



**Certificate
of Amalgamation**

**Canada Business
Corporations Act**

**Certificat
de fusion**

**Loi canadienne sur
les sociétés par actions**

Ag Growth International Inc.

454634-2

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the above-named corporation resulted from an amalgamation, under section 185 of the *Canada Business Corporations Act*, of the corporations set out in the attached articles of amalgamation.

Je certifie que la société susmentionnée est issue d'une fusion, en vertu de l'article 185 de la *Loi canadienne sur les sociétés par actions*, des sociétés dont les dénominations apparaissent dans les statuts de fusion ci-joints.

Richard G. Shaw
Director - Directeur

December 31, 2009 / le 31 décembre 2009

Date of Amalgamation - Date de fusion

Request 3401604



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

FORM 9
ARTICLES OF AMALGAMATION
(SECTION 185)

FORMULAIRE 9
STATUTS DE FUSION
(ARTICLE 185)

Form 9

1 - Name of the Amalgamated Corporation

Dénomination sociale de la société issue de la fusion

Ag Growth International Inc.

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

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

Manitoba

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

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

The annexed Schedule "A" is incorporated in this form.

4 - Restrictions, if any, on share transfers

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

None.

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

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

Minimum:

Maximum:

Minimal:

Maximal:

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

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

None.

7 - Other provisions, if any

Autres dispositions, s'il y a lieu

The annexed Schedule "B" is incorporated in this form.

8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:

La fusion a été approuvée en accord avec l'article ou le paragraphe de la Loi indiqué ci-après

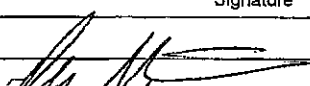
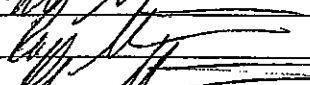
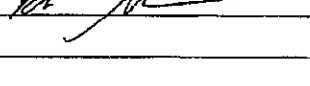
183

184(1)

184(2)

9 - Declaration: I hereby certify that I am a director or an officer of the corporation.

Déclaration: J'atteste que je suis un administrateur ou un dirigeant de la société

Name of the amalgamating corporations Dénomination sociale des sociétés fusionnantes	Corporation No. N° de la société	Signature
Ag Growth International Inc.	3845648	
Westfield Distributing Ltd.	7297025	
Ag Growth Industries Inc.	6351239	

Note:

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

Nota:

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



SCHEDULE "A"

The Corporation is authorized to issue an unlimited number of Common Shares and 4,000,000 5% Class A Cumulative Convertible Redeemable Retractable Preferred Shares (the "**Class A Preferred Shares**").

COMMON SHARES

The rights, privileges, restrictions and conditions attaching to the Common Shares shall be as follows:

1. VOTING

Holders of Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Corporation, except meetings of holders of another class of shares. Each Common Share shall entitle the holder thereof to one vote.

2. DIVIDENDS

Subject to the preferences accorded to holders of Class A Preferred Shares and any other shares of the Corporation ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares shall be entitled to receive, if, as and when declared by the Board of Directors, such dividends as may be declared thereon by the Board of Directors from time to time.

3. LIQUIDATION, DISSOLUTION OR WINDING-UP

In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs (such event referred to herein as a "**Distribution**"), holders of Common Shares shall be entitled, subject to the preferences accorded to holders of Class A Preferred Shares and any other shares of the Corporation ranking senior to the Common Shares from time to time with respect to payment on a Distribution, to share equally, share for share, in the remaining property of the Corporation.

CLASS A PREFERRED SHARES

The Class Preferred Shares shall be issued at a deemed price of \$1.00 per share, are limited in number to 4,000,000 and have attached thereto the following rights, privileges, restrictions and conditions:

