Holder of the Series C Preferred Shares converted unless the person or persons requesting the issuance thereof has paid to the Company the amount of any such security transfer tax or has established to the satisfaction of the Company that such tax has been paid.

#### ***5.4 Status of Converted Series D Preferred Shares***

All Series D Preferred Shares converted into Series C Preferred Shares on a Series D Conversion Date shall be restored to the status of authorized but unissued shares of the Company as at the close of business on the Series D Conversion Date and available for issuance on the conversion of the Series C Preferred Shares into Series D Preferred Shares.

### **5.5 *Right Not to Deliver Series D Preferred Shares***

On the exercise of the Conversion Privilege by a Holder of Series D Preferred Shares, the Company reserves the right not to deliver Series C Preferred Shares to any Ineligible Person.

## **6. Restrictions on Dividends and Retirement and Issue of Shares**

So long as any of the Series D Preferred Shares are outstanding, the Company shall not, without the approval of the Holders:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Company ranking, as to capital and dividends, junior to the Series D Preferred Shares) on shares of the Company ranking, as to dividends, junior to the Series D Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking, as to return of capital and dividends, junior to the Series D Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Company ranking, as to capital, junior to the Series D Preferred Shares;
- (c) redeem or call for redemption, purchase, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series D Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any preferred shares ranking, as to the payment of dividends or return of capital, on parity with the Series D Preferred Shares,

unless, in each such case, all accrued and unpaid dividends up to and including the Series D Dividends payable for the last completed Quarterly Floating Rate Period for which Series D Dividends were payable and on all other shares of the Company ranking prior to or on parity with the Series D Preferred Shares with respect to the payment of dividends have been declared and paid or set apart for payment.

## **7. Purchase for Cancellation**

Subject to applicable law and to the provisions described in Section 6, the Company may at any time purchase for cancellation the whole or any number of the Series D Preferred Shares outstanding from time to time, in the open market through or from an investment dealer or any firm holding membership on a recognized stock exchange, or by private agreement or otherwise, at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

## **8. Voting Rights**

The Holders will not (except as otherwise provided by law and except for meetings of the Holders of Preferred Shares as a class and meetings of the Holders as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Company unless and until the Company shall have failed to pay eight quarterly Series D Dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the Holders will be entitled to receive notice of and to attend each meeting of shareholders of the Company (other than any meetings at which only holders of another specified class or series are entitled to vote) and such Holders shall have the right, at any such meeting, to one vote for each Series D Preferred Share held. Upon payment of the entire amount of all Series D Dividends in arrears, the voting rights of the Holders shall forthwith cease (unless and until the same default shall again arise under the provisions of this Section 8).

## **9. Modifications**

The provisions attaching to the Series D Preferred Shares as a series may be repealed, altered, modified or amended from time to time with such approval as may then be required by the *Business Corporations Act* (British Columbia), any such approval to be given in accordance with Section 10.

## **10. Approval of Holders of Series D Preferred Shares**

### ***10.1 Approval***

Except as otherwise provided herein, any approval of the Holders with respect to any matters requiring the consent of the Holders may be given in such manner required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders of Series D Preferred Shares or passed by the affirmative vote of at least 66  $\frac{2}{3}$ % of the votes cast by the Holders of Series D Preferred Shares who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of a majority of the outstanding Series D Preferred Shares are present or represented by proxy. If at any such meeting the Holder(s) of a majority of the then outstanding Series D Preferred Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holders(s) of Series D Preferred Shares then present in person or represented by proxy may transact the business for which the meeting was originally called and the Holders of Series D Preferred Shares then present in person or represented by proxy shall form the necessary quorum. At any meeting of Holders of Series D Preferred Shares as a series, each such Holder shall be entitled to one vote in respect of each Series D Preferred Share held.

## **10.2 Formalities, etc.**

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of, and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders of Series D Preferred Shares, each such Holder entitled to vote thereat shall be entitled to one vote in respect of each Series D Preferred Share held.

## **11. Tax Election**

The Company shall elect, in the manner and within the time provided under the Tax Act, under the applicable provision(s) of Part VI.1 of the Tax Act, or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay or cause payment of the tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series D Preferred Shares under the applicable provision(s) of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect.

## **12. Notices**

- (a) If the Board of Directors determines that mail service is or is threatened to be interrupted at the time when the Company is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder of Series D Preferred Shares, whether in connection with the redemption or conversion of such share or otherwise, the Company may, notwithstanding the provisions hereof:
  - (i) give such notice by publication thereof once in a daily English language newspaper of general circulation published in each of Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax, and once in a daily French language newspaper published in Montreal and such notice shall be deemed to have been validly given on the day next succeeding its publication in all of such cities; and
  - (ii) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such Holder by the Transfer Agent at its principal offices in the cities of Vancouver, Toronto and Montreal, and such cheque and/or share certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Board of Directors determines that mail service is no longer interrupted or threatened to be interrupted, such cheque or share certificate, if not theretofore delivered to such Holder, shall be sent by mail as herein provided. In the event that the Company is required to mail such cheque or share certificate, such mailing shall be made by prepaid mail to the registered address of each person

who at the date of mailing is a registered Holder and who is entitled to receive such cheque or share certificate.