1. DIVIDENDS

- (a) The holders of Class A Preferred Shares, in priority to the common shares ("**Common Shares**") of the Corporation and any other shares ranking junior to the Class A Preferred Shares, shall be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the board of directors (the "**Board of Directors**") of the Corporation, out of monies properly applicable to the payment of dividends, at a rate of \$0.05 per share per annum, to accrue from the date of issue, to be payable quarterly in the amount of \$0.0125 per share on March 31, June 30, September 30, and December 31 of each year commencing on September 30, 2009. The holders of the Class A Preferred Shares shall not be entitled to any dividends other than, or in excess of, the fixed, cumulative preferential cash dividends provided for herein.
- (b) Dividends shall be paid by cheque payable at par in lawful money of Canada at any branch in Canada of the Corporation's bankers or any other chartered bank or trust company licensed under the laws of Canada or a province thereof, and payment thereof shall satisfy such dividends. If on

any dividend payment date the dividend payable is not paid in full on all of the Class A Preferred Shares then outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates, to be determined by the Board of Directors after they have determined that the Corporation shall have sufficient monies properly applicable to the payment of the dividend or unpaid part thereof. Dividends which are represented by cheque(s) which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed for a period of six (6) years from the date on which they were declared to be payable shall be forfeited to the Corporation.

- (c) Unless all dividends then payable on the Class A Preferred Shares then outstanding accrued up to and including the dividends payable on the immediately preceding dividend payment date have been declared and paid or set apart for payment, or except with the consent in writing of the holders of all of the Class A Preferred Shares then outstanding: (i) no dividends shall be declared or paid on or set apart for payment on the Common Shares or on any shares of any other class of the Corporation ranking junior to the Class A Preferred Shares; (ii) the Corporation shall not purchase or otherwise acquire for value any Common Share or any shares of any other class of the Corporation ranking junior to the Class A Preferred Shares so long as any Class A Preferred Shares are outstanding; and (iii) except in connection with the exercise of a retraction privilege attaching thereto, the Corporation shall not redeem or purchase or otherwise retire any other shares of the Corporation ranking *pari passu* with the Class A Preferred Shares.

2. LIQUIDATION

- (a) In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets or property of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Class A Preferred Shares shall be entitled to receive \$1.00 per Class A Preferred Share, together with an amount equal to all accrued and unpaid dividends thereon up to and including the date of commencement of such liquidation, dissolution, winding-up or other distribution, whether or not such dividends have been declared and whether or not the Corporation has monies properly applicable to the payment of dividends. In all cases, the holders of Class A Preferred Shares shall be entitled to be paid all such amounts before any assets or property of the Corporation shall be distributed to the holders of any Common Shares or other shares of the capital of the Corporation, which by their terms rank junior to the Class A Preferred Shares.
- (b) After payment to the holders of the Class A Preferred Shares of the amounts payable to them under paragraph 2(a), they shall not be entitled to any further distribution of the property or assets of the Corporation.

3. REDEMPTION

- (a) Subject to the terms and conditions set forth herein, the Class A Preferred Shares are redeemable by the Corporation. From the date of issuance until June 30, 2010, the Class A Preferred Shares will be redeemable in whole at any time or in part from time to time, at the option of the Corporation and subject to the provision of subsection 36(2) of the *Canada Business Corporations Act* ("CBCA"), as now enacted or as the same may from time to time be amended, re-enacted or replaced (and in the case of such amendment, re-enactment or replacement, any references herein shall be read as referring to such amended, re-enacted or replaced provisions), upon given notice as hereinafter provided, at a price equal to \$1.00 per Share, plus accrued and unpaid cumulative preferential dividends thereon, calculated to but excluding the dated fixed for

redemption, whether or not such dividends have been declared, the whole being hereinafter referred to as the "redemption price".

- (b) If less than all of the Class A Preferred Shares are at any time to be redeemed, the Class A Preferred Shares to be so redeemed shall be selected by the Board of Directors by lot or in such manner as the Board of Directors in its sole discretion may determine to be equitable, including without limiting the generality of the foregoing, if the Board of Directors so determines, redemption on a pro rata basis (disregarding fractions) according to the number of Class A Preferred Shares held by each of the holders ("**Class A Preferred Shareholders**") of Class A Preferred Shares. If a part only of the Class A Preferred Shares represented by any certificate are to be redeemed, a new certificate representing the balance of the Class A Preferred Shares shall be issued at the expense of the Corporation upon presentation and surrender of the first mentioned certificate.
- (c) In any case of redemption of Class A Preferred Shares, notice of intention to redeem shall be given by the Corporation in the following manner:
 - (i) notice of intention to redeem Class A Preferred Shares selected for redemption shall be given to each holder of such Class A Preferred Shares, by letter or circular sent by prepaid mail addressed to him at his last address appearing upon the share register of the Corporation and mailed not less than 21 days and not more than 60 days prior to the date fixed for redemption; provided, however that accidental failure to give any such notice to one or more Class A Preferred Shareholders shall not affect the validity of such redemption, but upon such failure or omission being discovered, notice shall be given forthwith to such holder or holders and such notice shall have the same force and effect as if given in due time; and
 - (ii) every notice of intention to redeem shall, unless all of the Class A Preferred Shares are to be redeemed, specify the number of shares so held called for redemption and shall specify the redemption date, the redemption price and place or places within Canada at which the certificates representing the Class A Preferred Shares may be presented and surrendered for redemption. The notice of intention shall state that the Class A Preferred Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the amount payable on redemption shall not be duly made by the Corporation, in which case the entitlement to dividends and the rights of the holders shall remain unimpaired.