- (b) Any notice, cheque, invitation for tenders or other communication from the Company herein provided for shall be sufficiently given if delivered or if sent by first class unregistered mail, postage prepaid, to the Holders at their respective addresses appearing on the books of the Company or, in the event of the address of any of such Holders not so appearing, then at the last address of such Holder known to the Company. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tender or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such Holder or Holders.
- (c) If any notice, cheque, invitation for tenders or other communication from the Company given to a Holder of Series D Preferred Shares pursuant to paragraph (b) is returned on three consecutive occasions because the Holder cannot be found, the Company shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such shareholder until the Holder informs the Company in writing of such Holder's new address.

### **13. Priority Ranking**

The Series D Preferred Shares shall be entitled to preference over the common shares of the Company, the Second Preferred Shares and any other shares ranking junior to the First Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs. The Series D Preferred Shares rank equally with every other series of First Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs.

### **14. Book-Entry Only System**

#### ***14.1 Transfers etc. Through Participants***

If the Series D Preferred Shares are held through the Book-Entry System then the beneficial owner thereof shall provide instructions with respect to Series D Preferred Shares only to the Depository participant through whom such beneficial owner holds such Series D Preferred Shares and registrations of ownership, transfers, purchases, surrenders and exchanges of Series D Preferred Shares will be made only through the Book-Entry System. Beneficial owners of Series

D Preferred Shares will not have the right to receive share certificates representing their ownership of the Series D Preferred Shares.

#### ***14.2 Depository is Registered Holder***

For the purposes of these Series D Preferred Share Provisions, as long as the Depository, or its nominee, is the registered Holder of the Series D Preferred Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series D Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series D Preferred Shares, including payments of Series D Dividends, the Redemption Price or accrued and unpaid dividends, and the delivery of Series C Preferred Shares and certificates for those shares on the conversion of Series D Preferred Shares into Series C Preferred Shares.

### **15. Interpretation**

#### ***15.1 Definitions***

For the purposes hereof, the following capitalized terms shall have the following meanings, unless the context otherwise requires:

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the annual rate (expressed as a percentage rate rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 4.03%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

“**Board of Directors**” means the board of directors of the Company.

“**Book-Entry System**” means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or any other day that is treated as a holiday in the Province of Ontario or British Columbia.

“**Conversion Privilege**” has the meaning attributed to it in Section 5.1(a).

“**Depository**” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company.

“**Dividend Payment Date**” in respect of the dividends payable on the Series D Preferred Shares means the last day of each Quarterly Floating Rate Period.

“**Election Notice**” has the meaning attributed to it in Section 5.3(a).

“**First Preferred Shares**” means any outstanding First Preferred Shares in the capital of the Company.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 4.03% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30<sup>th</sup> day prior to the first day of such Quarterly Floating Rate Period.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Company, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“**Holder**” has the meaning attributed to it in Section 2.1.

“**Ineligible Person**” means any person whose address is in, or whom the Company or the Transfer Agent for the Series D Preferred Shares has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Series D Preferred Shares or Series C Preferred Shares would require the Company to take any action to comply with securities or analogous laws of that jurisdiction.

“**Quarterly Commencement Date**” means the 1<sup>st</sup> day of each of April, July, October and January in each year.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period commencing on July 1, 2017 and ending on and including September 30, 2017, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

“**Redemption Price**” has the meaning attributed to it in Section 4(a)(ii).

“**Second Preferred Shares**” means any outstanding Second Preferred Shares in the capital of the Company.



“**Series C Preferred Shares**” means the Cumulative 5-Year Rate Reset First Preferred Shares, Series C in the capital of the Company.

“**Series D Conversion Date**” has the meaning attributed to it in Section 4(a)(i).

“**Series D Dividends**” has the meaning attributed to it in Section 2.1.

“**Series D Preferred Share Provisions**” means the rights, privileges, restrictions and conditions attached to the Series D Preferred Shares as set out herein.

“**Series D Preferred Shares**” has the meaning attributed to it in the introductory paragraph to these Series D Preferred Share Provisions.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period commencing on July 1, 2017 and ending on and including June 30, 2022 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period and ending on and including June 30 in the fifth year thereafter.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Transfer Agent**” means Computershare Investor Services Inc., a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series D Preferred Shares.

## ***15.2 Interpretation of terms***

In the provisions herein contained attaching to the Series D Preferred Shares:

- (a) “**accrued and unpaid dividends**” means the aggregate of (i) all unpaid Series D Dividends for any completed Quarterly Floating Rate Period; and (ii) a cash amount calculated as though Series D Dividends had been accruing on a day to day basis from and including the date on which the last quarterly dividend was payable up to and including the date to which the computation of accrued dividends is to be made;
- (b) “**preference over**”, “**in priority to**”, “**on parity with**”, “**equally with**” and “**junior to**” have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs;

- (c) in the event that any date on which any Series D Dividend is payable by the Company, or any date on or by which any other action is required to be taken by the Company or the Holders hereunder, is not a Business Day (as defined above), then such dividend shall be payable, or such other action shall be required to be taken, on or by the next succeeding day that is a Business Day;
- (d) in the event of the non-receipt of a cheque by a Holder of Series D Preferred Shares entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the Holder a replacement cheque for the amount of the original cheque;
- (e) the Company will be entitled to deduct or withhold from any amount payable to a Holder of Series D Preferred Shares under these Series D Preferred Share Provisions any amount required or permitted by law to be deducted or withheld from that payment;
- (f) reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute;
- (g) if it is necessary to convert any amount into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars; and
- (h) all references herein to a Holder of Series D Preferred Shares shall be interpreted as referring to a registered Holder of the Series D Preferred Shares.