Subject to the foregoing, the provisions of Section 11 hereof with respect to the giving of notice of intention of redemption shall apply mutatis mutandis to the giving of such notice.

- (d) On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the holders of the Class A Preferred Shares to be redeemed, the redemption price of such shares on presentation and surrender of the certificate or certificates representing Class A Preferred Shares called for redemption at the place or places designated in the aforesaid notice of intention of redemption. Payment in respect of Class A Preferred Shares being redeemed shall be made by cheque payable to the holder thereof at par in lawful money of Canada at any branch in Canada of the Corporation's bankers or any other Canadian chartered bank or trust company licensed under the laws of Canada or a province thereof. Such cheque shall satisfy and discharge all liability of the Corporation for the redemption price, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation.

- (e) Notwithstanding anything herein contained, the Corporation shall have the right, at any time on or after the mailing or delivery of the notice of intention of redemption, to deposit the redemption price of the Class A Preferred Shares so called for redemption to a special account maintained by the Corporation with a branch of a Canadian chartered bank or trust company (the "**Trustee**") designated by the Corporation in the notice of redemption which has offices in Winnipeg, Manitoba to be paid without interest to or to the order of the respective Class A Preferred Shareholders whose shares have been called for redemption, upon presentation and surrender to the Trustee of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is later, the Class A Preferred Shares in respect of which such deposit shall have been made shall be deemed to have been redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving their proportion of the amount so deposited without interest, upon presentation and surrender to the Trustee of the certificate or certificates representing the Class A Preferred Shares being redeemed. Any interest allowed on any such deposit shall belong to the Corporation.

Redemption monies that are represented by a cheque that has not been presented for payment or that otherwise remain unclaimed (including moneys held on deposit to a special account as provided for above) for a period of 6 years from the date specified for redemption shall be forfeited to the Corporation.

4. RETRACTION

- (a) At any time on or after June 30, 2010, and subject to the provision of subsection 36(2) of the CBCA, as now enacted or as the same may from time to time be amended, re-enacted or replaced (and in the case of such amendment, re-enactment or replacement, any references herein shall be read as referring to such amended, re-enacted or replaced provisions), every registered Class A Preferred Shareholder may, at his option and in the manner hereinafter provided, require the Corporation to redeem at any time all or part of the Class A Preferred Shares held by such shareholder (the "**Retraction Right**") at a price equal to \$1.00 per share, plus accrued and unpaid cumulative preferential dividends thereon, calculated to but excluding the date fixed for such redemption, whether or not such dividends have been declared, the whole being hereinafter referred to as the "retraction price".
- (b) If and whenever at any time there is a Reorganization (as defined herein), the Retraction Right set forth in paragraph 4(a) shall be accelerated and each Class A Preferred Shareholder shall be entitled to immediately exercise the Retraction Right.
- (c) In the event a Class A Preferred Shareholder wishes to exercise the Retraction Right set forth in paragraph 4(a) hereof, the Class A Preferred Shareholder shall surrender the certificate or certificates representing the Class A Preferred Shares to be redeemed at the registered office of the Corporation accompanied by a notice in writing (hereinafter called a "**retraction notice**") signed by such holder requiring the Corporation to redeem all or a specified number of the Class A Preferred Shares represented thereby. As soon as practicable following receipt of a retraction notice, the Corporation shall pay or cause to be paid to or to the order of the registered holder of the Class A Preferred Shares to be redeemed the retraction price thereof. If only a part of the Class A Preferred Shares represented by any certificate are redeemed, a new certificate representing the balance of the Class A Preferred Shares shall be issued at the expense of the Corporation.

- (d) If the Corporation is not permitted, by insolvency provisions or other provisions of applicable law (including, without limitation, subsection 36(2) of the CBCA) or the rights, privileges, restrictions and conditions attaching to any share of the Corporation ranking on a parity with or prior to the Class A Preferred Shares, to redeem all the Class A Preferred Shares duly tendered by Class A Preferred Shareholders pursuant to Section 4(a), the Corporation shall redeem only the maximum number of Class A Preferred Shares (rounded to the next lower multiple of 10 shares) which the Board of Directors determines the Corporation is then permitted to redeem. Such redemption will be made pro rata (disregarding fractions of shares) from each Class A Preferred Shareholder according to the number of Class A Preferred Shares tendered for redemption by each such holder and the Corporation shall issue and deliver to each such holder a new share certificate, at the expense of the Corporation, representing the Class A Preferred Shares not redeemed by the Corporation.

If the Corporation fails to redeem all Class A Preferred Shares duly tendered for redemption pursuant to paragraph 4(a) because of insolvency provisions or other provisions of applicable law (including, without limitation, subsection 36(2) of the CBCA) or the rights, privileges, restrictions and conditions attaching to any shares of the Corporation ranking on a parity with or prior to the Class A Preferred Shares, then the Corporation shall redeem on each dividend payment date after such Class A Preferred Shares are duly tendered for redemption pursuant to Section 4(a), the lesser of: (i) the number of Class A Preferred Shares so tendered and not redeemed; and (ii) the number of Class A Preferred Shares (rounded to the next lower multiple of 10 shares and selected pro rata from each holder of Class A Preferred Shares so tendered according to the number of Class A Preferred Shares so tendered by each such holder) which the Board of Directors determines the Corporation is then permitted to redeem. The Corporation shall be under no obligation to give notice to the Class A Preferred Shareholders in respect of the redemptions provided for in this Section 4(c). If the directors of the Corporation have acted in good faith in making any of the determinations referred to above as to the number of Class A Preferred Shares which the Corporation is permitted at any time to redeem, the directors of the Corporation and the Corporation shall have no liability in the event that any such determination proves inaccurate.

- (e) Except as otherwise provided herein, the exercise of the Retraction Right by any Class A Preferred Shareholder shall be irrevocable upon receipt by the Corporation of the certificate or certificates representing the Class A Preferred Shares to be redeemed and the retraction notice. To the extent that the Corporation has not redeemed Class A Preferred Shares deposited for redemption due to restrictions of the kind referred to in paragraph 4(c), any Class A Preferred Shareholder who made an original deposit may withdraw all, but not less than all, of the remaining Class A Preferred Shares so deposited by him and not redeemed, in which case such Class A Preferred Shareholder shall be deemed to have elected not to have the unredeemed balance of his deposited Class A Preferred Shares redeemed under the provisions of paragraph 4(c). Such number of Class A Preferred Shares withdrawn hereunder shall be released from the deposit and the Corporation shall thereafter have no obligation to redeem in accordance with paragraph 4(c) any of the Class A Preferred Shares so released.
- (f) The inability of the Corporation to effect a redemption shall not affect or limit the obligation of the Corporation to pay any dividends accrued or accruing on the Class A Preferred Shares from time to time not redeemed and remaining outstanding.

5. CONVERSION

- (a) For the purposes of this Section 5:
- (i) "**Conversion Basis**" means the number obtained by dividing \$1.00 by the Conversion Price;
 - (ii) "**Conversion Price**" means \$28.47949, subject to adjustment as hereinafter provided;
 - (iii) "**Current Market Price**" means the weighted average trading price per Common Share on the Exchange for 20 consecutive trading days ending on the fifth trading day preceding the date of determination. The weighted average trading price per Common Share shall be determined by dividing the aggregate sale price of all Common Shares sold on the Exchange during the said 20 consecutive trading days by the total number of Common Shares so sold; provided that if the Common Shares are not listed on any Exchange, the Current Market Price at any date shall be determined by the Board of Directors, acting reasonably; and
 - (iv) "**Exchange**" means the Toronto Stock Exchange or, if at the relevant time, the Common Shares are not then listed on the Toronto Stock Exchange, such other stock exchange or over-the-counter quotation system on which the Common Shares are listed and/or posted for trading as selected by the Board of Directors, acting reasonably.
- (b) Class A Preferred Shareholders shall have the right at any time on or before the date (the "**Conversion Expiry Date**") that is three years from the date of issuance of the Class A Preferred Shares to convert any or all of their Class A Preferred Shares into Common Shares. The number of Common Shares issuable upon the conversion of each Class A Preferred Share shall be equal to the Conversion Basis.
- (c) The conversion privilege herein provided for may be exercised by notice in writing (the "**conversion notice**") given to the Corporation at its registered office accompanied by the certificate or certificates representing Class A Preferred Shares in respect of which the holder thereof desires to exercise such right of conversion. The conversion notice shall be signed by such holder or his duly authorized attorney or agent and shall specify the number of Class A Preferred Shares which the holder desires to have converted. The transfer form on the certificate or certificates in question need not be endorsed, except in the circumstances hereinafter contemplated. If less than all the Class A Preferred Shares represented by a certificate or certificates accompanying any such notice are to be converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the Class A Preferred Shares which are not to be converted.

On any conversion of Class A Preferred Shares, the certificates for Common Shares issued in exchange therefor shall be issued in the name of the registered holder of the Class A Preferred Shares converted or in such name or names as such registered holder may direct in writing (either in the conversion notice referred to above or otherwise), provided that such registered holder shall pay any applicable security transfer taxes; in any such case the transfer form on the back of the certificate representing the Class A Preferred Shares to be converted shall be endorsed by the registered holder thereof or his duly authorized attorney, with signature guaranteed in manner satisfactory to the Corporation.

- (d) In the case where any Class A Preferred Shares are called for redemption or retraction, the right of conversion shall, notwithstanding anything herein contained, cease and terminate at the close of business on the business day immediately preceding the date fixed for redemption; provided, however, that if the Corporation shall fail to redeem such Class A Preferred Shares in accordance with the notice of redemption or notice of retraction, as applicable, the right of conversion shall thereupon be restored.
- (e) Notwithstanding any delay in the delivery of certificates representing Common Shares into which Class A Preferred Shares have been converted, the right of a holder of Class A Preferred Shares to convert the same into Common Shares shall be deemed to have been exercised, and the registered holder of Class A Preferred Shares to be converted (or any person or persons in whose name or names any such registered holder of Class A Preferred Shares shall have directed certificates representing Common Shares be issued as provided in paragraph 5(b)) shall be deemed to have become a holder of Common Shares of record for all purposes, on the date of delivery to the Corporation of the conversion notice and certificates representing the Class A Preferred Shares to be converted.
- (f) The Conversion Price in effect at any date shall be subject to adjustment from time to time as set forth below.

- (i) If and whenever at any time prior to the Conversion Expiry Date, the Corporation shall:
 - (1) subdivide the outstanding Common Shares into a greater number of Common Shares;
 - (2) consolidate the outstanding Common Shares into a lesser number of Common Shares;
 - (3) issue Common Shares (or securities convertible into Common Shares) to all or substantially all of the holders of outstanding Common Shares by way of a stock dividend or other distribution of Common Shares or securities convertible into Common Shares;

the Conversion Price in effect on the effective date of such subdivision or consolidation, or on the record date of such stock dividend or other distribution, as the case may be, shall be adjusted to equal the price determined by multiplying the Conversion Price in effect immediately prior to such effective date or record date by a fraction of which the numerator shall be the total number of Common Shares outstanding immediately prior to such date and the denominator shall be the total number of Common Shares immediately after such date. Any such issue of Common Shares by way of a stock dividend or other distribution shall be deemed to have been made on the record date for the stock dividend or other distribution for the purpose of calculating the number of outstanding Common Shares under subparagraphs 5(f)(ii) or (iii). Notwithstanding the foregoing, to the extent that such stock dividend or other distribution contemplated by subparagraph 5(f)(i)(3) is not so made, the Conversion Price shall then be readjusted to the Conversion Price that would then be in effect if such record date had not been fixed.

- (ii) If and whenever at any time prior to the Conversion Expiry Date the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or

securities convertible or exchangeable into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price of a Common Share on such record date, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus the number equal to the quotient obtained by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible or exchangeable securities so offered are convertible or exchangeable). To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect if only the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.

(iii) If and whenever at any time prior to the Conversion Expiry Date the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of:

- (1) shares of any class other than Common Shares and other than shares distributed to holders of Common Shares who have elected to receive dividends in the form of such shares in lieu of dividends paid in the ordinary course;
- (2) rights, options or warrants (excluding rights, warrants and options referred to in subparagraph 5(f)(ii), and rights, warrants and options exercisable at a price per share (or having a conversion or exchange price per share) equal to or greater than 95% of the Current Market Price;
- (3) evidences of its indebtedness; or
- (4) property or other assets (other than cash)

then, in each such case, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less the aggregate fair market value (as determined by the Board of Directors, acting reasonably) of such shares, rights, options, warrants, evidences of indebtedness or property or other assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price. To the extent that such distribution is not so made, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect if only such shares, rights, options, warrants, evidences of

indebtedness or assets actually distributed were included in such fraction, as the case may be.

- (iv) If and whenever at any time prior to the Conversion Expiry Date, there is a:
- (1) reclassification of the Common Shares or a change of the outstanding Common Shares into other shares or into other securities or a capital reorganization of the Corporation other than as described in Section 5(f)(i);
 - (2) a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity; or
 - (3) a sale or conveyance of the assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity,

(each such event being a “**Reorganization**”)

any holder of a Class A Preferred Share who has not exercised his right of conversion prior to the effective date of such Reorganization, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares then sought to be acquired by it, the kind and number of trust units, shares or other securities or assets of the Corporation or of the body corporate, trust, partnership or other entity resulting from such Reorganization, or to which such sale or conveyance may be made, as the case may be, that such Class A Preferred Shareholder would have been entitled to receive as a result of such Reorganization, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Common Shares to which the holder was theretofore entitled upon conversion. If determined appropriate by the Board of Directors to give effect to or to evidence the provisions of this subparagraph (iv), the Corporation, its successor, or such purchasing body corporate, trust, partnership or other entity, as the case may be, shall, prior to or contemporaneously with any such Reorganization, enter into an agreement which shall provide, to the extent possible, for the application of the provisions set forth herein with respect to the rights and interests thereafter of the Class A Preferred Shareholders to the end that the provisions set forth herein shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any trust units, shares or other securities or property to which a Class A Preferred Shareholder is entitled on the exercise of his conversion rights thereafter. Upon entering into any such agreement and the completion of such Reorganization, the Corporation shall cease to have any obligations (including the obligation to issue any Common Shares) hereunder and the Class A Preferred Shareholders shall cease to have any rights hereunder. Any agreement entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, trust, partnership or other entity shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided herein and which shall apply to successive Reorganizations.

- (g) The following rules and procedures shall be applicable to Conversion Price adjustments made pursuant to paragraph 5(f):
- (i) In any case in which paragraph 5(f) shall require that an adjustment shall become effective immediately after a record date for an event referred to therein, the Corporation

may defer, until the occurrence of such event, issuing to the holder of any Class A Preferred Shares converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any dividends made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the relevant date of conversion or such later date as such holder would, but for the provisions of this paragraph 5(g), have become the holder of record of such additional Common Shares.

- (ii) If the purchase price provided for in any right, warrant or option issued as described in subparagraph 5(f)(ii) or (iii) is decreased or increased, the Conversion Price shall, subject to subparagraph 5(g)(i), forthwith be changed so as to decrease or increase, as the case may be, the Conversion Price to such Conversion Price as would have been obtained had the adjustment made in connection with the issuance of all such rights, options or securities been made upon the basis of such purchase price as so decreased or increased.
- (iii) The adjustments provided for are cumulative and shall apply to successive events resulting in any adjustment; provided that no adjustment in the Conversion Price shall be required unless such adjustment would result in a change of at least 1% in the Conversion Price then in effect, provided, however, that any adjustments which, except for the provisions of this subparagraph 5(g)(iii) would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.
- (iv) No adjustment in the Conversion Price shall be made in respect of any event described in subparagraphs 5(f)(i)(3), 5(f)(ii) or 5(f)(iii):
 - (1) if the Class A Preferred Shareholders are entitled to participate in such event on the same terms *mutatis mutandis* as if they had exercised their conversion rights prior to the effective date or record date of such event, subject to the prior approval of the Exchange, if applicable, to such participation if the Common Shares are then listed on the Exchange;
 - (2) in respect to the issuance of Common Shares on conversion of Class A Preferred Shares; or
 - (3) in respect of the issuance of Common Shares pursuant to any of the Corporation's incentive plans.
- (v) Any Common Shares owned by or held for the account of the Corporation or any subsidiary of the Corporation shall not be counted for the purpose of calculating the number of Common Shares outstanding.
- (vi) If any questions shall at any time arise with respect to the Conversion Price, such question shall be conclusively determined by a firm of chartered accountants appointed by the Corporation (who may be the auditors of the Corporation); such accountants shall have access to all appropriate records and such determination shall be binding upon the Corporation, the Corporation's transfer agent and the Class A Preferred Shareholders.

- (vii) If the Corporation intends to fix a record date for any event referred to in subparagraphs 5(f)(i)(3), (ii), (iii) or (iv), the Corporation shall, not less than 21 days prior to such record date, provide written notice to each registered Class A Preferred Shareholder of such intention to the extent that the particulars thereof have been determined at the time of giving the notice and the provisions of Section 11 of the Class A Preferred Shares with respect to the giving of notice of redemption shall apply *mutatis mutandis* to the giving of such notice.
 - (viii) Forthwith after any adjustment in the Conversion Price pursuant to paragraph 5(f), the Corporation shall give written notice to the registered holders of Class A Preferred Shares of the Conversion Price following such adjustment and the provisions of Section 11 of the Class A Preferred Shares with respect to the giving of notice of redemption shall apply *mutatis mutandis* to the giving of such notice.
 - (ix) Except as provided herein, no adjustment shall be made in respect of any dividends or other distributions made by the Corporation in the ordinary course, including any cash dividends made by the Corporation in accordance with, or similar to, its, or its subsidiaries past practices.
- (h) A holder of Class A Preferred Shares on the record date for any dividend declared payable on such share will be entitled to such dividend notwithstanding that such share is converted after such record date and before the payment date of such dividend, and the registered holder of any Common Share resulting from any conversion shall be entitled to rank equally with the registered holders of all other Common Shares in respect of all dividends declared payable to holders of Common Shares of record on any date after the date of conversion. Subject as aforesaid, no payment or adjustment will be made on account of any dividend, accrued or otherwise, on the Class A Preferred Shares converted or the Common Shares resulting from any conversion.
- (i) The Corporation shall not be required to issue fractional Common Shares upon the conversion of Class A Preferred Shares. If any fractional interest in a Common Share would, except for the provisions of this paragraph, be deliverable upon the conversion of any Class A Preferred Shares, the Corporation shall, in lieu of delivering any certificate representing such fractional interest, make a cash payment to the holder of such Class A Preferred Share(s) of an amount equal to the fractional interest which would have been issuable multiplied by the Current Market Price on the date of conversion, provided, however, the Corporation shall not be required to make any payment of less than \$10.00.
- (j) All Common Shares which shall be issued on conversion of the Class A Preferred Shares shall be duly and validly issued as fully paid and non-assessable shares. As a condition precedent to the taking of any action which would result in an adjustment to the Conversion Price, the Corporation shall take any action which may, in the opinion of counsel, be necessary or advisable in order that the shares to which the holders of the Class A Preferred Shares are entitled on the full exercise of their conversion rights in accordance with the provisions hereof shall be available for such purpose and that such shares may be validly and legally issued as fully paid and non-assessable shares.
- (k) If any Common Shares to be issued upon the conversion of the Class A Preferred Shares hereunder require any filing with or registration with or approval of any governmental authority in Canada or compliance with any other requirement under any law of Canada or a province thereof before such shares may be validly issued upon such conversion or traded by the person to whom they are issued pursuant to such conversion, the Corporation will take such commercially

reasonable action as may be necessary to secure such filing, registration, approval or compliance as the case may be; provided that, in the event that such filing, registration, approval or compliance is required only by reason of the particular circumstances of or actions taken by any such person other than actions described herein, the Corporation will not be required to take such action.

6. NON-VOTING

Subject to the provisions of the CBCA, the holders of the Class A Preferred Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting, but shall be entitled to receive notice of meetings of shareholders of the Corporation called for the purpose of authorizing the dissolution of the Corporation or the sale of its undertaking or a substantial part thereof.

7. MODIFICATION

The provisions attaching to the Class A Preferred Shares may not be amended, modified, suspended, altered or repealed unless consented to, or approved by, the holders of the Class A Preferred Shares in the manner set forth in Section 10 and in accordance with any requirements of the CBCA or applicable regulatory authorities (including without limitation, the Toronto Stock Exchange), or any other act enacted in substitution therefor or in addition thereto applicable to the Corporation and any amendments thereto from time to time.

8. OTHER RESTRICTIONS

Unless consented to, or approved, by the holders of the Class A Preferred Shares in the manner hereinafter specified or if all the outstanding Class A Preferred Shares have been duly called for redemption and adequate provision has been made assuring that they will be redeemed or deemed to be redeemed on or before the date specified for redemption, so long as any Class A Preferred Shares are outstanding the Corporation shall not issue any new class or series of shares of the Corporation which by their terms would rank superior to the Class A Preferred Shares.

9. PREFERENCES

The Class A Preferred Shares shall be entitled to preference with respect to payment of dividends over the Common Shares and over any other shares ranking junior to the Class A Preferred Shares with respect to payment of dividends and shall be entitled to preference to the extent provided for in Section 2 with respect to distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs over the Common Shares and over any other shares ranking junior to the Class A Preferred Shares with respect to repayment of capital.

10. APPROVAL BY HOLDERS OF CLASS A PREFERRED SHARES

For the purposes hereof, any consent or approval given or required by the Class A Preferred Shareholders shall be deemed to have been sufficiently given if it shall have been given in writing by the holders of not less than two-thirds of the outstanding Class A Preferred Shares or by a resolution passed at a meeting of Class A Preferred Shareholders duly called and held upon not less than twenty-one (21) days notice to the holders and carried by the affirmative vote of not less than two-thirds of the votes cast at such meeting. For the purposes of such meeting, two holders of Class A Preferred Shares in person or represented by duly appointed proxy representing not less than 10% of the then issued and outstanding Class A Preferred

Shares shall constitute a quorum. If at any such meeting a quorum is not present within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than seven (7) days nor more than twenty-eight (28) days thereafter and to such time and place as may be designated by the chairman, and no notice shall be required to be given of such adjourned meeting. The holders of Class A Preferred Shares present or represented by proxy may transact the business for which the meeting was originally convened, and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast as such meeting shall constitute the consent or approval of the holders of Class A Preferred Shares. On every poll taken at every meeting every holder of Class A Preferred Shares shall be entitled to one vote in respect of each Class A Preferred Share.

11. NOTICES

Any notice required to be given under the provisions attaching to the Class A Preferred Shares to the holders thereof shall be given by posting the same in a postage paid envelope addressed to each holder at the last address of such holder as it appears on the books of the Corporation or in the event of the address of any such holder not so appearing, than to the address of such holder last known to the Corporation; provided that accidental failure or omission to give any notice as aforesaid to one or more of such holders shall not invalidate any action or proceeding founded thereon. In the event of a threatened or actual disruption in the mail service, notice as aforesaid shall be given to registered holders of Class A Preferred Shares by means of publication once a week for two successive weeks in a daily newspaper of general circulation in each of the cities of Calgary, Alberta, Winnipeg, Manitoba and Toronto, Ontario. Any notice given by mail shall be deemed to be given on the day on which it is mailed. Any notice given by publication shall be deemed to be given on the day on which the first publication is completed in all of the cities in which publication is required.

SCHEDULE "B"

1. The Board of Directors of the Corporation or any committee of the Board of Directors authorized to do so may, without authorization of the shareholders and without in any way limiting the authority conferred on the Directors by Section 189 of the *Canada Business Corporations Act*:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation;
- (d) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (e) delegate to one or more of the Directors and officers of the Corporation as may be designated by it, all or any of the powers conferred by paragraphs (a), (b), (c) and (d) to such extent and in such manner as it shall determine at the time of each such delegation

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

3. The Articles of the Corporation may be amended by special resolution pursuant to Section 173 of the *Canada Business Corporations Act* to:

- (a) increase or decrease any maximum number of authorized shares of a class, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the shares of such class; or
- (b) effect an exchange, reclassification or cancellation of all or part of the shares of a class; or
- (c) create a new class of shares equal or superior to the shares of a class,

and no separate class or (except as may otherwise be provided for a particular series in the provisions attaching thereto) series vote shall be required under Section 176 of such Act in respect of the amendment.